

DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2004/2005
BIENNIAL BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES
FEBRUARY 2003

NAVY WORKING CAPITAL FUND

**DoN NWCF Summary,
FY 2004/2005
President's Budget**

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND (NWCF)
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES**

The NWCF continues to be a major support element for the operating forces of the Navy and Marine Corps with total cost of goods and services to be sold by the NWCF projected to exceed \$22 billion in FY 2004. NWCF activities perform a wide variety of functions including Supply Management, Depot Maintenance, Research & Development, Transportation, and Base Support.

The NWCF continues to pursue some important efforts to improve efficiency and maximize effectiveness. NWCF activities are heavily involved in the Department of the Navy's Strategic Sourcing initiatives and expect to produce savings through actions such as A-76 competitions and functionality reviews. Activities within the Depot Maintenance, Research & Development, and Supply Management areas continue to pursue Enterprise Resource Planning (ERP) pilot projects. ERP will be used to reengineer and standardize business processes, integrate operations and optimize management of resources.

All industrial activity groups will now measure their year end levels of funded workload backlog (carryover) using the newly developed DoD metric which incorporates an outlay-based calculation. Outlay factors are also an important factor for evaluating the execution of general fund programs and are specific to the type of appropriation involved. The new metric will provide better consistency with the way that budget estimates for annual appropriations are reviewed for execution performance and will be tailored to the mix of appropriations received. Since different appropriations are used to fund different types of workload, the new metric will adjust itself as workload mix changes from year to year.

Within the Supply Management area, the Department continues to pursue initiatives that will control costs and improve readiness. Accordingly, this budget continues to fund such initiatives as Serial Number Tracking and ERP. These initiatives will provide the Department better tools to assess program growth and implement cost reducing procedures where appropriate. In that same light, we are continuously looking for opportunities to reduce the cost of operating the Department's supply system. This budget reflects the Department's effort to combine the remaining portion (non-aviation material) of Marine Corps supply into one departmental supply management activity. Additionally, in support of the Chief of Naval Operations Sea Power 21 vision, the Naval Supply Systems Command has identified additional ways to better structure and align their organization to further optimize logistics support and reduce cost. We are optimistic that these continuing transformational efforts will provide additional funds to help reduce weapon system age and thus stem the tide of spare part cost growth as well as allow the Department to provide our Fleet customers improved logistics support at a lower cost.

In the area of inventory management, obligation authority in FY 2003 increased approximately 13% over the FY 2003 President's Budget submission. While increased program requirements have contributed to some of this growth, the preponderance of the increase is associated with an anticipated delay in transferring afloat fuel accounting to the Defense Logistics Agency. The Defense Logistics Agency has been working closely with the Department to develop the

necessary software to assume this responsibility as expeditiously as possible. Current projections indicate the transfer will be complete in FY 2004.

This budget submission also reflects continuation of the Department's inventory augmentation efforts. Inventory augmentation allows the Department to procure new system wholesale stock without creating an excessive burden on the customer or negatively impacting the NWCF cash balance. Inventory augmentation also permits the Department to capture total ownership costs more effectively since the funds are clearly tied to the support of the new weapon systems rather than being accounted for in the cost of operations. The FY 2003 President's Budget included the final \$125 million of obligation authority for an overall requirement of \$250 million, and a direct appropriation to pay for the inventory augmentation material that will deliver in FY 2003. Likewise, this budget includes \$130 million in direct appropriation to pay for the inventory augmentation material that will deliver in FY 2004.

Lastly, FY 2004 NWCF cash balances are projected to exceed the 7-10 day range required to ensure viability of the Fund. Therefore, the budget includes a \$448 million reduction in NWCF cash to finance FY 2004 operation and maintenance requirements.

Department of the Navy NWCF activity groups are:

Supply Operations: Provides inventory management functions for shipboard and aviation repairable and consumable items, management of overseas Fleet Industrial Supply Centers and miscellaneous support functions for ashore and Fleet commanders.

Depot Maintenance:

Shipyards: Consists of three active shipyards which perform functions such as logistics support for assigned ships and service craft, authorized work in connection with construction, overhaul, repair, alteration, drydocking and outfitting of ships and craft as assigned, and a variety of other services. The Department also plans to convert the Puget Sound naval shipyard from NWCF operation to mission funding in a two year pilot effort aimed at ensuring the success of the consolidation of depot and intermediate ship repair facilities in the Northwest region beginning in FY 2004.

Aviation Depots: Consists of three active Naval Aviation Depots (NADEPs), while another three have closed. The active NADEPs perform a host of functions including: repair of aircraft, engines and components; manufacture of specific parts and assemblies; maintenance, engineering and logistics support services for the Fleet; and numerous engineering and technical services.

Marine Corps Depots: Consists of one east coast and one west coast depot facility which perform inspection, repair, rebuild and modification of all types of ground combat and combat support equipment used by the Marine Corps and other DoD services.

Transportation: Military Sealift Command (MSC) operates service-unique Naval Fleet Auxiliary Force (NFAF) vessels, primarily civilian manned, which provide material support to the Fleet,

Special Mission Ships (SMS) which provide unique seagoing platforms and Afloat Prepositioning Force (APF) ships which deploy advance material for strategic lifts. MSC manages these vessels from five area and three sub-area commands around the world.

Research and Development: Consists of the Naval Research Laboratory, the Naval Air Warfare Center, the Naval Surface Warfare Center, the Naval Undersea Warfare Center and the Space and Naval Warfare Systems Centers. These activities perform a wide range of research, development, test, evaluation, and engineering support functions.

Base Support: Consists of nine Public Works Centers (PWCs) and the Naval Facilities Engineering Service Center (NFESC). The PWCs provide utilities services, facilities maintenance, transportation support, engineering services and shore facilities planning support required by operating forces and other activities. NFESC, located in Port Hueneme, California, provides the Navy with specialized facilities engineering and technology support.

Cost: (Operating)

Total obligations for Supply functions and cost of goods and services sold for industrial functions are as follows:

	(dollars in millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Supply - Navy	6,877.6	7,647.3	6,703.9	6,945.6
Supply - Marine Corps	99.6	150.0	160.6	175.2
Depot Maintenance - Ships	2,506.8	2,423.8	1,414.7	1,478.7
Depot Maintenance - Aircraft	2,035.2	1,969.4	1,954.7	1,967.4
Depot Maintenance - Marine Corps	210.8	228.0	198.0	179.8
R&D - Air Warfare Center	2,437.0	2,278.1	2,180.5	2,104.7
R&D - Surface Warfare Center	3,247.2	3,038.0	2,875.6	2,926.4
R&D - Undersea Warfare Center	866.0	815.4	838.9	874.5
R&D - SPAWAR Systems Center	2,402.9	1,989.3	1,884.1	1,855.3
R&D - Naval Research Laboratory	564.4	583.1	592.4	604.7
Transportation - MSC	1,553.3	1,723.3	1,701.1	1,848.3
Base Support - PWC	1,611.7	1,480.3	1,455.0	1,463.9
Base Support - NFESC	107.7	60.3	58.2	58.2
Totals	24,520.1	24,386.2	22,017.6	22,482.8

Net Operating Results:

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

	(dollars in millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Supply - Navy	114.8	(166.3)	51.3	-
Supply - Marine Corps	17.5	4.4	(20.5)	-
Depot Maintenance - Ships	(15.0)	51.8	(66.6)	18.6
Depot Maintenance - Aircraft	(18.9)	78.3	(9.6)	-
Depot Maintenance - Marine Corps	1.7	0.4	(2.6)	-
Ordnance (residual data)	(0.6)	-	-	-
R&D - Air Warfare Center	(19.7)	34.7	1.5	-
R&D - Surface Warfare Center	(17.4)	7.7	(8.3)	-
R&D - Undersea Warfare Center	(0.6)	3.9	(1.9)	-
R&D - SPAWAR Systems Center	(16.1)	(12.6)	(2.1)	-
R&D - Naval Research Laboratory	(0.2)	(6.6)	(9.3)	-
Transportation - MSC	(34.6)	9.2	22.1	-
Base Support - PWC	(26.1)	78.9	(43.7)	-
Base Support - NFESC	(1.3)	3.1	(0.1)	-
Totals	(16.5)	86.8	(89.9)	18.6

Accumulated Operating Results (recoverable):

	(dollars in millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Supply - Navy	115.0	(51.3)	-	-
Supply - Marine Corps	16.1	20.5	-	-
Depot Maintenance - Ships	(21.0)	30.7	(18.3)	-
Depot Maintenance - Aircraft	(68.7)	9.6	-	-
Depot Maintenance - Marine Corps	2.2	2.6	-	-
Ordnance (residual data)	13.1	-	-	-
R&D - Air Warfare Center	(36.2)	(1.5)	-	-
R&D - Surface Warfare Center	0.6	8.3	-	-
R&D - Undersea Warfare Center	(1.9)	1.9	-	-
R&D - SPAWAR Systems Center	14.7	2.1	-	-
R&D - Naval Research Laboratory	15.8	9.3	-	-
Transportation - MSC	(31.3)	(22.1)	-	-
Base Support - PWC	(35.2)	43.7	-	-
Base Support - NFESC	(3.0)	0.1	-	-
Totals	(19.8)	54.0	-	-

Workload:

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

	FY 2003	percent change	
		FY 2004	FY 2005
Supply - Navy	-1.9%	-8.2%	-6.9%
Supply - Marine Corps	-3.3%	-7.1%	4.1%
Depot Maintenance - Ships	-4.4%	-44.3%	4.4%
Depot Maintenance - Aircraft	-6.1%	2.2%	-0.2%
Depot Maintenance - Marine Corps	-7.9%	-12.3%	-7.2%
R&D - Air Warfare Center	-0.8%	0.9%	-0.2%
R&D - Surface Warfare Center	-2.3%	-1.1%	-0.1%
R&D - Undersea Warfare Center	0.1%	2.6%	1.0%
R&D - SPAWAR Systems Center	-1.9%	-0.9%	0.3%
R&D - Naval Research Laboratory	1.5%	0.3%	-0.3%
Transportation - MSC	0.5%	2.0%	0.9%
Base Support - PWC	-8.4%	-3.7%	-1.4%
Base Support - NFESC	-1.6%	-3.0%	-0.6%

Customer Rate Changes

Proposed composite rate changes from FY 2003 to FY 2004 designed to achieve an accumulated operating result of zero at the end of FY 2004 are as follows:

	(percent change)		
	<u>FY2003</u>	<u>FY 2004</u>	<u>FY2005</u>
Supply:			
Navy - Aviation Consumables	2.5%	7.9%	4.0%
Navy - Shipboard Consumables	10.7%	5.4%	4.0%
Navy - Aviation Repairables	9.7%	6.0%	4.0%
Navy - Shipboard Repairables	14.6%	5.4%	4.0%
Navy - Other	1.5%	1.5%	4.0%
MARCORPS Repairables	31.3%	-18.3%	4.0%
Depot Maintenance - Ships	-0.3%	-3.6%	4.6%
Depot Maintenance – Aircraft:	5.3%	-2.4%	2.4%
Depot Maintenance - Marine Corps	11.2%	7.4%	1.0%
R&D - Air Warfare Center	4.8%	-2.3%	2.1%
R&D - Surface Warfare Center	4.6%	0.9%	2.1%
R&D - Undersea Warfare Center	2.7%	0.4%	2.5%
R&D – SPAWAR Systems Center	2.2%	1.8%	1.8%
R&D - Naval Research Laboratory	3.4%	1.1%	3.0%
Transportation - MSC			
Fleet Auxiliary	12.8%	1.7%	-1.1%
Special Mission Ships	6.0%	-6.1%	7.2%
Afloat Prepositioning Ships	2.9%	-4.2%	6.0%
Base Support – PWC:			
East Coast Utilities	-2.3%	10.5%	2.6%
East Coast – Other	5.2%	-1.1%	2.6%
West Coast Utilities	4.3%	-23.4%	2.6%
West Coast - Other	3.3%	1.7%	2.6%
Base Support - NFESC	10.9%	1.5%	2.5%

Unit Costs:

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

	<u>Unit Cost</u> <u>FY 2003</u>	<u>Unit Cost</u> <u>FY 2004</u>	<u>Unit Cost</u> <u>FY2005</u>
Supply - Navy (cost per unit of sales):			
Wholesale	1.06	0.91	1.07
Retail	1.03	1.03	1.04
Supply - Marine Corps (cost per unit of sales):			
Wholesale	.96	1.28	1.00
Retail	.98	1.02	1.01
Depot Maintenance-Ships (\$/Direct Labor Hour)	93.90	98.47	98.55
Depot Maintenance - Aircraft (\$/Direct Labor Hour)	160.58	162.44	165.30
Depot Maintenance - Marine Corps (\$/Dir Labor Hr)	136.08	135.05	132.20
R&D-Air Warfare Center (\$/Direct Labor Hour*)	75.30	72.68	74.79
R&D-Surface Warfare Center (\$/Direct Labor Hour*)	76.73	78.35	81.12
R&D-Undersea Warfare Center (\$/Direct Labor Hour*)	81.91	82.63	84.90
R&D-SPAWAR SYSCEN (\$/Direct Labor Hour*)	82.70	82.09	85.01
R&D-Naval Research Lab (\$/ Direct Labor Hour*)	99.42	100.94	103.86
Transportation – MSC			
NFAF (\$/day)	34,207	35,353	37,236
SMS (\$/day)	21,879	21,095	22,504
APF (\$/day)	77,712	73,835	78,050
Base Support - PWC Cost of services	various	various	various
Base Support - NFESC (\$/Direct Labor Hour*)	74.59	81.08	83.53

* includes direct labor plus overhead costs

Treasury Cash Balance:

	(\$ millions)	
	<u>FY 2003</u>	<u>FY 2004</u>
Beginning Cash Balance	1,709.7	1,419.8
Collections	23,415.0	21,063.6
Disbursements	23,571.9	21,686.1
Transfers	133.0	107.7
Ending Cash Balance	1,419.8	689.6

Staffing: Total civilian and military personnel employed at NWCF activities are as follows:

<u>Civilian End Strength</u>	(strength in whole numbers)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Supply - Navy	6,330	5,788	5,234	5,230
Supply - Marine Corps	48	47	26	24
Depot Maintenance - Ships	19,342	19,977	11,431	11,947
Depot Maintenance - Aircraft	10,871	10,185	10,032	10,019
Depot Maintenance - Marine Corps	1,460	1,417	1,184	1,112
R&D - Air Warfare Center	11,244	10,937	10,092	10,036
R&D - Surface Warfare Center	16,384	16,203	15,869	15,876
R&D - Undersea Warfare Center	4,200	4,315	4,327	4,347
R&D - SPAWAR Systems Center	5,736	5,548	5,471	5,460
R&D - Naval Research Laboratory	2,601	2,639	2,604	2,604
Transportation - MSC	4,819	4,956	5,170	5,343
Base Support - PWC	7,601	7,998	7,940	7,909
Base Support - NFESC	353	324	331	331
Totals	90,989	90,334	79,711	80,238

<u>Civilian Workyears</u>	(strength in whole numbers)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Supply - Navy	6,402	6,124	5,334	5,230
Supply - Marine Corps	48	47	26	24
Depot Maintenance - Ships	18,770	19,513	11,250	11,689
Depot Maintenance - Aircraft	10,660	10,127	10,029	10,016
Depot Maintenance - Marine Corps	1,436	1,451	1,217	1,127
R&D - Air Warfare Center	10,872	10,840	10,007	9,962
R&D - Surface Warfare Center	15,996	15,928	15,585	15,593
R&D - Undersea Warfare Center	4,096	4,170	4,196	4,252
R&D - SPAWAR Systems Center	5,503	5,504	5,394	5,382
R&D - Naval Research Laboratory	2,560	2,559	2,524	2,524
Transportation - MSC	5,907	6,146	6,466	6,768
Base Support - PWC	7,757	7,994	7,973	7,948
Base Support - NFESC	342	323	327	327
Totals	90,349	90,726	80,328	80,842

Military End Strength

(strength in whole numbers)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Supply - Navy	430	426	421	417
Supply - Marine Corps	-	-	-	-
Depot Maintenance - Ships	112	140	95	95
Depot Maintenance - Aircraft	94	120	126	126
Depot Maintenance - Marine Corps	12	12	12	12
R&D - Air Warfare Center	260	242	242	242
R&D - Surface Warfare Center	285	332	329	329
R&D - Undersea Warfare Center	35	48	48	48
R&D - SPAWAR Systems Center	82	101	101	101
R&D - Naval Research Laboratory	70	82	82	82
Transportation - MSC	715	719	624	637
Base Support - PWC	111	105	105	105
Base Support - NFESC	3	3	3	3
Totals	2,209	2,330	2,188	2,197

Military Workyears

(strength in whole numbers)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Supply - Navy	418	428	424	419
Supply - Marine Corps	-	-	-	-
Depot Maintenance - Ships	113	132	80	80
Depot Maintenance - Aircraft	96	120	127	127
Depot Maintenance - Marine Corps	11	12	12	12
R&D - Air Warfare Center	184	160	160	162
R&D - Surface Warfare Center	289	291	290	290
R&D - Undersea Warfare Center	32	33	33	33
R&D - SPAWAR Systems Center	78	75	75	75
R&D - Naval Research Laboratory	74	77	73	73
Transportation - MSC	731	719	624	637
Base Support - PWC	103	105	105	105
Base Support - NFESC	3	3	3	3
Totals	2,132	2,155	2,006	2,016

Capital Purchase Program:

	(dollars in millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Supply - Navy	81.7	71.6	49.8	23.1
Supply - Marine Corps	-	-	-	-
Depot Maintenance - Ships	126.3	42.0	20.5	30.4
Depot Maintenance - Aircraft	51.3	51.3	39.3	40.0
Depot Maintenance - Marine Corps	5.0	2.9	4.0	4.2
R&D - Air Warfare Center	37.1	34.5	31.5	37.7
R&D - Surface Warfare Center	32.1	32.4	32.7	33.4
R&D - Undersea Warfare Center	19.6	21.0	19.0	19.5
R&D - SPAWAR Systems Center	9.5	10.7	8.7	9.4
R&D - Naval Research Laboratory	17.3	17.3	17.3	17.3
Transportation - MSC	10.0	13.6	13.1	13.0
Base Support - PWC	16.1	19.2	19.3	19.0
Base Support - NFESC	-	0.2	-	-
Totals	406.0	316.7	255.2	247.0

The above capital investment program by major category is as follows:

Equipment (Non-ADPE/Telecom)	122.3	110.0	88.7	118.0
ADPE and Telecommunications Equip	58.3	52.4	43.1	38.0
Software Development	197.4	123.0	91.3	59.1
Minor Construction	<u>28.0</u>	<u>31.3</u>	<u>32.1</u>	<u>31.9</u>
Totals	406.0	316.7	255.2	247.0

Carryover Reconciliation

OSD and the Services have developed a new methodology to measure funded workload at Working Capital Fund (WCF) activities that crosses fiscal year boundaries (carryover). The new carryover methodology incorporates a set of calculations which are based on the specific outlay rates of the appropriations that customers send to WCF activities and that are projected to remain unexpended at the end of each fiscal year. The tables below summarize carryover using the new outlay-based methodology.

Depot Maintenance - Ships

	\$ Millions			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>*FY 2004</u>	<u>*FY 2005</u>
New Orders	2,770.8	2,475.1	1,460.2	1,334.5
Less Exclusions:				
FMS	-3.2	-3.8	-1.8	-2.4
BRAC	0.0	0.0	0.0	0.0
Other Federal Depts & Agencies	-6.4	-1.2	-1.2	-1.7
Non-Fed and Others	-14.5	-13.0	-8.5	-13.0
Orders for Carryover Calculation	2,746.6	2,457.2	1,448.7	1,317.3
Composite Outlay Rate	67.0%	63.6%	63.6%	71.5%
Carryover Ceiling Rate	33.1%	36.4%	36.4%	28.6%
Carryover Ceiling	907.8	894.2	527.8	376.1
Balance of Customer Orders at Year End	933.9	926.2	592.3	429.5
Less WIP	-73.2	-73.4	-44.4	-44.2
Less Exclusions:				
FMS	-5.1	-5.2	-3.1	-4.0
BRAC	-7.4	-1.5	-1.2	-1.2
Other Federal Depts & Agencies	-2.5	-2.9	-2.1	-2.0
Non-Fed and Others	-14.0	-11.1	-10.4	-9.1
Carryover Budget	831.7	832.1	531.1	369.0

*excludes Puget Sound NSY

Note: Carryover exceeds the ceiling in FY 2004 due to scheduled inductions occurring late in the fiscal year.

Depot Maintenance - Aircraft

	\$ Millions			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
New Orders	2,008.8	1,839.2	1,866.1	1,912.5
Less Exclusions:				
FMS	-36.7	-23.8	-26.4	-26.8
BRAC	2.1	0.0	0.0	0.0
Other Federal Depts & Agencies	-10.1	-9.2	-5.9	-6.1
Non-Fed and Others	-7.0	-14.5	-21.5	-21.9
Orders for Carryover Calculation	1,957.1	1,791.7	1,812.3	1,857.7
Composite Outlay Rate	73.2%	73.4%	73.6%	73.7%
Carryover Ceiling Rate	26.8%	26.6%	26.4%	26.3%
Carryover Ceiling	524.5	476.6	478.4	488.6
Balance of Customer Orders at Year End	1,105.8	896.7	817.7	762.7
Less WIP	-416.6	-287.0	-245.0	-218.4
Less Exclusions:				
FMS	-25.2	-19.3	-15.2	-13.6
BRAC	-11.1	-11.1	-11.1	-11.1
Other Federal Depts & Agencies	-13.3	-16.7	-16.4	-16.1
Non-Fed and Others	-2.6	-9.2	-11.4	-15.5
Carryover Budget	637.0	553.4	518.6	488.0

Note: The receipt of critical additional work associated with DERF and Supplemental funding has increased carryover levels. Additionally, while the carryover ceiling is projected to slightly exceed the goal through FY 2004, the major causes (scarcity of parts for older systems, increased component deterioration leading to longer repair cycles, etc) have been identified and are being reviewed.

Depot Maintenance – Marine Corps

	\$ Millions			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
New Orders	187.9	222.2	180.1	187.7
Less Exclusions:				
FMS	-2.7	-0.6	-10.6	0.0
BRAC	0.0	0.0	0.0	0.0
Other Federal Depts & Agencies	0.0	-1.4	-1.5	-1.5
Non-Fed and Others	0.0	-0.2	-0.5	-0.5
Orders for Carryover Calculation	185.2	220.0	167.5	185.7
Composite Outlay Rate	59.3%	61.3%	66.8%	66.4%
Carryover Ceiling Rate	40.7%	38.7%	33.2%	33.6%
Carryover Ceiling	75.4	85.1	55.6	62.4
Balance of Customer Orders at Year End	48.8	42.6	27.3	35.1
Less WIP	-1.1	-0.2	0.0	0.0
Less Exclusions:				
FMS	-1.9	-1.9	-3.1	-1.9
BRAC	0.0	0.0	0.0	0.0
Other Federal Depts & Agencies	-0.1	-0.1	-0.1	-0.1
Non-Fed and Others	0.0	0.0	0.0	0.0
Carryover Budget	45.7	40.4	24.1	33.1

Research & Development Activity Group

	\$ Millions			
	Actual			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
New Orders	9,699.2	8,358.8	8,250.4	8,206.6
Less Exclusions:				
Institutional MRTFB	-267.7	-285.4	-279.0	-279.2
FMS	-260.7	-221.5	-205.0	-207.7
BRAC	4.7	0.0	0.0	0.0
Other Federal Depts & Agencies	-255.0	-193.1	-191.3	-194.3
Non-Fed and Others	-101.7	-83.0	-86.0	-89.0
Orders for Carryover Calculation	8,818.7	7,575.9	7,489.1	7,436.4
Composite Outlay Rate	59.9%	59.4%	59.2%	59.2%
Carryover Ceiling Rate	40.1%	40.6%	40.8%	40.8%
Carryover Ceiling	3,534.4	3,078.4	3,055.6	3,037.6
Balance of Customer Orders at Year End	3,845.8	3,465.0	3,359.8	3,196.9
Less: WIP	-186.2	-184.3	-183.9	-182.8
Less Exclusions:				
Institutional MRTFB	-55.2	-70.3	-90.7	-110.3
FMS	-267.8	-233.7	-220.3	-196.0
BRAC	-4.0	-0.1	0.0	0.0
Other Federal Depts & Agencies	-163.4	-150.8	-150.5	-147.6
Non-Fed and Others	-76.6	-71.7	-66.5	-62.0
Carryover	3,092.7	2,754.1	2,647.8	2,498.3

Naval Shipyards

**Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS**

ACTIVITY GROUP FUNCTION:

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

ACTIVITY GROUP COMPOSITION:

This budget reflects three naval shipyards operating under the Navy Working Capital Fund (NWCF) in FY02 and FY03, Portsmouth and Norfolk Naval Shipyards in the NWCF in FY04, and residual accounting for yards out of the NWCF. The Navy is integrating Puget Sound NSY, TRF Bangor and the Intermediate Maintenance Facility Puget Sound into a consolidated maintenance activity in FY 2004 under RMS. The Commander, Naval Sea Systems Command will retain technical authority while the Commander In Chief, U. S. Pacific Fleet will become the owner and claimant. This transfer supports the Navy's initiative to combine intermediate and depot maintenance, thereby allowing more flexibility in accomplishing the Navy's overall maintenance program. These activities and their locations are:

Portsmouth Naval Shipyard	Kittery, ME
Norfolk Naval Shipyard	Portsmouth, VA
Puget Sound Naval Shipyard	Bremerton, WA

OVERVIEW FOR NAVAL SHIPYARDS:

The naval shipyards demonstrate a strong commitment to productivity improvement and cost. Estimated costs and operating results are:

Financial Profile:	(\$ Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>*FY 2004</u>	<u>*FY 2005</u>
Total				
Cost of Goods Sold	\$2,506.8	\$2,423.8	\$1,414.7	\$1,478.7
Net Operating Results	45.0	58.9	-66.6	18.6
Accumulated Operating Results	-21.0	30.7	-18.3	0.0

*excludes Puget Sound NSY

The changes for the costs of goods sold each year are in line with the changes in workload and also reflects efforts to improve work processes to accomplish planned levels of performance and productivity. The budget estimates and the stabilized rates include AOR recoupment surcharges in FY02 and FY03, and also includes an ERP surcharge in FY02.

NET OPERATING RESULTS:

FY02 NOR is \$16.2M above the President's Budget. The gain is primarily the result of increased workload. Those gains were somewhat offset by increased direct labor costs and overhead investments needed to support both the increased workload and future workload.

FY03 NOR budgeted gain of \$58.9M is \$74.9M above the Presidents Budget primarily due to an increase in workload of 203K mandays.

	<u>FY 2002</u>	<u>FY 2003</u>	<u>*FY 2004</u>	<u>*FY 2005</u>
<u>Workload:</u>				
Direct Labor Hours	27,012,111	25,813,732	14,366,454	15,004,260

*excludes Puget Sound NSY

Workload changes are consistent with fleet requirements and also reflect shipyard process improvements. FY02 actual execution workload reflects a 12.2 percent increase, 368K mandays above the FY02 column of the FY03 President's Budget. All of the FY02 increase is on the highly complex submarine and carrier workload on CNO scheduled availabilities. The FY03 current estimate for workload also increases 6.7 percent, 203K mandays, above the President's Budget. FY03 submarine and carrier CNO availabilities account for an increase of 228K mandays and other work declines 25K mandays. This complex submarine and carrier workload from CNO scheduled availabilities is increasing significantly and now represents almost 2/3 of our total workload in each fiscal year. This highly complex submarine and carrier work requires skilled resources be available to accomplish the work efficiently. In order to have a skilled workforce ready to accomplish that workload the shipyards are undertaking appropriate personnel initiatives.

Workload/Workforce Skills Matching:

Complex submarine and carrier workload from CNO scheduled availabilities is increasing significantly and represents almost 2/3 of our total workload in each fiscal year. This highly complex submarine and carrier work requires skilled resources be available to accomplish the work efficiently. In order to have a workforce ready to accomplish that workload the shipyards are making investments in personnel hiring and training. Shipyards need additional machinists, pipefitters, and electricians for critical work, e.g. Torpedo Tubes, Sail and Shaft Seals. These shortages are across both public and private

sectors. In addition, shipyards are hiring and training engineers to support this workload.

Workforce Revitalization:

Workforce revitalization is driven by several factors, principally mission and workload requirements, workforce demographics, and labor markets

The Apprentice Program is the key element of the production trades workforce revitalization effort.

The average age of the shipyard workforce is over 45 and the current attrition rate is 4 percent. About 32 percent of the workforce will be eligible to retire in the next five years. Other Navy activities in the ship maintenance business have similar problems with the age of their workforce and the shipyards are a prime source of expertise for them to hire from.

Given the demanding nature of ship maintenance and repair work, workforce revitalization also contributes to increased productivity.

Overtime Reduction:

Almost 19 percent direct overtime was used in FY01 and over 22 percent is being used in FY02. Such high levels cannot be sustained. The goal is to significantly reduce overtime to 12 percent for on-yard work and 20 to 30 percent for off-yard.

Performance Indicators

<u>Unit Costs:</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>*FY 2004</u>	<u>*FY 2005</u>
Shipyards	\$93.00	\$93.90	\$98.47	\$98.55

*excludes Puget Sound NSY

Customer Rate Change

<u>Rate Change</u>		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Shipyards		\$94.33	\$90.98	
Percent Change		-0.3%	-3.6%	4.6%

Staffing:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>*FY 2004</u>	<u>*FY 2005</u>
Civilian End Strength	19,550	19,977	11,581	12,097
Civilian Work Years-ST	18,752	19,512	11,249	11,690
Military End Strength	112	140	95	95
Military Work Years	113	132	80	80

*excludes Puget Sound NSY

Civilian end strength and workyear estimates are matched to workload and reflect continued streamlining of shipyard processes and increased productivity.

Capital Budget Authority(Dollars in Millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>*FY 2004</u>	<u>*FY 2005</u>
Equipment-Non-ADPE/TELECOM	\$47.525	\$32.439	\$14.292	\$27.481
ADPE/Telecommunications Equip	11.341	3.600	2.508	1.462
Software Development	64.720	1.400	2.700	.947
Minor Construction	<u>2.705</u>	<u>4.561</u>	<u>1.000</u>	<u>.510</u>
TOTAL	\$126.291	\$42.000	\$20.500	\$30.400

*excludes Puget Sound NSY

The Capital Budget Authority reflects the financing of essential fleet support equipment and other capital improvements critical to sustaining shipyard operations, improving productivity, meeting health, safety and environmental requirements and lowering production costs.

All included Capital Purchases Program projects are considered to be essential and necessary in support of the Naval Shipyard’s mission to provide maintenance, modernization, inactivation, disposal, and emergency repair of Naval ships. The budget is consistent with the Total Ownership Cost Goal of the Naval Shipyard’s Strategic Plan to size and maintain facilities and equipment to meet the changing needs of customers and general business environment.

Strategic Sourcing Program

The Strategic Sourcing Program continues to review processes and functions to provide cost efficiencies in the Naval Shipyards. The program is divided into three parts: (1) A-76 studies under the Commercial Activities Program; (2) Functional Assessment using business process reengineering (BPR) techniques; and (3) initiatives to reduce contract or other non-labor costs.

Lean Manufacturing Initiatives

Lean manufacturing /repair is a set of process improvement tools and techniques focused on eliminating waste and maximizing value added activity. The Naval Shipyards are actively engaged in lean implementation of ship maintenance, working with the private sector shipyards on the initiative in the National Shipbuilding Research Program.

The Naval Shipyards have initiated several specific corporate Lean Initiatives in the year to improve processes and lower the cost of ship maintenance. These processes include material management, incentive/reward systems, avoiding work stoppages, more efficient management of resources (people), having the correct technical work documents in place, and developing work strategies that allow for better sequenced work evolutions. A production process strategy has also been implemented to evaluate and improve the production used by the mechanics performing the maintenance work.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 SHIPYARD / TOTAL

PAGE 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	2,452.5	2,438.1	1,325.3	1,471.7
Surcharges	60.0	7.1	.0	.0
Depreciation excluding Major Constructio	39.4	37.5	22.7	25.6
Other Income				
Total Income	2,551.8	2,482.7	1,348.0	1,497.3
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	11.8	11.4	6.8	7.0
Civilian Personnel	1,448.7	1,467.4	818.8	875.9
Travel and Transportation of Personnel	27.5	57.6	19.3	20.7
Material & Supplies (Internal Operations	258.0	280.7	202.3	208.5
Equipment	22.8	17.6	13.5	12.9
Other Purchases from NWCF	16.9	32.7	23.9	25.4
Transportation of Things	8.0	10.1	1.9	1.9
Depreciation - Capital	39.4	37.5	22.7	25.6
Printing and Reproduction	2.1	2.0	1.4	1.4
Advisory and Assistance Services	.0	.8	.6	.7
Rent, Communication & Utilities	61.3	50.3	31.8	32.5
Other Purchased Services	616.2	456.2	271.9	266.6
Total Expenses	2,512.6	2,424.2	1,415.0	1,479.0
Work in Process Adjustment	.2	.0	.0	.0
Comp Work for Activity Reten Adjustment	-6.0	-.4	-.4	-.4
Cost of Goods Sold	2,506.8	2,423.8	1,414.7	1,478.7
Operating Result	45.0	58.9	-66.6	18.6
Less Surcharges	-60.0	-7.1	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-15.0	51.8	-66.6	18.6
Other Changes Affecting AOR	-11.5	.0	17.6	-.2
Accumulated Operating Result	-21.0	30.7	-18.3	.0

Exhibit Fund-14

INDUSTRIAL BUDGET INFORMATION SYSTEM
SHIPYARD / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	2,135	2,475	1,460	1,334
a. Orders from DoD Components	2,586	2,372	1,385	1,245
Department of the Navy	2,432	2,362	1,376	1,236
O & M, Navy	997	1,455	853	1,004
O & M, Marine Corps	0	0	0	0
O & M, Navy Reserve	3	2	1	1
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Porcurement, Navy	2	1	1	1
Weapons Procurement, Navy	1	0	1	1
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	497	699	383	137
Other Procurement, Navy	220	143	119	79
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	75	60	17	12
Military Construction, Navy	0	1	1	1
Other Navy Appropriations	0	1	1	1
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	1	1	1	2
Army Operation & Maintenance	0	0	0	0
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	1	1	1	2
Department of the Air Force	1	1	1	1
Air Force Operation & Maintenance	1	1	1	1
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	152	8	6	7
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	9	1	0	0
Res, Dev, Test & Eval Accounts	1	1	1	1
Procurement Accounts	3	4	5	5
Defense Emergency Relief Fund	72	0	0	0
DOD Other	68	1	0	1
b. Orders from other WCF Activity Groups	161	85	64	72
c. Total DoD	2,747	2,457	1,449	1,317
d. Other Orders	24	18	11	17
Other Federal Agencies	6	1	1	2
Foreign Military Sales	3	4	2	2
Non Federal Agencies	15	13	8	13
2. Carry-In Orders	718	938	931	597
3. Total Gross Orders	3,489	3,414	2,391	1,931
a. Funded Carry-Over before Exclusions	938	931	597	434
b. Total Gross Sales	2,551	2,483	1,794	1,497

INDUSTRIAL BUDGET INFORMATION SYSTEM
 SHIPYARD / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	-73	-73	-44	-44
5. Non-DoD, BRAC, FMS (-)	-29	-21	-17	-16
6. Net Funded Carryover	832	832	531	369

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

Exhibit Fund-11

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS
SUMMARY OF CHANGES IN OPERATIONS
FUND 2
(Dollars in Millions)

	EXPENSE
1. FY 2002 Actuals	\$2,512.6
2. FY03 PRESIDENT'S BUDGET	\$2,298.6
3. PRICING ADJUSTMENTS	-47.0
a. Pay Raise Adjustment	5.1
b. General Inflation	-3.3
c. Removal of CSRS/FEHB Full Funding Proposal	-48.8
4. PROGRAM CHANGES	170.5
a. Workload Changes	163.1
1. Direct Workyears	66.5
2. Direct Non-labor	88.5
3. Overhead Workyears	5.6
4. Overhead Non-Labor	2.5
b. Preparation for Trident EROs	7.4
5. OTHER CHANGES	2.1
a. Force Protection	2.3
b. Other Overhead	-0.3
6. FY03 CURRENT ESTIMATE	2,424.2
7. PRICING ADJUSTMENTS	28.9
a. Pay Raise	18.3
1. FY 04 Pay Raise	11.4
2. Annualization	6.9
b. Material & Supplies Purchases	3.8
c. Intrafund Purchases	1.7
d. General Inflation	5.0
e. Military Pay Raise	0.1
8. PRODUCTIVITY INITIATIVES	-10.6
a. Other Efficiencies	-10.6
9. PROGRAM CHANGES	-1,027.5
a. Mission Funding of Puget Sound NSY	-1,027.5
10. FY04 CURRENT ESTIMATE	1,415.0

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Component: NAVAL SHIPYARDS
Business Area: DEPOT MAINTENANCE - SHIPYARDS
February 2003
(\$ in Millions)

<u>Line Num</u>	<u>Description</u>	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>	
		<u>Qty</u>	<u>Total Cost</u>	<u>Qty</u>	<u>Total Cost</u>	<u>Qty</u>	<u>Total Cost</u>	<u>Qty</u>	<u>Total Cost</u>
Non ADP									
1	151-Ton Capacity Portal Crane					1	1.400	1	16.650
2	60 TON PORTAL CRANE #37							1	9.400
3	60 TON PORTAL CRANE #36			1	8.600				
4	60 TON PORTAL CRANE #34	1	8.000						
5	60 TON PORTAL CRANE #35	1	8.000						
	REIMBURSE JUDGEMENT FUND, CRAFT								
6	CRANE SETTLEMENT	1	6.916						
7	HIGH SPEED PROPELLER PROFILER					1	6.000		
8	NFPC, HIGH SPEED PROPELLER PROFILER			1	6.000				
9	TRIDENT SUBMARINE CAMELS	2	1.829						
10	REPLACEMENT OF A/C UNITS (11 EACH)					11	1.894		
11	NFPC, 5-AXIS MACHINING CENTER	1	1.742						
12	PIER RAMPS FOR CVN/LHD/LHA			3	1.710				
13	CNC DRILLING/MILLING CENTER (8 FT X 33			1	1.600				
14	PRWC TANK, 7,000 GALLON	2	1.580						
15	SHAFT LATHE RETROFIT			1	0.040	1	1.500		
16	DRYDOCK WATER PROCESSING SYSTEM	6	1.248						
17	LET Material Handling System	3	1.248						
18	UPGRADE ESAB CNC CUTTING CENTER			1	1.145				
19	HEAD REFURBISHMENT ENCLOSURE	1	0.888						
20	Miscellaneous (Non ADP < \$1000K; >= \$500K)		7.619		5.693		1.389		0.804
21	Miscellaneous (Non ADP < \$500K)		8.455		7.651		2.109		0.627
	Non ADP Total:		47.525		32.439		14.292		27.481
ADP									
22	NSY SERVER REPLACEMENT	1	3.850	1	3.600				
23	ENTERPRISE RESOURCE PLANNING	1	6.000						
24	NSY Server Replacement					1	1.968		
25	NSY Server replacement							1	1.462
26	Miscellaneous (ADP < \$1000K; >= \$500K)		0.886				0.540		
27	Miscellaneous (ADP < \$500K)		0.605						
	ADP Total:		11.341		3.600		2.508		1.462

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Component: NAVAL SHIPYARDS
Business Area: DEPOT MAINTENANCE - SHIPYARDS
February 2003
(\$ in Millions)

<u>Line Num</u>	<u>Description</u>	<u>FY 2002</u>		<u>FY 2003</u>		<u>FY 2004</u>		<u>FY 2005</u>	
		<u>Qty</u>	<u>Total Cost</u>	<u>Qty</u>	<u>Total Cost</u>	<u>Qty</u>	<u>Total Cost</u>	<u>Qty</u>	<u>Total Cost</u>
Software									
28	ENTERPRISE RESOURCE PLANNING	1	61.000						
29	DEPOT MAINTENANCE STD SYSTEM	1	3.720						
30	NSY Ship Maintenance Corporate SW Development					1	1.080	1	0.947
31	Upgrade AIM					1	1.620		
32	NSY SHIP MAINTENANCE CORPORATE SW DEVELOPMENT			1	1.400				
	Software Total:		64.720		1.400		2.700		0.947
Minor Construction									
	Miscellaneous (Minor Construction < \$1000K; >=								
33	\$500K)				1.290				
34	Miscellaneous (Minor Construction < \$500K)		2.705		3.271		1.000		0.510
	Minor Construction Total:		2.705		4.561		1.000		0.510
Grand Total			126.291		42.000		20.500		30.400
Total Capital Outlays			89.734		63.287		22.050		22.226
Total Depreciation Expense			39.360		37.465		22.732		25.589

Business Area Capital Investment Justification (\$ in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates								
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 1/151-Ton Capacity Portal Crane(Replacement)			D. Site Identification NNSY Portsmouth, VA								
			FY 2002			FY 2003			FY 2004						
ELEMENTS OF COST															
	Qty		Unit Cost	Total Cost	Qty		Unit Cost	Total Cost	Qty		Unit Cost	Total Cost			
Non ADP									1		0	1400			
Narrative Justification:															
Description															
<p>This project procures a new 151-ton capacity portal dock crane to replace three 65-year-old 75-ton cranes. The crane's design will be consistent with the Navy Crane Center's latest contract specification to build 151-ton dock cranes. Equip with modern electronic controls to enable micro-movements of heavy loads in slip-fit conditions; Drum brakes to enable safety mechanisms to catch loads in the event of machinery failure; Load-Moment Indicator to monitor lifts to preclude crane overload . Operator's cab ergonomically designed and elevated to enable at least 40' higher direct surveillance by operator of otherwise hidden lifts. Single-track travel to vastly increase crane coverage throughout the waterfront. \$1.35M requested for FY-04 advanced planning.</p>															
Justification															
<p>The new crane will replace and consolidate the service of three cranes to maintain and upgrade Heavy-Lift capacity at the Navy's largest East Coast Drydock to a capability that's consistent with the service already available at the other CVN Shipyards. By its single track design, the crane will additionally introduce Heavy-Lift capability to the Shipyard's four piers and most of its major industrial buildings. Justification is derived by meeting the requirements to: Replace and consolidate equipment; Support increased shipyard workload (By requirement, capability to simultaneously service 3 Aircraft carriers, 1 Amphibious Assault (i.e. LHD/LHA-class), 2 SSBN-class and 1 SSN-class submarine); Reduce unit crane maintenance costs (by 66%; \$1.21M annual savings); Vastly improve safety and load control; Eliminate existing HAZMAT elements; Avoid crane conversion costs; Meet NAVSEA guidance for the Shipyard's strategic need in weight handling capability in both number of cranes and lift capacities.</p>															
Impact															
<p>Accomplish Mission with Difficulty: Failure to execute this project will: a) Maintain an antiquated and under-capacity lift capability at the Large Dock and Piers. b) Sustain reduced cost effectiveness and safety due to complex and costly alternate methods for lifts in excess of 60 tons(i.e. dual crane configurations). c) Continue costly operation and maintenance (at 300% of new crane) of the two active antiquated cranes that are already at twice the age of their useful service life. d) Require annual overhaul-level repairs of two of three old cranes at twice the cost of new procurement.</p>															

Business Area Capital Investment Justification (\$ in Thousands)						A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 3/60 TON PORTAL CRANE #36(Replacement)			D. Site Identification PNSY Portsmouth, NH					
			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	8600	8600						
Narrative Justification:												
Description												
This project will provide a new 60-ton portal crane to replace portal crane Naval Identification (NID) #111-042829 that will be 45 years old in 2003 and requires repair and upgrading of obsolete equipment.												
Justification												
This project will significantly enhance the Shipyard's ability to meet portal crane operation requirements in support of Engineered Refueling overhauls (ERO's), Depot Modernization Period (DMP) and Engineered Overhauls (EOH) of SSN 688 class submarines. Additionally, this crane will support work along berths which may support submarines which are docked in our other drydocks. Safe and reliable portal cranes are imperative in the execution of this work, which includes movement of large, one-of-a-kind submarine components. The crane to be replaced is a 56-Ton, Star Iron, portal crane manufactured in 1958. Due to its age, worn condition, obsolete and unreliable components, this crane offers limited support to the Shipyard's main objectives. This results in delays and lost production time, waiting for repair of a downed crane. The crane would also need significant and expensive upgrades to install special safety equipment desired by Naval Sea Systems Command (NAVSEA). This safety equipment is already designed into the proposed replacement crane. A cost avoidance of \$6.8M and annual savings of \$294,202 results in a payback of 10.49 years.												
Impact												
Delay in funding for this project will result in the existing crane being either taken out of service for an extended upgrading period or possibly removed from service permanently due to reliability and environmental concerns. In either case, the Shipyard's mission will be adversely impacted with increased costs due to production delays for lack of strategic equipment.												

Business Area Capital Investment Justification (\$ in Thousands)						A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 7/HIGH SPEED PROPELLER PROFILER(Productivity)			D. Site Identification NFPC Norfolk Det, Philadelphia, PA					
			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							1		6000			
Narrative Justification:												
Description												
<p>The high speed profiler is a 5-axis CNC milling machine with a large 24 ft "C" axis table and a set-up station covered by the "X" axis travel of the machine. A 100 HP motor is mounted on a sliding saddle that form the "Y" and "Z" axes. A rotating turret type head contains the spindle that moves in "A" and a redundant "C" axes. The machine is capable of automatic spindle and tool changes and has 600 ipm of translational speeds and 16,000 RPM spindle rotation speed. The set-up station will be equipped with an inspection system that will be used to qualify the casting and in-process inspection.</p>												
Justification												
<p>NFPC requires a high speed profiler in order to reduce the overall cost to the program by reducing the machining time (50-90%) thereby improving delivery of the Virginia class propulsor. Existing profilers are very slow machines capable of, at best 1 in3/mn metal removing rate. The NAVSEA sponsored propulsor affordability MT project has one of its main objectives the technology transfer to NFPC of high speed machining data obtained from NIST and Battelle labs (Oak Ridge). The project has as of this date proven the feasibility of contour milling Nickel Aluminum Bronze (NAB) alloys at 14,000 RPM and 600 ipm during tests at NIST. The proposed machine will be able to employ all the parameters that will be developed during the first two phases of the project and will allow NFPC to reduce costs and deliver propulsors in less time.</p>												
Impact												
<p>NFPC's is the only manufacturer of submarine propulsors. The existing machining assets are old and are going through a retrofit program that aims to maintain the existing capability. Without improvements in NFPC's core capability coupled with stringent tolerances on Virginia blades will seriously degrade our ability to provide propulsors within costs and on time. This machine is therefore essential to NFPC's ability to support the submarine fleet.</p>												

Business Area Capital Investment Justification (\$ in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates								
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 8/NFPC, HIGH SPEED PROPELLER PROFILER(Productivity)			D. Site Identification NFPC Norfolk Det, Philadelphia, PA								
			FY 2002			FY 2003			FY 2004						
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost						
Non ADP				1		6000									
Narrative Justification:															
Description															
The high speed profiler is a 5 axis Computer Numerically Controlled (CNC) milling machine with a large 24' "C" axis table and a setup station covered by the "X" axes travel of the machine. A 100 horsepower (HP) motor is mounted on a sliding saddle that form the "Y" and "Z" axes. A rotating turret type head contains the spindle that moves in "A" and a redundant "C" axes. The machine is capable of automatic spindle and tool changes and has 600 inches per minute (IPM) of transitional speeds and 16,000 revolutions per minute (RPM) spindle rotation speed.															
Justification															
Navy Foundry and Propeller Center (NFPC) requires a high speed profiler in order to reduce the overall cost to the program by reducing the machining time (50-90%) thereby improving delivery of the VIRGINIA class propulsor. Existing profilers are very slow machines capable of at best 1 inch per 3 minutes metal removing rate. The NAVSEA sponsored propulsor affordability Manufacturing Technology (MT) project has, as one of its main objectives, the technology transfer to NFPC of high speed machining data obtained from National Institute of Standards and Technology (NIST) and Lockheed Martin (LMES). The project has, as of this date, proven the feasibility of contour milling Nickel Aluminium Bronze (NAB) alloys at 14,000 RPM and 600 IPM during tests at NIST. The proposed machine will be able to employ all the parameters that are and will be developed during the first two phases of the project and will allow NFPC to reduce costs and deliver propulsors in less time. Estimated annual savings of \$1,180,000 and a payback of 5.5 years.															
Impact															
NFPC is the only manufacturer of submarine propulsors. The existing machining assets are old and are going through a retrofit program that aims to maintain the existing capability. Without improvements in NFPC's core capability coupled with stringent tolerances on VIRGINIA blades will seriously degrade our ability to provide propulsors within costs and on time. This machine is therefore essential to NFPC's ability to support the submarine fleet.															

Business Area Capital Investment Justification (\$ in Thousands)						A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 10/REPLACEMENT OF A/C UNITS (11 EACH)(Replacement)			D. Site Identification NNSY Portsmouth, VA					
			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							11	172	1894			
Narrative Justification:												
Description												
The 40 ton A/C units shall be rated at not less than 480,000 Btu/hour cooling capability. Each unit shall be capable of conditioning 4,000 cfm air at a temperature of 103.4 degrees F DB and 79.7 degrees F WB down to an average evaporator coil exit temperature of 40 degrees F DB and 40 degrees F WB at static pressures varying between 0 and 16 inches of water discharge pressure. When operating in the heating mode the unit must have electric heaters with the capacity to add at least 480,000 Btu/hour of heat to the air stream at a flow rate of 4,000 cfm. The units will be self-contained, skid mounted, and capable of movement with a forklift or crane.												
Justification												
NNSY must procure eleven 40 ton A/C units for shipboard use for heating and cooling as required to replace eleven of the 40 ton A/C units presently in use. The seven 40 ton A/C units that were purchased in 1985 and the four RC A/C units purchased in 1994 will be at the end of their useful life and beyond economical repair in FY2004. The estimated useful service life for these units at NNSY is 10 years based on operating conditions, preventive maintenance, and handling.												
Impact												
If these eleven 40 ton A/C units are not procured, then NNSY would not be able to support availabilities in FY2004 and beyond.												

Business Area Capital Investment Justification (\$ in Thousands)						A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 12/PIER RAMPS FOR CVN/LHD/LHA(Productivity)			D. Site Identification NNSY Portsmouth, VA					
			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				3	550	1710						
Narrative Justification:												
Description												
All-terrain forklife ramp access to the hanger-bay of CVN's/LHD's/LHA's while pierside or in dock. Three complete ramps consisting of ramp sections, tower sections, bridge sections, and transition sections are to be designed and fabricated. Ramps will have an 18' width, 20 degree slope, 25' height, 65' length, 37' bridge, and a 10' transition section. All sections will have a capacity of 80,000 lbs. liveload for a 10,000 lbs. capacity all-terrain forklift.												
Justification												
Currently, any material that cannot be hand carried because of its size or weight is moved by crane. Millions of dollars are being spent on the labor necessary to make crane lifts of forkliftable items from ships at Norfolk Naval Shipyard (NNSY). The use of ramps will allow the mechanic to move material himself without the use of a crane. This project is projected to save \$1,052,990 annually for the next six to ten years. The calculated net present value of this project is \$6,680,691 with a return on investment of 45.9% and apayback of 1.9 years.												
Impact												
Without ramps, production schedules will continue to be affected by wind, weather, and the speed of the crane. The use of a ramp to mobilize the transfer of material significantly reduces the manpower, preparation, and turn-around time presently required in making crane lifts. A ramp enables material to be moved with greater safety and higher productivity, helping to meet our basic mission function and ship's schedule.												

Business Area Capital Investment Justification (\$ in Thousands)						A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 13/CNC DRILLING/MILLING CENTER (8 FT X 33 FT)(Replacement)			D. Site Identification PSNSY Bremerton, WA					
			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	1600	1600						
Narrative Justification:												
Description												
This project purchases one new computer numerically controlled (CNC) Gantry Mounted Drilling/Milling Machine Center (QuickMill Model 96-395-42 or equal) to replace six (6) existing machines. (Three Drill Presses, NID # 046914, 027377, & 100015, and three Radial Drills, NID # 000003, 000866 & 000867.)												
Justification												
The existing Drill Presses have exceeded their service life by 25 years (250%). The existing Radial Drills have exceeded their service life by 37 years (370%). All six machines are worn-out, slow and labor intensive to operate, have high maintenance costs, and frequently break causing work stoppage and lost productivity. The small tables and limited capacity of the existing six machines mandates a plate drilling process with extensive material handling and setup and operating time, especially in the frequent situation where the plate has to be cut and handled multiple times. Replacing these six drills with one modern CNC Drilling/Milling Center with rapid, universal setup, quick operating times, and which can accommodate full size (8' X 33') plate, will reduce the cost of the plate drilling/milling process and associated cutting, handling, and material costs by \$383,471 or more annually. The payback period will be 4.73 years. Other benefits of the new machine will include significantly improved safety, and thousands of square feet of space gained for better use by the Shop upon removing the six old drills.												
Impact												
Delay in funding this project will necessitate continued use of the six old, worn-out, unreliable drills whose inefficiencies, failures (and resultant work stoppages) cost hundreds of manhours annually in lost productive time. Additionally, removing the six old drills will make space available in the building for other more productive uses. The opportunity to reap \$383K in annual savings will be missed.												

Business Area Capital Investment Justification (\$ in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 15/SHAFT LATHE RETROFIT(Productivity)			D. Site Identification PNSY Portsmouth, NH					
FY 2002				FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1		40	1	1500	1500			
Narrative Justification:												
Description												
This project rebuilds a Farrel/Betts lathe, Naval Identification (NID) 165-310693. Rebuild will include carriage drives, taper attachment, headstock, tailstock, bed machining, and a computer numerical control (CNC) retrofit.												
Justification												
Portsmouth naval Shipyard (NAVSHIPYD PTSMH) is a primary depot for the refurbishment of propulsion shafts for SSN 688 and Trident Class submarines. While a SSN 688 propulsion shaft is one piece a Trident shaft is two pieces each requiring similar repair effort. There are over forty potential operations performed in the clean and inspect cycle as well as the repair and machine cycle. Expected turn around time for a SSN 688 shaft is 18 months and 30 months for a Trident shaft. However, since most of these shafts are being refurbished for the third or fourth time their condition is such that the standard repair is not adequate. Significant welding and machining is required nearly doubling turn around time in some cases. Not all of the backup is a result of the repairs themselves. Many delays are a result of waiting for inspections, results, approvals, service trades, and machine time. Although the customer doesn't pay for delay time it impacts schedules, backlog, and throughput. Since many of the operations require a shaft to be in a lathe a significant amount of delay is caused by a shortage of machine capacity. A third machining asset would enable us to reduce delays due to machine capacity, reduce turn around time, and increase throughput. We estimate that an increase of three shafts per year to our workload is possible while still maintaining an acceptable delivery schedule for our customer. Based on standard fees for refurbing SSN 688 and Trident propulsion shafts an increase of \$775,000 to yearly revenues is possible. Payback would be realized in 3.82 years, with an annual savings of \$435,000.												
Impact												
Execution of this project will increase throughput, reduce customer backlog, and provide the Navy with greater readiness of an essential inventory component.												

Business Area Capital Investment Justification (\$ in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 18/UPGRADE ESAB CNC CUTTING CENTER(Replacement)			D. Site Identification NNSY Portsmouth, VA					
FY 2002				FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1		1145						
Narrative Justification:												
Description												
ESAB Systems Large Gantry (Model Avenger 3) addition to existing ESAB computer numerically controlled (CNC) Thermal Cutting Center (NID-047842). Includes CNC controller, loft to Gantry computer aided design/computer aided machining/direct numerical controlled (CAD/CAM/DNC) Network, nesting software, 4 oxy-fuel torches, 2 plasma-arc torches, 2 plate markers, 1 beveling plasma-arc torch, 2 positioning lasers. Gantry 25' L x 6' W x 6' H; weight 8000 lbs.												
Justification												
This project replaced a 15 year old Gantry #1 on existing CNC Cutting Center in Bldg. 202. This machine is essential to all plate cutting requirements. Current system is obsolete compared to advances in technology. Machine wear has significantly increased cost and down time. Poor product quality has increased over past 3 years. Proposed gantry will have advanced automatic beveling capability and more accurate cutting controls.												
Impact												
If this Gantry #1 is not replaced, mission to serve the Fleet with the only Navy East Coast large shipfitting shop would be difficult. Shipfitting infrastructure consolidation and equipment modernization not fully achieved. Gantry #1 uses older CNC technology. Gantry #1 will not be local area network (LAN) compatible, upon planned FY 02 upgrade of Loft CAD to WIN-NT. Closed Charleston & Philadelphia NSY Large Shipfitting Shops coupled with future Loft CAD upgrades, CNO availability schedule delays increase. Savings (\$263,690/yr) not achieved. In FY 03, Operating Cost increases by \$689,359.												

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date		C. Line# and Description		D. Site Identification
DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003		20/Miscellaneous (Non ADP < \$1000K; >= \$500K)		NA
		FY 2002	FY 2003	FY 2004
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST		7619	5693	1389
TANK CLEANING VACUUM SYSTEM (NNSY Portsmouth, VA)				990
SUBMARINE BATTERY CHARGER UPGRADE (PSNSY Bremerton, WA)			860	
VERTICAL RECIPROCATING CONVEYOR (DD-1) (PSNSY Bremerton, WA)		110	725	
ORBITAL PIPE WELDERS (NNSY Portsmouth, VA)		375		399
ODT BLAST SYSTEM (NNSY Portsmouth, VA)			750	
WIRE EDM MACHINE (PNSY Portsmouth, NH)		25	650	
TURRET PUNCH/PLASMA PRESS (PNSY Portsmouth, NH)			650	
CRANE UPGRADE, BRIDGE (B-856 #035403) (PSNSY Bremerton, WA)			555	
HORIZ BORING MILL REPLACEMENT (NNSY Portsmouth, VA)			553	
CRANE, BRIDGE, 20 TON, B92 (PNSY Portsmouth, NH)		50	450	
SCRAP GRAPPLE, MOBILE, 54 FT REACH (PSNSY Bremerton, WA)			500	

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003		C. Line# and Description 21/Miscellaneous (Non ADP < \$500K)		D. Site Identification NA
		FY 2002	FY 2003	FY 2004
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST		8455	7651	2109

Total number of projects = 79

Business Area Capital Investment Justification (\$ in Thousands)						A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 22/NSY SERVER REPLACEMENT(Hardware)			D. Site Identification NSY Arlington, VA (MSSD)					
			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP	1	3850	3850	1	3600	3600						
Narrative Justification:												
Description												
<p>This project supports the replacement and technological refreshment of the standard configuration information technology (IT) applications servers supporting the corporate standard information systems in the naval shipyards. There are 27 corporate standard applications that support depot maintenance operations in the shipyards including Baseline Advanced Industrial Management (BAIM), Performance Monitoring, Shipyard Management Information System (SYMIS) Material and Financial Management, Laboratory Analysis, and Hazardous Substance Management and Monitoring, as well as specialty applications for Facilities and Radiological Controls Monitoring. Much of this equipment was installed three or more years ago.</p>												
Justification												
<p>This equipment is required to replace aging and obsolete equipment. This equipment is also required to ensure compatibility with Enterprise Resource Planning (ERP) platforms planned for the regional maintenance consolidation functions. All equipment is acquired centrally for configuration control and management, economy of scale and maximum discount. In addition, equipment will be consolidated, where feasible, for greater economy and resource savings. This equipment is required to replace currently outdated equipment that will remain in the shipyards for the next 4-5 years.</p>												
Impact												
<p>If not replaced, the shipyards will be left with obsolete equipment for which there is no vendor maintenance, thus jeopardizing the shipyard's ability to assure uninterrupted, seamless communications capability for depot maintenance progress reporting. Shipyards will experience high levels of downtime and lost productivity.</p>												

Business Area Capital Investment Justification (\$ in Thousands)						A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 24/NSY Server Replacement(Hardware)			D. Site Identification NSY Arlington, VA (MSSD)					
FY 2002			FY 2003			FY 2004						
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP							1	1968	1968			
Narrative Justification:												
Description												
<p>This project supports the replacement and technological refreshment of the standard configuration information technology (IT) applications servers supporting the corporate standard information systems in the naval shipyards. There are 27 corporate standard applications that support depot maintenance operations in the shipyards including Baseline Advanced Industrial Management (BAIM), Performance Monitoring, Shipyard Management Information System (SYMIS) Material and Financial Management, Laboratory Analysis, and Hazardous Substance Management and Monitoring, as well as specialty applications for Facilities and Radiological Controls Monitoring. Much of this equipment was installed three or more years ago.</p>												
Justification												
<p>This equipment is required to replace aging and obsolete equipment. This equipment is also required to ensure compatibility with Enterprise Resource Planning (ERP) platforms planned for the regional maintenance consolidation functions. All equipment is acquired centrally for configuration control and management, economy of scale and maximum discount. In addition, equipment will be consolidated, where feasible, for greater economy and resource savings. This equipment is required to replace currently outdated equipment that will remain in the shipyards for the next 4-5 years.</p>												
Impact												
<p>If not replaced, the shipyards will be left with obsolete equipment for which there is no vendor maintenance, thus jeopardizing the shipyard's ability to assure uninterrupted, seamless communications capability for depot maintenance progress reporting. Shipyards will experience high levels of downtime and lost productivity.</p>												

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003		C. Line# and Description 26/Miscellaneous (ADP < \$1000K; >= \$500K)		D. Site Identification NA
		FY 2002	FY 2003	FY 2004
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST		886	0	540
Secure Network Upgrade (PNSY Portsmouth, NH (MSSD))				540

Business Area Capital Investment Justification (\$ in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 30/NSY Ship Maintenance Corporate SW Development(Internally Developed)			D. Site Identification NSY Arlington, VA (MSSD)					
FY 2002				FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Software							1	1080	1080			
Narrative Justification:												
Description												
<p>The naval shipyards require continued upgrades and enhancements to their standard ship/fleet maintenance core business systems supporting the high visibility 688 submarine/carrier availabilities or other "Lean 7" initiatives. Further, the systems utilized support the continued requirement for business process improvements to achieve higher efficiencies in the workplace. These systems include: Baseline Advanced Industrial Management (BAIM), AIM Express, Performance Measurement, Material Requirements, Financial/Material Management, Workload Forecasting, Radiological Controls and Hazardous Substance Management and Monitoring, among others. The priority software upgrades have been selected based on calculated return on investment of less than one year, direct support of 688 class submarine factory program, assist in the transition to Enterprise Resource Planning (ERP) and/or potential contribution of the initiative to the strategic sourcing wedge. These systems are reported under AIM, SYMIS and DMSS in the IT budget.</p>												
Justification												
<p>These projects will contribute to enhanced business performance, improved business processes, and contribute to strategic sourcing wedge.</p>												
Impact												
<p>If this project is not funded, Navy will lose the opportunity to continue with Business Process Reengineering (BPR) and its contribution to depot/regional maintenance cost reduction initiatives. These applications are not expected to be replaced by the emerging ERP initiative.</p>												

Business Area Capital Investment Justification (\$ in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates							
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 31/Upgrade AIM(Internally Developed)			D. Site Identification PNSY Portsmouth, NH (MSSD)							
			FY 2002			FY 2003			FY 2004					
ELEMENTS OF COST		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost				
Software								1	1620	1620				
Narrative Justification:														
Description														
The Advanced Industrial Management (AIM) program is the standard tool for planning. Although ERP will eventual take over, it is expected that the shipyards will continue to use AIM through FY09, to complete the 688 class refuelings and the SGN's inactivations. By FY04, AIM will require upgrades to enable the use of and integration with new technology and new capabilities such as web enabling. DoD direction and drive to migrate systems towards web enabling when there are benefits to doing so.														
Justification														
Web enabling AIM will facilitate the transition to ERP, customize business rules, and ease the input of Ships Force work as well as ease the access to archived information. Through web enabling the shipyards will increase the visibility and use of shared technical work documents. Web enabling will reduce the requirement for AIM servers to be present in each site and improve system security.														
Impact														
Without the upgrades, the shipyards will not be able to take advantage of the increased visibility. There will be an increased cost of system maintenance and test and certification in light of NMCI.														

Business Area Capital Investment Justification (\$ in Thousands)						A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003				C. Line# and Description 32/NSY SHIP MAINTENANCE CORPORATE SW			D. Site Identification NSY Arlington, VA (MSSD)					
			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Software				1	1400	1400						
Narrative Justification:												
Description												
The naval shipyards require continued upgrades and enhancements to their standard ship/fleet maintenance core business systems supporting the high visibility 688 submarine/carrier availabilities or other "Lean 7" initiatives. Further, the systems utilized support the continued requirement for business process improvements to achieve higher efficiencies in the workplace. These systems include: Baseline Advanced Industrial Management (BAIM), AIM Express, Performance Measurement, Material Requirements, Financial/Material Management, Workload Forecasting, Radiological Controls and Hazardous Substance Management and Monitoring, among others. The priority software upgrades have been selected based on calculated return on investment of less than one year, direct support of 688 class submarine factory program, assist in the transition to Enterprise Resource Planning (ERP) and/or potential contribution of the initiative to the strategic sourcing wedge.												
Justification												
These projects will contribute to enhanced business performance, improved business processes, and contribute to strategic sourcing wedge.												
Impact												
If this project is not funded, Navy will lose the opportunity to continue with Business Process Reengineering (BPR) and its contribution to depot/regional maintenance cost reduction initiatives. These applications are not expected to be replaced by the emerging ERP initiative.												

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date		C. Line# and Description		D. Site Identification
DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003		33/Miscellaneous (Minor Construction < \$1000K; >= \$500K)		NA
		FY 2002	FY 2003	FY 2004
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST		0	1290	0
RELOCATE SHOP 64 FROM B238 TO B306 (PNSY Portsmouth, NH)			695	
RELOCATE OUTSIDE PLATE YARD (PNSY Portsmouth, NH)			595	

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS / FEBRUARY 2003		C. Line# and Description 34/Miscellaneous (Minor Construction < \$500K)		D. Site Identification NA
		FY 2002	FY 2003	FY 2004
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST		2705	3271	1000
Total number of projects = 23				

Navy Working Capital Fund Capital Investment Summary

Business Area: DON/Depot Maintenance

Component: NAVAL SHIPYARDS

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates

February 2003

(\$ in Millions)

FY	PROJECT TITLE	FY 2003 PRESIDENT'S	ASSET / DEFICIENCY	FY 2004 PRESIDENT'S	EXPLANATION
NON-ADP EQUIPMENT					
03	60 TON PORTAL CRANE #36	8.600	0.000	8.600	No change
03	NFPC, HIGH SPEED PROPELLER PROFILER	6.000		6.000	No change
03	PIER RAMPS FOR CVN/LHD/LHA	1.710	0.000	1.710	No change
03	CNC DRILLING/MILLING CENTER (8 FT X 33 FT)	1.600	0.000	1.600	No change
03	UPGRADE ESAB CNC CUTTING CENTER	1.145	0.000	1.145	No change
03	MISCELLANEOUS NON-ADP >\$500K,<\$1,000K	7.198	(1.505)	5.693	Below threshold project changes/realignments.
03	MISCELLANEOUS NON-ADP <\$500K	6.186	1.505	7.691	Below threshold project changes/realignments.
Total Non-ADP Equipment		32.439	0.000	32.439	
ADP & TELECOMMUNICATIONS EQUIPMENT					
03	NSY COMPUTER REPLACEMENT (HARDWARE)	3.600	0.000	3.600	No change
Total ADP & Telecommunications Equipment		3.600	0.000	3.600	
ADP SOFTWARE DEVELOPMENT					
03	NSY SHIP MAINTENANCE CORPORATE SW DEVELOPMENT	1.400	0.000	1.400	No change
Total Software Development		1.400	0.000	1.400	
03	MISCELLANEOUS MINOR CONSTRUCTION >\$500K,<\$1,000K	1.400	(0.110)	1.290	Below threshold project changes/realignments. Includes newly identified project "Relocate X64 from B238 to B306" \$.695K and increase to project "Relocate Outside Plateyard". Reprogramming for \$>500K projects approved by OUSD(C) 19 Nov 02.
03	MISCELLANEOUS MINOR CONSTRUCTION <\$500K	3.161	0.110	3.271	Below threshold project changes/realignments.
Total Minor Construction		4.561	0.000	4.561	
		42.000	0.000	42.000	

Naval Aviation Depots

FY 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NAVAIRDEPOTs
February 2003

ACTIVITY GROUP FUNCTION

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

ACTIVITY GROUP COMPOSITION

<u>Activities</u>	<u>Location</u>
NAVAIRDEPOT, Cherry Point	Cherry Point, NC
NAVAIRDEPOT, Jacksonville	Jacksonville, FL
NAVAIRDEPOT, North Island	San Diego, CA

BUDGET HIGHLIGHTS

General

The budget for the Naval Air Depots (NAVAIRDEPOTs) reflects operations of the three remaining Depots. The current FY 2004/2005 budget assumes full implementation of the percentage of completion method for revenue recognition on all newly inducted workload. Revenue for residual workload, mainly in the components program including items in awaiting parts status, inducted at the NAVAIRDEPOTs prior to FY 2001 will continue to be recognized under the completed order methodology.

Summary of Operations

	(\$ in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Orders	2,008.8	1,839.2	1,866.1	1,912.5
Revenue	2,023.3	2,048.3	1,945.1	1,967.4
Cost of Goods Sold	2,035.2	1,969.4	1,954.7	1,967.4
Revenue less Costs	-11.9	78.9	-9.6	0
Surcharges	-7.1	-.6	0	0
Net Operating Result (NOR)	-18.9	78.3	-9.6	0
Accumulated Operating Result (AOR)	-68.7	9.6	0	0

Orders. New reimbursable orders for FY 2002 are \$2.0B, for FY 2003 \$1.8B, for FY 2004 \$1.9B, and FY 2005 \$1.9B. FY 2002 new orders increased \$127.3M from the President's budget due to the receipt of Defense Emergency Response Fund (DERF) and O&M,N Supplemental funding for aircraft, engines and other support programs. Additional

FY 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NAVAIRDEPOTs
February 2003

funding was also received for surge requirements in the components and other support programs.

Revenue. Revenue is \$2.0B for FY 2002, \$2.0B for FY 2003, \$1.9B for FY 2004, and 2.0B for FY 2005. FY 2002 exceeds the FY 2003 President's budget level by \$63.1M due to the receipt of the aforementioned workload increases. The FY 2003 estimate is consistent with the FY 2003 President's Budget. In FY2004, revenue decreases by \$103.2M from FY 2003 due partially to the elimination of an AOR recovery factor of \$67.5M and the implementation of efficiency initiatives. The increase in FY 2005 revenue is due to escalation.

Costs. Cost of Operations is \$2.0B in FY 2002, FY 2003, FY 2004 and FY 2005. The variance between FY 2002 and FY 2003 from the FY 2003 President's Budget is also attributed to the increase in workload that influenced revenue.

Customer Rates:

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Composite Hourly Rate	\$164.98	\$161.07	\$164.94
Percent Year to Year Change		-2.37%	2.40%

The composite rate change reflects both the impact of workload mix changes and pricing changes.

Unit Cost Goals. The budget reflects the following FY 2002-2005 unit cost goals:

	(\$ and DLHs in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Total Operating Cost	\$1,938.9	\$1,848.9	\$1,910.7	\$1,940.7
Direct Labor Hours (DLH)	12.255	11.514	11.763	11.741
Unit Cost	\$158.21	\$160.58	\$162.44	\$165.29

Strategic Sourcing and Efficiency Savings. Savings and associated investment costs for strategic sourcing have been incorporated in this budget. Savings will be generated from business process reengineering to include improvements in material management and planning and scheduling processes, as well as savings resulting from competition of information technology and data processing, plant maintenance, and computer and engineering functions. FY 2003 savings, as well as assumptions and goals, associated with Strategic Sourcing and Efficiencies have not changed from the FY 2003 President's Budget.

FY 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NAVAIRDEPOTs
February 2003

SUMMARY OF PERSONNEL RESOURCES:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Civilian Personnel:				
End Strength	10,865	10,185	10,032	10,019
FTE Workyears	10,709	10,127	10,029	10,016
Military Personnel:				
End Strength	94	120	126	126
Workyears	94	120	126	126
Contractor Personnel:				
Workyears	572	829	971	967

The increase in civilian personnel in FY 2002 and FY 2003 over the FY 2003 President's Budget reflects civilian workforce levels necessary to accommodate firm workload without the use of excessive overtime. Contract personnel are also used by the NAVAIRDEPOTs to support projected workload increases. The increase in Military Personnel in FY 2004 reflects additional manning requirements in response to increased workload requirements in the Aircraft program for flight-testing.

SUMMARY OF WORKLOAD INDICATORS:

	(Inducted Units)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
AIRFRAMES	483	464	524	524
ENGINES	1,055	928	1,189	1,189

SUMMARY OF CAPITAL PURCHASES PROGRAM (CPP):

The CPP budget reflects significant investments in Consolidated Automated Support Systems, NAVAIR Depot Maintenance System (NDMS), and Enterprise Resource Planning (ERP) requirements:

	(\$ in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Equipment-non ADPE & TELECOM	22.946	20.650	18.952	24.958
Minor Construction:	3.060	3.771	4.176	4.320
Equipment-ADPE & TELECOM	5.325	8.807	3.250	.150
Software Development	19.967	18.062	12.886	10.543
Total	\$51.298	\$51.290	\$39.264	\$39.971

A Capital Asset Surcharge of \$5.0 million in FY 2002 has been reflected in customer billing rates to provide for capital expenditures in excess of depreciation expense levels.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 NADEP / TOTAL

(NIFRPT)

PAGE 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	1,984.3	2,009.1	1,905.8	1,922.1
Surcharges	7.0	.6	.1	.0
Depreciation excluding Major Constructio	32.0	38.6	39.3	45.3
Other Income				
Total Income	2,023.3	2,048.3	1,945.1	1,967.4
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	7.5	7.8	8.3	8.5
Civilian Personnel	724.1	703.6	716.9	740.0
Travel and Transportation of Personnel	21.0	22.0	22.8	22.9
Material & Supplies (Internal Operations	772.4	705.2	736.0	745.1
Equipment	109.7	94.5	116.4	120.8
Other Purchases from NWCF	37.4	29.3	29.9	30.2
Transportation of Things	1.5	3.3	3.3	3.4
Depreciation - Capital	32.0	38.6	39.3	45.3
Printing and Reproduction	3.1	2.6	2.7	2.8
Advisory and Assistance Services	17.3	9.9	8.2	8.3
Rent, Communication & Utilities	37.5	45.7	41.0	41.4
Other Purchased Services	175.3	186.5	186.0	172.0
Total Expenses	1,938.9	1,848.9	1,910.8	1,940.7
Work in Process Adjustment	120.0	120.5	43.9	26.7
Comp Work for Activity Reten Adjustment	-23.7	.0	.0	.0
Cost of Goods Sold	2,035.2	1,969.4	1,954.7	1,967.4
Operating Result	-11.9	78.9	-9.6	.0
Less Surcharges	-7.0	-.6	-.1	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-18.9	78.3	-9.6	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	-68.7	9.6	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
NADEP / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	2,009	1,839	1,866	1,912
a. Orders from DoD Components	998	881	912	928
Department of the Navy	948	858	888	904
O & M, Navy	711	647	688	700
O & M, Marine Corps	0	0	0	0
O & M, Navy Reserve	42	50	44	45
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Porcurement, Navy	165	142	138	140
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	0	0	0	0
Other Procurement, Navy	2	2	2	2
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	26	17	15	16
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	2	0	0	0
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	0	2	3	3
Army Operation & Maintenance	0	0	0	0
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	0	2	2	3
Department of the Air Force	11	21	21	21
Air Force Operation & Maintenance	12	21	21	21
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	38	0	0	0
Base Closure & Realignment	-2	0	0	0
Operation & Maintenance Accounts	0	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0	0
Procurement Accounts	0	0	0	0
Defense Emergency Relief Fund	40	0	0	0
DOD Other	0	0	0	0
b. Orders from other WCF Activity Groups	957	910	900	930
c. Total DoD	1,955	1,792	1,812	1,858
d. Other Orders	54	47	54	55
Other Federal Agencies	10	9	6	6
Foreign Military Sales	37	24	26	27
Non Federal Agencies	7	14	21	22
2. Carry-In Orders	1,120	1,106	897	818
3. Total Gross Orders	3,129	2,945	2,763	2,730
a. Funded Carry-Over before Exclusions	1,106	897	818	763
b. Total Gross Sales	2,023	2,048	1,945	1,967

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NADEP / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	-417	-287	-245	-218
5. Non-DoD, BRAC, FMS (-)	-52	-56	-54	-56
6. Net Funded Carryover	637	553	518	488

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

Exhibit Fund-11

**FY 2004/FY 2005 Biennial Budget Estimates
Navy Working Capital Fund
Changes in the Costs of Operations
Activity Group: Naval Air Depots
February 2003**

(\$ in Millions)

	Total Costs
FY 2002 Actual	1,938.9
FY 2003 President's Budget	1,875.0
Pricing Adjustments:	-44.6
Pay Raise	2.4
Civilian Personnel	2.4
Removal of CSRS and FEHB Full Funding Propos	-45.4
General Purchase Inflation	-1.6
Productivity Initiatives	0.0
Program Changes:	18.5
Airframes work	3.1
Engines work	30.2
Components work	-20.4
Other Support work	-3.8
Modification work	3.0
Logistics/Engineering work	6.4
FY 2003 Estimate:	1,848.9
Pricing Adjustments:	25.3
Annualization of Pay Raises	7.0
Civilian Personnel	6.9
Military Personnel	0.1
Pay Raise	9.5
Civilian Personnel	9.4
Military Personnel	0.1
Fuel Changes	0.3
Working Capital Fund Materiel Price Changes	5.3
General Purchase Inflation	3.2
Productivity Initiatives	-57.3
Strategic Sourcing	-20.6
Competition	-5.5
Efficiencies	-15.1
Installation Consolidation Initiative	-1.4
Reengineer Matl Support	-2.4
Rengnr Matl Mgt and Whsng	-5.2
Excess comp repair infrastructure	-0.5
Consolidate manufacturing	-0.7
Single site NDMS database	-25.0
Workforce reshaping	-0.8
CPP	-0.7
Program Changes:	93.2
Airframes work	26.1
Engines work	-0.9
Components work	37.5
Other Support work	3.1

**FY 2004/FY 2005 Biennial Budget Estimates
Navy Working Capital Fund
Changes in the Costs of Operations
Activity Group: Naval Air Depots
February 2003**

(\$ in Millions)

	Total Costs
Modification work	25.9
Logistics/Engineering work	1.5
Other Changes (incl Depreciation):	0.7
Depreciation	0.7
FY 2004 Estimate:	1,910.8

FY 2004/2005 BIENNIAL BUDGET ESTIMATES
 CAPITAL INVESTMENT SUMMARY
 DEPARTMENT OF THE NAVY
 DEPOT MAINTENANCE - AVIATION DEPOTS
 (\$ In Millions)

ITEM LINE #	ITEM DESCRIPTION	FY 2002		FY 2003		FY 2004		FY 2005	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)								
	Replacement								
6 DC 2 EL 0446 P R	CASS STATION EQUIPMENT	2	5.200						
6 DC 2 EL 0445 P R	DEPOT ATE TPS OFFLOAD TO CASS	1	1.555	1	2.000				
6 DE 3 EL 0365 P R	6000 TON HYDRO-FORM PRESS			1	5.450				
6 DC 3 EL 0485 P R	5-AXIS MACHINING CENTER (OM-3)			1	1.750				
6 DF 3 EL 0159 P R	JIG GRINDER REPLACEMENT			1	1.000				
6 DE 4 EL 0369 P R	CNC GRINDER					1	1.500		
6 DE 4 EL 0369 P R	CNC HORIZONTAL BORING MILL REBUILD					1	1.450		
6 DF 4 EL 0202 P R	HORIZONTAL BORING MILL REPLACEMENT					1	1.250		
6 DF 4 EL 0178 P R	T64 & T58 TEST STAND REPLACEMENT					1	1.000		
	Productivity								
6 DF 2 EL 0090 P P	MATERIAL HANDLING SYSTEM, B133	1	2.000						
6 DF 2 EL 0150 P P	COORDINATE MEASUREMENT MACHINE	1	1.493						
6 DE 2 EL 0320 P P	WATER JET ROUTER	1	1.330						
6 DF 2 EL 0170 P P	JIG GRINDER			1	1.000				
	New Mission								
6 DF 3 EL 0176 P N	BLADE TIP GRINDER & STATOR EQUIPMENT			1	1.500				
6 DC 4 EL 0522 G N	SECURITY UPGRADE					1	1.850		
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)	6	11.578	6	12.700	5	7.050	9	10.150
DN EU 0000	1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)	24	11.368	16	7.950	28	11.902	38	14.808
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	30	22.946	22	20.650	33	18.952	47	24.958
DN MC 0000	3. MINOR CONSTRUCTION	11	3.060	14	3.771	11	4.176	10	4.320
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM	41	26.006	36	24.421	44	23.128	57	29.278
	1a. ADPE & TELECOMMUNICATIONS (>\$1M)								
	Computer Hardware (Production)								
7 DN 2 KL 0003 G R	DEPOT MAINTENANCE SYSTEMS HARDWARE REPLACEMENT	2	3.969	1	7.307	1	2.500		

FY 2004/2005 BIENNIAL BUDGET ESTIMATES
 CAPITAL INVESTMENT SUMMARY
 DEPARTMENT OF THE NAVY
 DEPOT MAINTENANCE - AVIATION DEPOTS
 (\$ In Millions)

ITEM LINE #	ITEM DESCRIPTION	FY 2002		FY 2003		FY 2004		FY 2005	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
6 DF 3 KL 0152 G P	INDUSTRIAL BUSINESS OPERATIONS SYSTEM			3	1.000				
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)	2	3.969	4	8.307	1	2.500	0	0.000
DN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	3	1.356	1	0.500	3	0.750	1	0.150
	2. TOTAL ADPE & TELECOMMUNICATIONS	5	5.325	5	8.807	4	3.250	1	0.150
	3a. SOFTWARE DEVELOPMENT (>\$1M) Internally Developed								
7 DN 0 DL 0JT2 G P	NAVAIR DEPOT MAINTENANCE SYSTEM (NDMS)	3	6.300	3	5.072	0	.000		
7 DN 0 DL 0001 G R	ENTERPRISE RESOURCE PLANNING	3	13.467	3	12.990	3	12.651		
	SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)	6	19.767	6	18.062	3	12.651	3	10.543
DN DU 0000	3b. SOFTWARE DEVELOPMENT (<\$1M)	1	0.200	0	0.000	1	0.235	0	0.000
	3. TOTAL SOFTWARE DEVELOPMENT	7	19.967	6	18.062	4	12.886	3	10.543
	TOTAL ADP CAPITAL PURCHASES PROGRAM	12	25.292	11	26.869	8	16.136	4	10.693
	GRAND TOTAL CAPITAL PURCHASES PROGRAM	53	51.298	47	51.290	52	39.264	61	39.971
	TOTAL CAPITAL OUTLAYS		56.649		63.550		45.575		38.262
	TOTAL DEPRECIATION EXPENSE		31.961		38.570		39.264		45.298

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)	A. FY2004/2005 BIENNIAL BUDGET ESTIMATES
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B. Department of the Navy/Depot Maintenance/Aviation Depot	C. 6000 TON HYDRO-FORM PRESS	Jacksonville
	6DE3EL0365PR	

Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST			0	1	5450	5450			0			

OPERATIONAL DATE 1-Jun-04

METRICS:	AVOIDANCE	SAVINGS	TOTAL
PROJECTED ANNUAL SAVINGS	\$624,120	(\$5,446)	\$618,674
AVERAGE ANNUAL SAVINGS (Discounted)	\$383,495	(\$3,346)	\$380,148
PAYBACK PERIOD	21.7	-48.4	22.3
RATE OF RETURN (ROR)	7%	0%	7%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. **DESCRIPTION & PURPOSE OF PROJECT.** Procure a replacement Hydro-Form Press for the Sheet Metal Manufacturing Shop. This type of Press can generate the complex curves and shapes required on many of the aircraft sheet metal components. All facilities (government and commercial) that are involved with producing aircraft sheet metal components have a Hydro-Form Press.

2. **WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?** The existing Press was built in 1972 and is currently hard down due to cracks in the machine base. This damage has occurred in the past and repairing the machine is strictly a gamble as to how long it will run before failing. This Press is of the old design utilizing a rubber pad to form the sheet metal components. This process, known as the Guerin Process, circa - 1930s can not generate enough forming pressure (1,700psi) on the parts. This in turn requires significant hand work (re-processing) to clean up the ripples in the sheet metal. New state of the art Hydro-Form Presses utilize a fluid cell as oppose to a rubber pad and can generate 20,000 psi and thereby eliminate any re-processing.

3. **WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?**
Procure a new Hydro-Form Press or contract out all workload that requires this type of Press.

4. **IMPACT IF NOT ACQUIRED.**
The Sheet Metal Manufacturing Shop will loose the ability to manufacture aircraft sheet metal components. The largest impact will be to the P-3 and EA6B aircraft programs.

5. **IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.** Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)	A. FY2004/2005 BIENNIAL BUDGET ESTIMATES
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B. Department of the Navy/Depot Maintenance/Aviation Depot	C. CNC GRINDER	Jacksonville
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	2002			2003			2004			6DE4EL0281PR		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST			0			0	1	1500	1500			

OPERATIONAL DATE 1-Apr-05

METRICS:	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>
PROJECTED ANNUAL SAVINGS	\$190,472	\$8,525	\$198,997
AVERAGE ANNUAL SAVINGS (Discounted)	\$117,037	\$5,238	\$122,275
PAYBACK PERIOD	16.3	NA	14.7
RATE OF RETURN (ROR)	8%	0%	8%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. Replace two vertical grinders that are worn beyond repair. Plant account # 162038 and plant account # 003540 were both manufactured in 1969. Both grinders are used in support of the TF34 Engine program.
2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The grinders are an older design that utilizes a Teflon way surface that is very susceptible to wear. Also, this design requires the grinding operation to be performed at a less than optimum grinding speed. New grinding machines will perform the operation at an estimated 50% decrease in operation time. The new grinder would also be of the CNC type and be capable of angular grinding, which is required on the TF34 Compressor Case. The new machine has built in inspection capability that will reduce the indirect labor inspection time from 6hrs./part to .5hrs/part.
3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Utilize the two existing grinders until they become inoperable, at which time the NADEP will have a work stoppage and lose program capability.
4. IMPACT IF NOT ACQUIRED.
Extensive turn around time and missed Engine Program schedule.
5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)	A. FY2004/2005 BIENNIAL BUDGET ESTIMATES
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B. Department of the Navy/Depot Maintenance/Aviation Depot	C. CNC HORIZONTAL BORING MILL REBUILD	Jacksonville
	6DE4EL0369PR	

Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST			0			0	1	1450	1450			

OPERATIONAL DATE 1-Jun-05

METRICS:	AVOIDANCE	SAVINGS	TOTAL
PROJECTED ANNUAL SAVINGS	\$16,080	\$7,630	\$23,710
AVERAGE ANNUAL SAVINGS (Discounted)	\$9,880	\$4,688	\$14,569
PAYBACK PERIOD	NA	NA	NA
RATE OF RETURN (ROR)	1%	0%	1%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. **DESCRIPTION & PURPOSE OF PROJECT.** Procure a replacement CNC Horizontal Boring Mill for the CNC Machine Shop. This machine performs precision boring and milling of aircraft landing gear and aircraft wing spars. New machines of this type are capable of boring holes within 0.0002 inch of true position. The computer numerical control can generate complex shapes, angles and repetitive moves with very simple directions, utilizing Dynamic Graphic representation. Advanced probing capability will allow the machine to verify that the bore or machined surface is indeed, at the exact location.
2. **WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?** The existing CNC Horizontal Boring Mill, built in 1991 will be 13 years old in FY04. It will be impossible to procure electronic replacement parts for the CNC Controller. This machine is also having problems with the precision spindle overheating and the tool change mechanism is no longer functional. Replacing the machine will allow the NADEP to continue to bore precision holes and mill complex angles in aircraft components.
3. **WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?**
There is no alternative to perform precision boring in house.
4. **IMPACT IF NOT ACQUIRED.**
NADEP will not be able to process EA-6B, F-14 and F-18 Landing Gear and P-3 Wing Spars.
5. **IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.** Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2004 BIENNIAL BUDGET ESTIMATES		
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. HORIZONTAL BORING MILL REPLACEMENT						Cherry Point
						6DF4EL0202PR						
2002			2003			2004						
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST							1	1250	1250			
OPERATIONAL DATE	1-Aug-05											
METRICS:	AVOIDANCE	SAVINGS	TOTAL									
PROJECTED ANNUAL SAVINGS	\$726,969	\$107,000	\$833,969									
AVERAGE ANNUAL SAVINGS (Discounted)	\$446,691	\$65,747	\$512,438									
PAYBACK PERIOD	2.0	NA	1.7									
RATE OF RETURN (ROR)	36%	5%	41%									
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)												
1. DESCRIPTION & PURPOSE OF PROJECT?												
Replacement of Wotan Horizontal Boring Mill EIN 65889-408203 in the Machine Repair Power Plant Shop 93667. The new machine will be the latest model and of the highest quality possible that can be procured within the budget and within the government acquisition process that will be used. The existing machine is 30 years old and has been heavily utilized during that time. The machine has undergone at least one controls upgrade/replacement during its lifetime. The machine needs to be either rebuilt or replaced due to maintenance costs and downtime; and the mission of the shop is to produce required products with the efficiency and end user requirements that this machine provides. The current and future condition of this equipment will adversely impact if not prevent the shop from performing its mission.												
2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?												
The Machine Repair Power Plant Shop 6.2.93667, is responsible for the machine repair of military aircraft engine parts/components. The subject equipment is used primarily for the repair machining of the H53 transmission main gearbox, swashplate, and rotorhead. As aircraft Programs like the H-46 and H-53 continue on with a longer service life than was even intended by the original aircraft designers, it is essential that we provide reliably maintained aircraft for the warfighter. In order to cost effectively repair the aircraft, it is essential that this Depot support and maintain the machinery and equipment required to support our operations. Without this replacement, Depot capability and in turn, fleet readiness, will be impaired.												
3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?												
a. Status quo: Keep the machine in operation as is and continue to put up with high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.												
b. Rebuild: This alternative was explored. However, the cost of a complete rebuild is estimated at least \$700,000.00. With this cost exceeding 60% of the cost of a new machine, and with the advantage afforded by a new machine with all control and programming features "designed in" to the machine versus retrofitted; our economic analysis will show that buying new is the best alternative.												
c. Replace: Considered to be the most cost effective alternative.												
4. IMPACT IF NOT ACQUIRED. Continue to put up with high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.												
5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)	A. FY2004/2005 BIENNIAL BUDGET ESTIMATES
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B. Department of the Navy/Depot Maintenance/Aviation Depot	C. T64 & T58 TEST STAND REPLACEMENT(2)	Cherry Point
	6DF4EL0178PR	

Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST			0			0	1	1000	1000			

OPERATIONAL DATE 31-Dec-05

METRICS:	AVOIDANCE	SAVINGS	TOTAL
PROJECTED ANNUAL SAVINGS	\$160,530	\$35,618	\$196,148
AVERAGE ANNUAL SAVINGS (Discounted)	\$98,639	\$21,886	\$120,524
PAYBACK PERIOD	10.2	NA	7.5
RATE OF RETURN (ROR)	10%	2%	12%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
This project proposes to replace one T-58 test stand (EIN: 65923003682), and one T-64 test stand (EIN: 6588017093) with two generic test stands capable of testing T-64, T58 and T-400 components.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
There are two T-58 fuel control test stands located in shop 6.2.96335, which have exceeded their original estimated lives of 20 years. There are two T-64 fuel control test stands in the same shop, which are also antiquated. The four test stands experience downtime frequently due to part replacements. Documented problems range from recurring blown disks to erratic temperature control. Maintenance spends costly hours due to unscheduled maintenance problems. Due to the age of the stands, parts replacements become costly. It is rare to find companies that still provide parts for the test stands, which in turn, raises the price of replacement. Many gauges on the stands are deemed out of tolerance by the calibration laboratory. The solution is to replace the four stands over a 2-year period, beginning with one T-58 and one T-64, as outlined in this document. The benefits include newer, more technologically advanced test stands that will have the capabilities of testing various components. The new test stand will eliminate unscheduled maintenance, and costly parts replacement.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Maintain Status Quo - The depot's infrastructure is concerned with achieving modernization through building and equipment. The productivity of the stands is hindered by the fact that they all are over 30 years old and technologically out of date.

The stands do not support infrastructure.

4. IMPACT IF NOT ACQUIRED.
The test stands will continue to be costly, unproductive equipment. Eventually one of the test stands will fail; and critical test stand failure will adversely affect the depot.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)	A. FY2004/2005 BIENNIAL BUDGET ESTIMATES
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B. Department of the Navy/Depot Maintenance/Aviation Depot	C. SECURITY UPGRADE	D. North Island
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8DC4EL0522GN

Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST			0			0	1	1,850	1,850			

OPERATIONAL DATE 15-Oct-05

METRICS:	AVOIDANCE	SAVINGS	TOTAL
PROJECTED ANNUAL SAVINGS	\$4,000,000	(\$470,000)	\$3,530,000
AVERAGE ANNUAL SAVINGS (Discounted)	\$2,457,827	(\$288,795)	\$2,169,032
PAYBACK PERIOD	0.5	-3.5	0.6
RATE OF RETURN (ROR)	132.9%	-15.6%	117.2%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. **DESCRIPTION & PURPOSE OF PROJECT.** This project will provide electronic security upgrades for ten high priority buildings at the NADEP. The upgrades will include intrusion alarms, video monitoring system, and keyless entry systems for each of the following buildings: B463, B317, B94, B378, B472, B334, B90, B460, B379, and B250.
2. **WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?** Our current security system is inadequate, and our electronic security is almost non-existent. This has left us vulnerable to terrorist threats and loss of assets. A successful terrorist attack would cause a great deal of damage to our assets, our mission and the lives of our workers. This project will make it far more difficult for a terrorist, or any unauthorized person or vehicle to access our Command.
3. **WHAT ALTERNATIVES HAVE BEEN CONSIDERED?**
 - a. Do Nothing - Remaining vulnerable is not an option.
 - b. Protect the four highest priority buildings now and the rest of the buildings at a later date - This has the advantage using lessons learned in the implementation of the first four buildings in the follow on projects, but will leave six important buildings exposed, would be just as expensive in the long run, and may introduce compatibility problems if a different equipment manufacturer wins the follow on bid.
 - c. Use more security guards - A very expensive option in the long run. This option could be as high as \$2,000,000 per year for 24 hour security guards and their supervisors.
 - d. Buy New electronic security system – This is the most cost effective alternative.
4. **IMPACT IF NOT ACQUIRED.** We will be vulnerable to terrorists and loss of assets. A successful terrorist attack would cause a great deal of damage to our assets, our mission and the lives of our workers.
6. **IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.** Not Applicable

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)	A. FY2004/2005 BIENNIAL BUDGET ESTIMATES
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B. Department of the Navy/Depot Maintenance/Aviation Depot							C. ENTERPRISE RESOURCE PLANNING (ERP) 7DNDL0001GR				D. NADEP	
	2002			2003			2004					
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
CHERRY POINT	1	VAR	4,489	1	VAR	4,330	1	VAR	4,217			
JACKSONVILLE	1	VAR	4,489	1	VAR	4,330	1	VAR	4,217			
NORTH ISLAND	1	VAR	4,489	1	VAR	4,330	1	VAR	4,217			
TOTAL NADEP	3	VAR	13,467	3	VAR	12,990	3	VAR	12,651			

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT: As the Navy embarks on the Revolution in Business Affairs initiatives, Enterprise Resource Planning (ERP) is the strategic initiative chosen by the Department of Navy's Working Group (WG) on Commercial Business Practices (CBP). As a result of the decisions of the CBP WG the Naval Aviation Systems TEAM (TEAM) will reengineer and standardize processes, integrate operations and data to increase productivity, and optimize supply chain management. The Naval Air Systems TEAM (TEAM) intends to manage ERP as a corporate project with constituent parts. Proposed allocations are based on an evolving program plan. Multiple ERP pilots are planned throughout the Navy with functionality determined by the scope of each pilot. Per the CBP WG each ERP pilot will be funded by that WG member's organization. This submission is for a multi-year, Externally Developed Software (EDS) project that will integrate business processes and tools in the areas of financial accounting, materials management, plant maintenance, project systems, controlling and human resources. Functionality will encompass the following:

- Financial accounting: general ledger, accounts receivable/payable, financial reports, special purpose ledger, and legal consolidations;
- Materials management: procurement, inventory management, vendor evaluation, invoices verification and warehouse management;
- Plant maintenance: maintenance notifications/orders, resource/maintenance planning, historical information, and service management;
- Project systems project tracking, work breakdown structure, budget management, cost and revenue planning;
- Controlling cost center accounting, activity based costing, and internal orders; and
- Human resources personnel administration, payroll, time management, planning and development, and organization management

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVES THE DEFICIENCY/PROBLEM: Throughout the TEAM there are numerous, independent, stand-alone information systems supporting multiple, inconsistent processes. Data is not timely and is difficult to consolidate. Many systems track similar data without a common data format. No single system does it all (i.e., planning, procurement, and inventory management). System interfaces are inconsistent, non-standard, and rely upon manual intervention. At the core of an ERP system is a central database that draws data from and feeds data into a series of applications supporting diverse functions. ERP will automate manual processes, drastically reduce data reconciliation, and improve the quality of information available to decision-makers. ERP will assist in providing end-to-end capability, in enabling consistent and reliable information on cost and performance, and in integrating business processes to optimize results across the TEAM.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED: The CBP WG under the auspices of Department of Navy's (DON's) Revolution in Business Affairs was tasked to focus on Commercial Financial Practices and best of breed business solutions. The CBP WG received in-depth briefings from industry, fleet representatives, defense agencies, and other government agencies. Of all the alternatives briefed and considering all the data provided, the members were unanimous in concluding that the best solution to business practices would be realized through ERP solution. As a result of the recommendation of the CBP WG, NAVAIR issued a request for proposal. Several companies bid, integrator and COTS solutions were evaluated through the source selection process and a contract was awarded for the NAVAIR ERP program management (PM) pilot.

4. IMPACT IF NOT ACQUIRED: The TEAM would have to continue business as usual and could not achieve gains in productivity through reengineered processes and an integrated information system. Non-standard, costly maintenance, and duplicative legacy systems would persevere. The TEAM would be unable to manage costs for maximum reallocation of savings for the recapitalization and modernization of naval aviation. ERP is required for NAVAIR to achieve portions of the Navy wedge savings. As the business case analysis demonstrates current anticipated quantitative and qualitative benefits would not be realized. If ERP is funded, the ERP will assist other systems in becoming compliant with statutory requirements, the Government Management Reform Act (GMRA), the Government Performance and Results Act (GPRA), and the Chief Financial Officer (CFO) Act.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY 2004/2005 BIENNIAL BUDGET ESTIMATES		
B. Department of the Navy/Depot Maintenance/Aviation Depot					C. EQUIPMENT, OTHER THAN ADPE & TELECOM (<1M)					DNEU0000	D. NADEP	
	2002			2003			2004					
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
TOTAL INVESTMENT COST	24	VAR	11,368	16	VAR	7,950	28	VAR	11,902			
			FY 2002			FY 2003			FY 2004			
ITEM LINE #	ITEM DESCRIPTION											
6 DF 2 EM 1000 P P	Plant Maintenance Reliability Product	1	241									
6 DF 2 EM 0171 P P	Large Vertical Grinder	2	721									
6 DF 2 EM 0132 P R	Cooling Turbine Test Cell Upgrade	3	997									
6 DF 3 EM 0167 P N	CA-PVD Coating System					1	950					
6 DE 2 EM 1000 P P	Plant Maintenance Reliability Product	1	199									
6 DE 3 EM 0322 P R	Rehab TF34 EROM Blade Meas. T/S					1	600					
6 DE 5 EM 0367 P R	Automated Eddy Current Upgrade (2)							1	1,000			
6 DC 2 EM 0463 P R	5-Axis Machining Center	1	944									
6 DC 3 EM 0464 P R	Horizontal Boring Mill (2)					1	1,425					
6 DC 3 EM 0467 P R	4-Axis Horizontal Boring Mill					2	800					
6 DC 3 EM 0468 P R	5-Axis Vertical Machining Center					3	710					
DN ES 0000	Equip-other than ADPE & TELECOM (<\$.5M)	19	8,266			11	3,465		27	10,902		
TOTAL NADEP EQUIPMENT, OTHER THAN ADPE & TELECOM (<1M)			24	11,368	16	7,950	28	11,902				

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FY 2004/2005 BIENNIAL
BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot				C. MINOR CONSTRUCTION DNMC0000						D. NADEP	
	2002			2003			2004				
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost		
TOTAL INVESTMENT COST	11	VAR	3,060	14	VAR	3,771	11	VAR	4,176		
ITEM	ITEM		FY 2002		FY 2003			FY 2004			
LINE #	DESCRIPTION										
6DF2MCC08-00C	Construct Coodinate Measurement Facility		1 533								
6DF3MCC02-02C	Construct Production Shop Addition, B133				1 750						
6DF4MCC04-02C	Construct Engineering Support Addition							1 750			
6DF4MCC16-02C	Alterations to B154							2 750			
6DF4MCC27-97C	Construct Reclamation Facility							3 500			
6DE2MC0243C	Packaging Annex		1 500								
	Minor Construction (<\$.5M)		9 2,027		13 3,021			8 2,176			
TOTAL NADEP MINOR CONSTRUCTION			11 3,060		14 3,771			11 4,176			

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY 2004/2005 BIENNIAL BUDGET ESTIMATES			
B. Department of the Navy/Depot Maintenance/Aviation Depot					C. ADPE & TELECOMMUNICATIONS (<1M)					DNKU0000	D. NADEP		
			2002			2003			2004				
Element of Cost			Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost		
TOTAL INVESTMENT COST			3	VAR	1,356	1	VAR	500	3	VAR	750		
			FY 2002			FY 2003			FY 2004				
ITEM	ITEM												
LINE #													
6 DF 2 KM 0062 G N	Workflow Process Management		1	511									
6 DF 2 KM 0059 G N	Electronic Storage/Retrieval System		2	495		1	500						
DN KS 0000	Equip - ADPE & TELECOM (<\$.5M)		1	350					3		750		
TOTAL NADEP ADPE & TELECOMMUNICATIONS (<1M)			3		1,356	1		500	3		750		

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY 2004/2005 BIENNIAL BUDGET ESTIMATES				
B. Department of the Navy/Depot Maintenance/Aviation Depot					C. SOFTWARE DEVELOPMENT (<\$1M) DNDU0000					D. NADEP				
			2002			2003			2004					
Element of Cost			Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
TOTAL INVESTMENT COST			1	VAR	200	0	VAR	0	1	VAR	235			
			FY 2002			FY 2003			FY 2004					
ITEM LINE #	ITEM													
DN DS 0000	Equip - ADPE & TELECOM (<\$.5M)		1		200				1		235			
TOTAL NADEP Software Development (<1M)			1		200	0	0		1		235			

FY 2004/2005 BIENNIAL BUDGET ESTIMATES
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2003

ITEM LINE #	ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)						
6 DC 3 EL 0445 P R	DEPOT ATE TPS OFFLOAD TO CASS	2.000	0.000	2.000	New	Management decision to add this project this FY due to unexpected catastrophic failure of existing press makes manufacture of critical aircraft parts impossible. (3.800 added to Total NADEP CPP authority within the total NADEP depreciation that is planned to be collected in already set rates for FY 03, .850 from 6DE3ES0321, .800 from 6DE3ES0337.)
6 DF 3 EL 0159 P R	JIG GRINDER REPLACEMENT	1.000	0.000	1.000		
6 DF 3 EL 0170 P P	JIG GRINDER	1.000	0.000	1.000		
6 DF 3 EL 0176 P N	BLADE TIP GRINDER & STATOR EQUIPMENT	1.500	0.000	1.500		
6 DC 3 EL 0485 P R	5-AXIS MACHINING CENTER (OM-3)	1.750	0.000	1.750		
6 DE 3 EL 0365 P R	6000 TON HYDRO-FORM PRESS	0.000	5.450	5.450		
SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)		7.250	5.450	12.700		
DN EU 0000	1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)	9.600	(1.650)	7.950	Deferral	Projects deferred to accommodate 6000 Ton Hydro-Form Press.
2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM		16.850	3.800	20.650		
DN MC 0000	3. MINOR CONSTRUCTION	3.771	0.000	3.771		
TOTAL NON-ADP CAPITAL PURCHASES PROGRAM		20.621	3.800	24.421		
1a. ADPE & TELECOMMUNICATIONS (>\$1M)						
7 DN 2 KL 0003 G R	DEPOT MAINTENANCE SYSTEMS HARDWARE REPLACEMENT	7.307	0.000	7.307		
6 DF 3 KL 0152 G P	INDUSTRIAL BUSINESS OPERATION SYSTEMS	1.000	0.000	1.000		
SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)		8.307	0.000	8.307		
DN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	0.500	0.000	0.500		
2. TOTAL ADPE & TELECOMMUNICATIONS		8.807	0.000	8.807		
7 DN 3 DL 0JT2 G P	NAVAIR DEPOT MAINTENANCE SYSTEM (NDMS)	5.072	0.000	5.072		
7 DN 3 DL 0001 G R	ENTERPRISE RESOURCE PLANNING (ERP)	12.990	0.000	12.990		
3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)		18.062	0.000	18.062		
DN DU 0000	3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)	0.000	0.000	0.000		
3. TOTAL SOFTWARE DEVELOPMENT		18.062	0.000	18.062		
TOTAL ADP CAPITAL PURCHASES PROGRAM		26.869	0.000	26.869		
GRAND TOTAL CAPITAL PURCHASES PROGRAM		47.490	3.800	51.290		

Marine Corps Depots

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE – MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES
FEBRUARY 2003

Activity Group Functions:

The mission of the Marine Corps Depot Maintenance Activity Group (DMAG) is to provide the quality products and responsive maintenance support services required to maintain a core industrial base in support of mobilization, surge and reconstitution requirements. The maintenance functions performed by the DMAG include repair, rebuild, modification, and Inspect and Repair Only as Necessary (IROAN) for all types of ground combat and combat support equipment. DMAG maintenance services are used by the Marine Corps and other various Department of Defense (DoD) activities. Other functions performed include performance of maintenance related services such as preservation, testing, technical evaluation, calibration, and fabrication of automated test equipment.

Activity Group Composition:

The DMAG is comprised of two Multi-Commodity Maintenance Centers, one located in Albany, Georgia, and the other in Barstow, California. The Maintenance Centers are part of the Marine Corps Logistics Bases and a component of Marine Corps Materiel Command (MATCOM). The Marine Corps Maintenance Centers maintain virtually identical capabilities in order to provide support for Marine Corps operational units regardless of unit location. In order to support these functions, the Marine Corps Maintenance Centers maintain over 70 skill sets inherit in a wide variety of diversified personnel.

Significant Changes in Activity Group:

The DMAG FY 2004/2005 President's Budget submission reflects major changes from the FY 2003 President's Budget based on a significant decline in workload, concurrent downsizing of temporary and permanent personnel, management initiatives aimed at decreasing carryover and improving productivity yield. Workload projected for the Marine Corps Maintenance Centers decline throughout the budget years primarily due to the conclusion of the AAV RAM R/S program in FY 2003 and reductions in the funded equipment maintenance program in FY 2004.

The budget presents a significant reduction in end strength. The reductions will be accomplished through various manpower efforts to include the release of temporary and term employees, normal attrition, Voluntary Separations Incentive Pay (VSIP), Voluntary Early Retirement (VERA), and Reduction in Force (RIF).

Financial Profile:

	(Dollars in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Revenue	\$212.1	\$228.4	\$195.4	\$179.8
Cost of Goods Sold	\$210.7	\$228.0	\$198.0	\$179.8
Operating Results	\$1.4	\$0.4	(\$2.6)	\$0.0
Extraordinary Expense	\$0.3	\$0.0	\$0.0	\$0.0
Net Operating Results	\$1.7	\$0.4	(\$2.6)	\$0.0
Prior Year Adjustment	(\$0.7)	\$0.0	\$0.0	\$0.0
Current Change to Accumulated Operating Results	\$1.0	\$0.4	(\$2.6)	\$0.0
Beginning Accumulated Operating Results	\$1.2	\$2.2	\$2.6	\$0.0
Accumulated Operating Results	\$2.2	\$2.6	\$0.0	\$0.0

Revenue

	(Dollars in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Revenue	\$212.2	\$228.4	\$195.4	\$179.8

In FY 2003, revenue increased from the FY 2003 President's Budget as a result of changes in the workload mix and management initiatives to limit carryover. The major factor for the increased revenue is the increase in direct material. This increase is attributed to the material intensive lines such as the M1A1 Tanks, AN/TPS-15 Radar, AN/TPS-59 Radar, AN/TPS-63 Radar, and the MK-48s. Other scheduled high material lines include radio frequency amplifiers, power supply(s), radar transmitters, and voltage regulators. FY04 and FY05 revenue is based on achieving a zero Accumulated Operating Results in the budget year.

Cost of Goods Sold:

	(Dollars in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Cost of Goods Sold	\$210.7	\$228.0	\$198.0	\$179.8

In FY 2003, Cost of Goods Sold is higher than the FY 2003 President's Budget primarily due to changes in the workload mix and management initiatives to limit carryover. While direct labor hours remained relatively stable, direct material increased from the President's Budget as a result of a workload mix that is significantly more material intensive.

From FY 2003 to FY 2004, cost declines while new orders decrease. Direct labor hours decline and direct cost declines accordingly. Direct material remains elevated due to the workload mix.

As a result of reducing overhead commensurate with declining workload, the budget reflects a reduction in indirect personnel and other indirect costs.

New Orders:

	(Dollars in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
New Orders	\$187.9	\$222.2	\$180.1	\$187.7

The new orders in FY 2003 reflect a slight increase from the FY 2003 President's Budget, while FY 2004 declines. The primary factors leading to decreased workload include the final year of the AAV RAM R/S program in FY 2003 and reductions to the Marine Corps' depot maintenance program in FY 2004.

Workload:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Direct Labor Hours (000s)	1,815	1,671	1,465	1,359

Staffing:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Civilian End Strength	1,460	1,417	1,184	1,112
Civilian Work Years – regular time	1,489	1,451	1,217	1,127
Military End Strength	12	12	12	12
Military Work Years	12	12	12	12

Performance Indicators:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Schedule Conformance	97.5%	97.4%	99.5%	99.3%
Quality Deficiency Reports	0.2%	0.2%	0.2%	0.2%
Inventory Turnover Ratio	5.2:1	6.1:1	6.7:1	7.5:1

Customer Rate Changes:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Stabilized Customer Rate	\$105.81	\$117.62	\$126.30	
Composite Rate Change *	7.0%	11.17%	7.38%	1.02%

The FY 2004 rate increase over the FY 2003 President's Budget is due to decreased workload and cost.

Unit Costs:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Cost per Direct Labor Hour	\$115.70	\$136.08	\$135.05	\$132.20

From FY 2002 to FY 2003, unit cost increased by 18% due to declining workload coupled with the increase hourly rate of direct material. In FY 2003, unit cost increased by 6% from the FY 2003 President's Budget due to non-implementation of NMCI coupled with removal of VSIP cost, and increased direct material cost for material intensive workload.

Capital Budget Authority:

	(Dollars in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Equipment/Non-ADPE/TELE	\$4.254	\$0.935	\$2.431	\$2.580
ADPE/TELECOM Equipment	0.363	0.000	0.000	0.399
Software Development	0.000	0.000	0.000	0.000
Minor Construction	0.530	1.941	1.541	1.199
TOTAL	\$5.147	\$2.876	\$3.972	\$4.178

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATE
 FEBRUARY 2003
 MCIF / TOTAL

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	208.0	224.3	191.3	175.6
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	4.1	4.1	4.1	4.2
Other Income				
Total Income	212.2	228.4	195.4	179.8
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	.8	.8	.8	.8
Civilian Personnel	94.6	94.1	85.7	78.7
Travel and Transportation of Personnel	1.9	1.7	1.4	1.3
Material & Supplies (Internal Operations	67.5	94.1	78.0	67.4
Equipment	2.7	3.3	2.7	2.1
Other Purchases from NWCF	4.1	3.9	3.4	3.4
Transportation of Things	.0	.0	.0	.0
Depreciation - Capital	4.1	4.1	4.1	4.2
Printing and Reproduction	.0	.1	.1	.1
Advisory and Assistance Services	.0	.0	.0	.1
Rent, Communication & Utilities	6.1	5.9	6.0	5.9
Other Purchased Services	28.2	19.4	15.8	15.9
Total Expenses	210.0	227.4	197.9	179.8
Work in Process Adjustment	.7	.6	.1	.1
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	210.7	228.0	198.0	179.8
Operating Result	1.4	.4	-2.6	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.3	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	1.7	.4	-2.6	.0
Other Changes Affecting AOR	-.7	.0	.0	.0
Accumulated Operating Result	2.2	2.6	.0	.0

MCIF / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	188	222	180	188
a. Orders from DoD Components	169	204	152	170
Department of the Navy	156	196	135	165
O & M, Navy	0	1	1	1
O & M, Marine Corps	110	148	114	144
O & M, Navy Reserve	0	0	0	0
O & M, Marine Corp Reserve	8	13	12	16
Aircraft Porcurement, Navy	0	0	0	0
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	0	0	0	0
Other Procurement, Navy	0	0	0	0
Procurement, Marine Corps	37	31	4	4
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	0	0	0	0
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	0	0	0	0
Other Marine Corps Appropriations	0	4	4	1
Department of the Army	7	4	12	3
Army Operation & Maintenance	5	3	12	3
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	2	1	1	1
Department of the Air Force	0	4	4	1
Air Force Operation & Maintenance	0	1	4	1
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	3	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	6	1	1	0
Base Closure & Realignment	0	0	0	0
Operation & Maintence Accounts	1	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0	0
Procurement Accounts	0	0	0	0
Defense Emergency Relief Fund	0	0	0	0
DOD Other	5	1	1	0
b. Orders from other WCF Activity Groups	16	16	16	16
c. Total DoD	185	220	168	186
d. Other Orders	3	2	13	2
Other Federal Agencies	0	1	1	1
Foreign Military Sales	3	1	11	0
Non Federal Agencies	0	0	0	0
2. Carry-In Orders	74	49	43	27
3. Total Gross Orders	262	271	223	215
a. Funded Carry-Over before Exclusions	49	43	27	35
b. Total Gross Sales	213	229	195	180

INDUSTRIAL BUDGET INFORMATION SYSTEM
 MCIF / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	-1	0	0	0
5. Non-DoD, BRAC, FMS (-)	-2	-2	-3	-2
6. Net Funded Carryover	45	40	24	33

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

Exhibit Fund-11

**CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES
February 2003
(Dollars in Millions)**

		Total Cost
1.	FY 2002 Actuals	210.0
2.	FY 2003 President's Budget:	214.4
3.	Pricing Adjustments:	
	a. FY 2002 pay raise	
	(1) Civilian Personnel	0.4
	(2) Military Personnel	0.0
	b. Annualization of Prior Year Pay Raise	
	(1) Civilian Personnel	0.1
	(2) Military Personnel	0.0
	c. General Inflation	0.0
	d. Removal of CSRS/FEHB Full Funding Proposal	-6.7
4.	Program Changes:	
	a. Workload Changes	
	(1) Direct Labor	1.0
	(2) Direct Materiel & Supplies	15.7
	(3) Other Purchases	1.1
5.	Other Changes	
	a. Indirect Labor	5.7
	b. VERA/VSIP/RIF	-2.4
	c. Indirect Materiel	2.2
	d. Depreciation	-0.2
	e. Contract Services	-3.6
	f. Other	-0.3
6.	FY 2003 Current Estimate:	227.4
7.	Pricing Adjustments:	
	a. FY 2004 Pay Raise	
	(1) Civilian Personnel	1.2
	(2) Military Personnel	0.0
	b. Annualization of Prior Year Pay Raise	
	(1) Civilian Personnel	0.7
	(2) Military Personnel	0.0
	c. General Inflation	-0.6

**CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES**

8.	Program Changes:	
	a. Workload Changes	
	(1) Direct Labor	-8.5
	(2) Direct Material & Supplies	-13.2
	(3) Contract Services	-1.4
	(4) Other Purchases	-0.2
9.	Other Changes	
	a. Indirect Labor	-7.0
	b. VERA/VSIP/RIF	5.1
	c. Indirect Material	-2.1
	d. Depreciation	0.0
	d. Contract Services	0.5
	e. Other	
	Sustainment, Restoration and Modernization	-3.8
	Travel/Training	-0.2
	Miscellaneous	0.0
10.	FY 2004 Current Estimate	197.9

WORKING CAPITAL FUND INVESTMENT SUMMARY
Marine Corps Depot Maintenance
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES
February 2003
(Dollars in Millions)

Line Number	Item Description	FY 2002 Actual		FY 2003 Estimate		FY 2004 Estimate		FY 2005 Estimate	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Total Projects (=> \$1M)	2	3.672	0	0.000	1	1.405	0	0.000
	Equipment								
1	VOC Control System (MCB)	1	2.690	0	0.000	0	0.000	0	0.000
2	Cross Drive Dynamometer (MCB)	1	0.982	0	0.000	0	0.000	0	0.000
3	Robotic Painting System (MCB)	0	0.000	0	0.000	1	1.405	0	0.000
4	Total Projects (=> \$0.500M and < \$1M)	0	0.000	0	0.000	0	0.000	2	1.900
	Equipment								
	Dynamometer Transmission (MCA)	0	0.000	0	0.000	0	0.000	1	0.950
	Dynamometer Engine (MCA)	0	0.000	0	0.000	0	0.000	1	0.950
5	Equipment - items less than \$0.5M each	2	0.582	4	0.935	4	1.026	3	0.680
	<i>Replacement</i>	<i>1</i>	<i>0.434</i>	<i>1</i>	<i>0.350</i>	<i>1</i>	<i>0.600</i>	<i>3</i>	<i>0.680</i>
	<i>Productivity</i>	<i>1</i>	<i>0.148</i>	<i>2</i>	<i>0.435</i>	<i>2</i>	<i>0.276</i>	<i>0</i>	<i>0.000</i>
	<i>New Mission</i>	<i>0</i>	<i>0.000</i>	<i>1</i>	<i>0.150</i>	<i>1</i>	<i>0.150</i>	<i>0</i>	<i>0.000</i>
	<i>Environmental Compliance</i>	<i>0</i>	<i>0.000</i>	<i>0</i>	<i>0.000</i>	<i>0</i>	<i>0.000</i>	<i>0</i>	<i>0.000</i>
6	ADPE & Telecom	1	0.363	0	0.000	0	0.000	1	0.399
7	Minor Construction (=< \$0.500M)	1	0.530	5	1.941	4	1.541	2	1.199
	<i>Replacement</i>	<i>0</i>	<i>0.000</i>	<i>2</i>	<i>0.599</i>	<i>0</i>	<i>0.000</i>	<i>1</i>	<i>0.749</i>
	<i>Productivity</i>	<i>1</i>	<i>0.530</i>	<i>3</i>	<i>1.342</i>	<i>4</i>	<i>1.541</i>	<i>1</i>	<i>0.450</i>
	<i>New Mission</i>	<i>0</i>	<i>0.000</i>	<i>0</i>	<i>0.000</i>	<i>0</i>	<i>0.000</i>	<i>0</i>	<i>0.000</i>
	<i>Environmental Compliance</i>	<i>0</i>	<i>0.000</i>	<i>0</i>	<i>0.000</i>	<i>0</i>	<i>0.000</i>	<i>0</i>	<i>0.000</i>
8	Software Development	0	0.000	0	0.000	0	0.000	0	0.000
	FISCAL YEAR PROGRAM TOTAL	6	5.147	9	2.876	9	3.972	8	4.178
	Total Capital Outlays		1.814		2.356		3.074		4.050
	Total Depreciation Expense		4.104		4.104		4.063		4.188

Capital Investment Justification
 Marine Corp Depot Maintenance
 FY 2004 President's Budget Submission

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION							A. Budget Submission					
(Dollars in Thousands)							FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE					
B. Component/Business Area/Date				C. Line# and Description			D. Activity Identification					
Marine Corps Depot Maintenance/ February 2003				1/ VOC Air Pollution Control System			MC Depots Albany, GA and Barstow, CA					
ELEMENTS OF COST	FY 2002 Actual			FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	1		2.690			0.000			0.000			0.000
Narrative Justification:												
<p>FY 2002 VOC Air Pollution Control System (Replacement, Barstow) - \$2690K. Reprogramming reduced the project's estimated cost from \$3.010M to \$2.690M. Workload consists of filtering the air being contaminated by status quo undercoat and paint operations. The VOC/APCS is required before the MILCON Project B919, Paint and Undercoat Facility, can become operational. The control system removes and contains 98% of all VOC from air exiting new paint booths. The MILCON and VOC projects bring Maintenance Center Barstow into compliance with California air pollution standards. The BIR is 1.54 making this an economically viable project.</p>												

Capital Investment Justification
 Marine Corp Depot Maintenance
 FY 2004 President's Budget Submission

FY 2003 (Dollars in Thousands)				A. Budget Submission FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE								
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2003				C. Line# and Description 2/Cross Drive Dynamometer			D. Site Identification MC Depots Albany, GA and Barstow, CA					
ELEMENTS OF COST	FY 2002 Actual			FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	1		0.982			0.000			0.000			0.000
Narrative Justification:												
<p>FY 2002 Project Cross-Drive Dynamometer (Productivity, Barstow) - \$982K. Procurement specifications are developed and procurement is pending the approval of FY2002 CPP reprogramming. Workload includes 4374 hrs/yr to test transmissions under the status quo. Benefits derive from the eliminating the transportation of transmissions to and from 29 Palms for testing, reducing the amount of time to test a transmission from 27 hours to 4 hours, and eliminating one worker necessary under the status quo process. Thus, the workload hrs are reduced to 486 hrs/yr. The productivity enhancement project's BIR is 2.97 and investment cost is \$1M.</p>												

Capital Investment Justification
 Marine Corp Depot Maintenance
 FY 2004 President's Budget Submission

FY 2003 (Dollars in Thousands)						A. Budget Submission FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE						
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2003				C. Line# and Description 3/Robotics Painting System			D. Site Identification MC Depots Albany, GA and Barstow, CA					
ELEMENTS OF COST	FY 2002 Actual			FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	-		0.000			0.000	1		1.405			0.000

Narrative Justification:

FY 2004 Project

Robotics Painting System (Replacement, Barstow) - \$1.405M. Procurement specifications are being developed for procurement in FY2004. Workload consists of 11,200 hrs/yr for 7 workers to paint over 2500 vehicles per year. Benefits derive from the relieving 6 workers from painting and reducing the maintenance parts and labor costs to paint. Thus, the workload hrs to paint are reduced to 1,600 hrs/yr. The productivity enhancement project's BIR is 3.69 and investment cost is \$1.405M.

Capital Investment Justification
 Marine Corp Depot Maintenance
 FY 2004 President's Budget Submission

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION							A. Budget Submission							
(Dollars in Thousands)							FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE							
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2003				C. Line# and Description 4/ Equipment >=.5M and < 1M			D. Site Identification MC Depots Albany, GA and Barstow, CA							
			FY 2002 Actual			FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost		
Non ADP	0		0.000	0		0.000	-		0.000	2		1.900		

Narrative Justification:

FY 2005 Projects:

Dynamometer Transmission (Productivity, Albany) - \$0.950M. Procurement specifications are currently being developed to acquire the asset in FY2004. Workload includes 80 transmissions per year over 10 years for AAV, M88, and AAV end items. Benefits are derived from avoiding a \$0.300M annual contract cost for transmission testing. The productivity enhancement project's BIR is 1.89 and the investment cost is \$0.950M.

Dynamometer Engine (Replacement, Albany) - \$0.950M. Procurement specifications are currently being developed to acquire the asset in FY2004. Workload includes 206 engines per year over 10 years for AAV, M88, and other end items. Benefits are derived from avoiding a \$0.300M annual contract cost for engine testing. The productivity enhancement project's BIR is 2.44 and the investment cost is \$0.950M.

Capital Investment Justification
Marine Corp Depot Maintenance
FY 2004 President's Budget Submission

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)						A. Budget Submission FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2003				C. Line# and Description 5/ Equipment less than \$.5M			D. Site Identification MC Depots Albany, GA and Barstow, CA				
ELEMENTS OF COST		FY 2002 Actual		FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate	
Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	2		0.582	4		0.935	4		1.026	0	0.000
Narrative Justification:											
FY 2002											
Hicklin 300 HP Transmission Test Stand (Replacement, Albany) - \$0.434M.											
Plural Mixing System (Productivity, Albany) - \$0.148M.											
FY 2003											
Rotoblast Machine (Replacement, Albany) - \$0.350M MCA reprioritized CPP and moved from FY2003 to FY2004 to provide authority for an emergent substitute project requirement for a Water Jet Cutting Machine .											
750 HP Dynamometer (New Mission, Albany) - \$0.150M. MCA reprioritized CPP and moved from FY2003 to FY2004 to provide authority for an emergent substitute project requirement for a Water Jet Cutting Machine .											
Hydraulic Rough Terrain Crane (Productivity, Barstow) - \$0.314M. Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes all items that are moved by the status quo leased crane. Benefits derive from acquiring the crane instead of leasing a crane. The crane accesses production work areas and traverse unimproved roads and dirt storage areas where items are loaded/offloaded from semi trucks. The project's BIR = 1.22 and has a investment cost of \$0.314M.											
Hyster H360XL2 Fork Lift (Productivity, Barstow) - \$0.121M. Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 3375 hrs/yr to move items about the facility. Benefits derive from the elimination of equipment and two workers from status quo operations,thus, reducing the workload to 375 hrs/yr. The productivity enhancement project's BIR = 1.74 and has a investment cost of \$0.121M.											
FY2004											
Rotoblast Machine (Replacement, Albany) - \$0.350M. Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 2000 hrs/yr to blast status quo items. Benefits are derived from an estimated 15% improvement in production. The asset replaces an old rotoblast machine and several tumble blast machines that require rebuilding to remain in service. The replacement project's BIR = 1.52 and has a investment cost of \$0.350M.											
750 HP Dynamometer (New Mission, Albany) - \$0.150M. Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes new testing requirements for Cummins VT-400, NHC250, VTA903-T525, Caterpillar 3406, Detroit Diesel 6V-53T, and Detroit Diesel 8V-92TA engines. Benefits are derived from eliminating status quo contracting of testing service. The productivity enhancement project's BIR = 1.63 and has a investment cost of \$0.150M.											
Floor Recovery System (Productivity, Barstow) - \$0.276M. Procurement specifications are currently being developed to acquire the asset in FY2004. Workload includes 2400 hrs/yr to recover blast material under the status quo. Benefits are derived from an estimated 50% reduction in time to recover material. The productivity enhancement project's BIR is 3.08 and the investment cost is \$0.276M.											
Nondestructive Testing Upgrade (NTD) (Replacement, Albany) - \$0.250M. Non-Destructive Testing (NDT) is the inspection of various welds on military vehicles and components such as the light armored vehicle. The current NDT process uses multiple panels of lead to block x-rays from escaping during the test. It is proven that these panels allow stray x-rays to emit from the testing area. Prevention of these emissions is mandated by the Code of Federal Regulations (CFR Title 10 (10CFR),CFR Title 29 (29CFR), CFR Title 40 (40CFR), CFR Title 49 (49CFR) and The US Navy Safety Radiation Program. Visits to Warner Robins and to United Defense reveal that they use modular radiation shielded enclosures that eliminate stray x-rays and complies with US Code and Federal Regulations. This enclosure has also increased their productivity by not having their operators move the heavy individual lead panels in position. The NDT project will be a 44' x 26' x 12' enclosure with a 20' x 10' motorized door and a personnel door. The enclosure includes all electrical outlets, lighting, and a complete radiation safety interlock package. Lead shielding will be .5 " inch. Project estimated cost is \$0.250M.											

Capital Investment Justification
Marine Corp Depot Maintenance
FY 2004 President's Budget Submission

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)						A. Budget Submission FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE						
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2003			C. Line# and Description 5/ Equipment less than \$.5M (cont)			D. Site Identification MC Depots Albany, GA and Barstow, CA						
FY 2002 Actual			FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	0		0.000	0		0.000	0		0.000	3		0.680
Narrative Justification:												
FY2005												
<p>CNC Milling Machine (Replacement, Albany) - \$0.175M. Procurement specifications are currently being developed to acquire the asset in FY2005. The cost to rebuild the status quo machine is 74% the cost of a replacement machine. The status quo only provides rough cuts and requires additional machines to finish the parts. Benefits are derived from increased efficiency from the replacement machine ability to fine cut parts, thus, elimination of additional machining of parts. The replacement project's BIR is 1.38 and the investment cost is \$0.175M.</p>												
<p>Rotoblast Machine (Replacement, Albany) - \$0.400M. Procurement specifications are currently being developed to acquire the asset in FY2005. The cost to rebuild the status quo machine is 100% the cost of a replacement machine over 10 years. Workload includes all small arms parts that require blasting to clean and remove oil/grease. Benefits are derived from increased efficiency of the replacement machine reduced down time due to the age of the status quo. The replacement project's BIR is 1.20 and the investment cost is \$0.400M.</p>												
<p>Vertical Bandsaw (Replacement, Barstow) - \$0.105M. Procurement specifications are currently being developed to acquire the asset in FY2005. Workload includes all items required to be sawn from raw material for principal end items such as vehicles, guns, and tanks.. The status quo machine will not cut complex angles which increases time to fabricate parts. Benefits are derived from reducing labor hours to cut raw material to fabricate parts. The replacement project's BIR is 3.42 and the investment cost is \$0.105M.</p>												

Capital Investment Justification
 Marine Corp Depot Maintenance
 FY 2004 President's Budget Submission

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2003				C. Line# and Description 6/ Equipment ADPE			D. Site Identification MC Depots Albany, GA and Barstow, CA					
FY 2002 Actual			FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADPE	1	0	0.363	0		0.000	0		0.000	1		0.399
Narrative Justification:												
FY2002 Budget Super Mini Computer (Replacement, Albany) - \$0.363M.												
FY2005												
8 Way Server (Replacement, Barstow) - \$0.399M. This project replaces an obsolete-overloaded mid-tier Unix based server operating MRPS, ERPS, and other software. Benefits are derived from reducing MAC charges associated with moving from client based to web based server applications. The project's BIR = 2.48 and has an investment cost of \$0.399M.												

Capital Investment Justification
Marine Corp Depot Maintenance
FY 2004 President's Budget Submission

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2003				C. Line# and Description 7/ Minor Construction (< \$.500M)			D. Site Identification MC Depots Albany, GA and Barstow, CA					
FY 2002 Actual				FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	1		0.530	5		1.941	4		1.541	0		0.000
Narrative Justification:												
FY2002 Estimate												
Clear Span Roof (Bldg 2200&2222) (Productivity, Albany) - \$0.530M.												
FY2003 Estimate												
Paint Stripping Facility (Productivity, Albany) - \$0.499M. Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 6000 hrs/yr of status quo items that require paint stripping. Benefits are derived from saving 2000 hrs/yr of labor and using the closed loop rinsing system to reduce waste water, improved stripping controls, and recycles EPA approved stripper. The productivity enhancement project's BIR = 2.93 and has a investment cost of \$0.499M.												
Conversion Coating Facility (Replacement, Albany) - \$0.499M. Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 4000 hrs/yr to conversion coat thousands of items by status quo. Benefits derive from consolidating the process and conserving 4000 \$/yr in material. The replacement project's BIR = 1.15 and a cost of \$0.499M.												
Clear Span Roof (Bldg 2222&2236) (Productivity, Albany) - \$0.427M. Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes 1900 hrs/yr required to re-blast and re-steam clean items waiting paint. Benefits are derived by reducing the requirements to blast, wash, and blow dry rust from items exposed to rain and dew. The asset allows staging of vehicles and equipment out of inclement weather. The productivity enhancement project's BIR = 1.41 and a cost of \$0.427M.												
Fiberglass Repair Facility (Productivity, Barstow) - \$0.416M. Procurement specifications are currently being developed to acquire the asset in FY2003. Workload includes all items currently worked by multiple and scattered status quo fiberglass repair operations. Benefits derive from consolidating the fiberglass repair process into one area. The facility includes safety and environmental systems required for fiberglass repair work. The productivity enhancement project's BIR = 2.18 and has a investment cost of \$0.416M.												
Head for 100M Test Fire Range (Replacement, Albany) - \$0.100M. Procurement specifications are currently being developed to acquire the asset in FY2003. Demand is expected to be between 80 to 120 personnel at various times. No permanent hygiene facility is within 1000 feet from the range. The lack of this facility slows production and reduces available working time. The project's BIR = 1.59 and has a investment cost of \$0.100M.												
FY2004 Estimate												
Facility Engine/Transmission Test (Productivity, Albany) - \$0.600M. Procurement specifications are currently being developed to acquire the asset in FY2004. Workload includes a status quo of 7000 hrs/yr that require labor support for testing. Benefits are derived from saving 2000 hrs/yr of support labor to expedite and inspect items tested on dynamometers. The productivity enhancement project's BIR = 1.59 and has a investment cost of \$0.600M.												
Blast Room Enclosure (Productivity, Barstow) - \$0.291M. Procurement specifications are currently being developed to acquire the asset in FY2004. Workload includes all medium and small items that require blasting to remove paint and rust. Currently these items must wait for the availability of status quo blasting areas primarily used to blast principle end items. Benefits are derived from reducing the amount of labor hours and material to blast items and reduce nonproductive time waiting for items to be blasted. The productivity enhancement project's BIR = 3.35 and has a investment cost of \$0.291M.												
Head/Breakroom for Paint Booth Employees (Productivity, Albany) - \$0.150M. Procurement specifications are currently being developed to acquire the asset in FY2004. The status quo is a limited facility located some 500 feet away from the 20-40 workers (varying quantity at one time) in the paint booth area. Benefits are derived from avoiding the lease cost of a portable facility over constructing a facility. The productivity enhancement project's BIR = 2.89 and has a investment cost of \$0.150M.												
Facility Prep/Storage w/Dehumidification (Productivity, Albany) - \$0.500M. Procurement specifications are developed to acquire the asset in FY2004. Workload includes a status quo of 1460 hrs/yr to reblast items and required support functions from humidity related problems. Benefits are derived from avoiding 1290 hrs/yr of reblast and support labor to support humidity related problems. The productivity enhancement project's BIR = 1.59 and has a investment cost of \$0.500M.												

Capital Investment Justification
Marine Corp Depot Maintenance
FY 2004 President's Budget Submission

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2003				C. Line# and Description 7/ Minor Construction (Cont)			D. Site Identification MC Depots Albany, GA and Barstow, CA					
		FY 2002 Actual		FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	0		0.000	0		0.000	0		0.000	2		1.199
Narrative Justification:												
FY2005 Estimate												
<p>Body ShopUpgrades (Productivity, Albany) - \$0.450M. Procurement specifications are currently being developed to acquire the asset in FY2004. Workload includes 20000 hr/yr for various principle end items that require body and frame repairs as well as structure repairs to bridges and fuel and water modules. The status quo shop is outdated and frequently is not in service waiting repair. Benefits are derived from reduced down time of the shop and associated maintenance costs to restore service. The productivity enhancement project's BIR = 2.40 and has a investment cost of \$0.450M.</p> <p>Drying Booths for Paint (Replacement, Albany) - \$0.749M. Procurement specifications are currently being developed to acquire the asset in FY2004. Workload includes 12000 hr/yr for various principle end items that require a facility to dry paint coatings. The status quo facility does not provide enough heated drying area to accommodate production requirements. Items that air dry due to the lace of proper drying oven area bottlenecks production. Benefits are derived from removing the drying bottleneck and eliminating loss of production associated with air drying items. The productivity enhancement project's BIR = 1.33 and has a investment cost of \$0.749M.</p>												

Capital Investment Justification
 Marine Corp Depot Maintenance
 FY 2004 President's Budget Submission

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2004 /2005 BIENNIAL BUDGET ESTIMATE					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ February 2003				C. Line# and Description 8/ Software Development			D. Site Identification MC Depots Albany, GA and Barstow, CA					
	FY 2002 Actual			FY 2003 Estimate			FY 2004 Estimate			FY 2005 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
	-	-	0.000		0	0.000	0	0	0.000	0		0.000
Narrative Justification:												
<p>There are no Software Projects anticipated through FY 2005.</p>												

Department of Navy
Marine Corps Depot Maintenance
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATE
February 2003

FY 2002 ACTUAL OBLIGATIONS

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	(Dollars in Millions)		<u>Asset/ Deficiency</u>	<u>Explanation</u>
			<u>Approved Project Cost</u>	<u>Actual Project Cost</u>		
Equipment except ADPE and TELECOM						
2002	Plural Mixing System (MCA)		0.150	0.148	0.002	Productivity
2002	300HP Transmission Test Std (MCA)		0.450	0.434	0.016	Replacement
2002	Rough Terrain Crane (MCB)		0.313	0.000	0.313	Productivity
2002	Cross-Drive Dynamometer (MCB)		0.000	0.982	-0.982	Productivity
2002	Moved to Minor Const for Clear Span	-0.106	-0.106	0.000	-0.106	MCLB; To Minor Construction
2002	Issue 65245 VOC/APCS (MCB)		1.837	2.690	-0.853	Replacement
2002	Budget Control Adjustment Issue 65773	0.860	0.860	0.000	0.860	NAVCOMP
2002	DON 29 Jul 2002 Cost Authority Letter	0.757	0.757	0.000	0.757	NAVCOMP
	Subtotal Equipment	1.511	4.261	4.254	0.007	
Equipment - ADPE and TELECOM						
2002	Super Mini Computer (MCA)		0.000	0.363	-0.363	
2002	Moved to Minor Const for Clear Span	0.000	0.000	0.000	0.000	MCLB; To Minor Construction
2002	Budget Control Adjustment Issue 65773	0.600	0.600	0.000	0.600	NAVCOMP
2002	DON 29 Jul 2002 Cost Authority Letter	-0.237	-0.237	0.000	-0.237	NAVCOMP
	Subtotal Equip - ADPE and TELECOM	0.363	0.363	0.363	0.000	
Software Development						
2002	Advanced Planning System (MCA)		0.889	0.000	0.889	Productivity
2002	Budget Control Adjustment Issue 65773	-0.545	-0.545	0.000	-0.545	NAVCOMP
2002	DON 29 Jul 2002 Cost Authority Letter	-0.344	-0.344	0.000	-0.344	NAVCOMP
	Subtotal Software Development	-0.889	0.000	0.000	0.000	
Minor Construction						
2002	Clear Span Roof (Bldg 2200&2222) (MCA)		0.425	0.530	-0.105	Productivity
2002	Conversion Coating Facility (MCA)		0.499	0.000	0.499	Moved to FY03; Replacement
2002	Fiberglass Facility (MCB)		0.416	0.000	0.416	Moved to FY03; Productivity
2002	From CE & ADP Equip for Clear Span Roof (MCA)	0.106	0.106	0.000	0.106	MCLB; From Cap and ADP Equip for Clear Span Roof
2002	Budget Control Adjust Issue 65773	-0.915	-0.915	0.000	-0.915	NAVCOMP
	Sub-total Minor Construction	-0.809	0.531	0.530	0.001	
	Total FY 2002	0.176	5.155	5.147	0.008	

Department of Navy
 Marine Corps Depot Maintenance
 FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATE
 February 2003

FY 2003 BUDGET ESTIMATE

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Project Cost</u>	<u>Current Project Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
Equipment except ADPE and TELECOM						
2003	Hydraulic Rough Terrain Crane		0.314	0.314	0.000	Productivity Enhancement
2003	Hyster Forklift		0.121	0.121	0.000	Productivity Enhancement
2003	Rotoblast Machine		0.350	0.350	0.000	Replacement
2003	750HP Dynamometer		0.150	0.150	0.000	New Mission
	Subtotal Equipment		0.935	0.935	0.000	
	Equipment - ADPE and TELECOM		0.000	0.000	0.000	
Software Development						
	Subtotal Software Development		0.000	0.000	0.000	
Minor Construction						
2003	Paint Stripping Facility		0.499	0.499	0.000	Productivity Enhancement
2003	Conversion Coating Facility		0.499	0.499	0.000	Productivity Enhancement
2003	Clear Span Roof (Bldg 2222&2236)		0.427	0.427	0.000	Productivity Enhancement
2003	Fiberglass Repair Facility		0.416	0.416	0.000	Productivity Enhancement
2003	Bathroom Adjacent to 100M Test Range		0.100	0.100	0.000	Replacement
	Sub-total Minor Construction		1.941	1.941	0.000	
	FY 2003 Estimate		2.876	2.876	0.000	

Department of Navy
Marine Corps Depot Maintenance
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATE
February 2003

FY 2004 BUDGET ESTIMATE

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Project Cost</u>	<u>Current Project Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
Equipment except ADPE and TELECOM						
2004	Robotic Painting System (MCB)		1.405	1.405	0.000	Replacement
2004	Floor Reclaim System (MCB)		0.276	0.276	0.000	Productivity
2004	NDT Upgrade (MCA)		0.250	0.250	0.000	Replacement
2004	Rotoblast Machine (MCA)		0.350	0.350	0.000	Replacement
2004	750HP Dynamometer (MCA)		0.150	0.150	0.000	New Mission
	Subtotal Equipment		2.431	2.431	0.000	
Equipment - ADPE and TELECOM						
	Subtotal Equip - ADPE and TELECOM		0.000	0.000	0.000	
Software Development						
	Subtotal Software		0.000	0.000	0.000	
Minor Construction						
2004	Blast Room Enclosure (MCB)		0.291	0.291	0.000	Productivity
2004	Facility Trans/Engine Dyno (MCA)		0.600	0.600	0.000	Productivity
2004	Head/Emp Breakroom Paint Booth (MCA)		0.150	0.150	0.000	Productivity
2004	Facility Prep/Storage w/Dehumidi (MCA)		0.500	0.500	0.000	Productivity
	Sub-total Minor Construction		1.541	1.541	0.000	
	FY 2004 Estimate		3.972	3.972	0.000	

Department of Navy
Marine Corps Depot Maintenance
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATE
February 2003

FY 2005 BUDGET ESTIMATE

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Project Cost</u>	<u>Current Project Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
Equipment except ADPE and TELECOM						
2005	Vertical Band Saw		0.105	0.105	0.000	Replacement
2005	Dyno Transmission (MCA)		0.950	0.950	0.000	Productivity
2005	Dynamometer Engine (MCA)		0.950	0.950	0.000	Productivity
2005	Rotoblast Machine (MCA)		0.400	0.400	0.000	Replacement
2005	CNC Milling Machine (MCA)		0.175	0.175	0.000	Replacement
	Subtotal Equipment		2.580	2.580	0.000	
Equipment - ADPE and TELECOM						
2005	8 Way Server (MCB)		0.399	0.399	0.000	
	Subtotal Equip - ADPE and TELECOM		0.399	0.399	0.000	
Software Development						
	Subtotal Software		0.000	0.000	0.000	
Minor Construction						
2005	Body ShopUpgrades (MCA)		0.450	0.450	0.000	Productivity
2005	Drying Booths for Paint (MCA)		0.749	0.749	0.000	Replacement
	Sub-total Minor Construction		1.199	1.199	0.000	
	FY 2005 Estimate		4.178	4.178	0.000	

Naval Air Warfare Center

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operations
NAVAL AIR WARFARE CENTER (NAWC)
Date: February 2003

Mission Statement

This Naval Air Warfare Center (NAWC) budget submission includes the Aircraft Division (NAWCAD) and the Weapons Division (NAWCWD). The NAWCAD mission is to remain the Navy's principal RDT&E, engineering, and Fleet support activity for naval aircraft engines, avionics, and aircraft support systems and ship/shore/air operations. The scope of their mission includes the acquisition and in-service support of manned and unmanned air vehicles (UAVs) and air operations ashore and afloat. The mission of the NAWCWD is to be the Navy's full spectrum RDT&E in-service engineering center for air warfare weapons systems (except antisubmarine warfare systems) missiles and missile subsystems, aircraft weapons integration, and assigned airborne electronic warfare systems. The scope of the mission includes maintenance and operation of the air, land, and sea Naval Western Test Range complex.

Financial Highlights/Assumptions:

- This budget reflects a transfer of functions from NAWC to NAVAIR OM&N, to properly fund common support items beginning in FY 2004.

Budget Highlights

1. Workload Profile:

	FY 2002	FY 2003	FY 2004	FY 2005
Orders Received (\$ Millions)	2,475.5	2,292.3	2,183.2	2,067.6
Direct Labor Hours (DLHs)	14,773.1	14,429.9	14,392.4	14,342.8

The higher level of orders in FY2002 and FY2003 are primarily attributed to the following: DERF, E-2, P-3, V-22, MFS Support, Air Systems Support, JSF, and the T-45TS.

2. Financial Profile:

(Dollars in Millions)

	FY 2002	FY 2003	FY 2004	FY 2005
Revenue	\$2,426.3	\$2,316.8	\$2,181.9	\$2,104.7
Cost Of Goods Sold	2,437.0	2,278.1	2,180.5	2,104.7
Revenue Less Expense	-10.7	38.7	1.5	0
Capital Program Surcharge	-9.0	-4.0	0	0
Net Operating Results (NOR)	-19.7	34.7	1.5	0
Other Adjustments	0	0	0	0
AOR	-36.2	-1.5	0.0	0.0

FY 2002 and FY 2003 revenue and cost estimates reflect the increased workload provided under the workload profile.

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operations
NAVAL AIR WARFARE CENTER (NAWC)
Date: February 2003

3. Stabilized Rates:

	FY 2002	FY 2003	FY 2004	FY 2005
Stabilized Rates	\$86.12	\$93.97	\$86.27	TBD
% Rate Change		9.1%	-8.2%	TBD
Unit Cost	\$74.83	\$75.30	\$72.68	\$74.79
Composite Rate Change (includes direct reimbursable cost)		4.8%	-2.3%	2.1%

The decrease in FY 2004 is primarily due to the transfer of the BOS Common Support cost to Naval Air Station (NAS) Patuxent River (O&M,N).

4. Staffing Profile:

	FY 2002	FY 2003	FY 2004	FY 2005
Civilian E/S	11,362	10,937	10,092	10,036
Civilian W/Ys	10,833	10,840	10,007	9,962
Military E/S	260	242	242	242
Officers	80	96	96	96
Enlisted	180	146	146	146
Military W/Y	184	160	160	162

The decrease in civilian E/S and W/Ys in FY 2004 is due to the transfer of BOS Common Support functions as well as workforce efficiencies.

5. Indirect Ratio:

(Dollars in Millions)

	FY 2002	FY 2003	FY 2004	FY 2005
Total Indirect Costs (a)	\$ 379.3	\$ 354.6	\$ 295.4	\$ 305.1
Total Direct Costs (b)	\$2,027.6	\$1,923.4	\$1,885.1	\$1,799.6
Indirect Ratio (a)/(b)	19%	18%	16%	17%

The decrease in FY 2004 is primarily the result of the transfer of the BOS Common Support function to NAS Patuxent River (O&M,N).

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operations
NAVAL AIR WARFARE CENTER (NAWC)
Date: February 2003

6. Capital Purchases Program:

(Dollars in Millions)

	FY 2002	FY 2003	FY 2004	FY 2005
Equipment	\$8.1	\$8.5	\$6.5	\$11.6
Minor Construction	\$2.0	\$1.3	\$1.7	\$3.5
ADP/Telecommunications	\$8.2	\$5.8	\$7.9	\$9.1
Software	\$18.8	\$18.9	\$15.4	\$13.5
TOTAL	\$37.1	\$34.5	\$31.5	\$37.7

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 NAWCDIV / TOTAL

(NIFRPT)

PAGE 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	2,386.6	2,282.3	2,148.6	2,066.7
Surcharges	9.0	4.0	.0	.0
Depreciation excluding Major Constructio	30.7	30.5	33.3	38.0
Other Income				
Total Income	2,426.3	2,316.8	2,181.9	2,104.7
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	10.8	9.4	8.9	9.3
Civilian Personnel	942.9	966.8	936.3	956.6
Travel and Transportation of Personnel	47.3	51.0	50.5	51.4
Material & Supplies (Internal Operations	213.5	203.4	196.6	197.4
Equipment	39.6	40.8	42.0	42.6
Other Purchases from NWCF	80.3	59.9	57.4	58.5
Transportation of Things	3.1	1.7	1.7	1.7
Depreciation - Capital	30.7	30.5	33.3	38.0
Printing and Reproduction	1.2	1.3	1.2	1.2
Advisory and Assistance Services	4.2	5.8	3.5	3.5
Rent, Communication & Utilities	50.8	50.1	49.5	50.6
Other Purchased Services	982.6	857.5	799.5	694.0
Total Expenses	2,407.0	2,278.1	2,180.5	2,104.7
Work in Process Adjustment	29.9	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	2,437.0	2,278.1	2,180.5	2,104.7
Operating Result	-10.7	38.7	1.5	.0
Less Surcharges	-9.0	-4.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-19.7	34.7	1.5	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	-36.2	-1.5	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NAWCDIV / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	2,475	2,292	2,183	2,068
a. Orders from DoD Components	2,256	2,072	1,975	1,855
Department of the Navy	1,919	1,796	1,824	1,671
O & M, Navy	512	510	454	432
O & M, Marine Corps	4	9	9	9
O & M, Navy Reserve	2	0	0	0
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	336	263	295	217
Weapons Procurement, Navy	52	57	49	53
Ammunition Procurement, Navy/MC	15	12	11	11
Shipbuilding & Conversion, Navy	64	56	45	43
Other Procurement, Navy	59	58	75	64
Procurement, Marine Corps	6	10	10	10
Family Housing, Navy/MC	9	0	0	0
Research, Dev., Test, & Eval., Navy	857	819	874	829
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	3	3	2	3
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	44	37	35	36
Army Operation & Maintenance	7	4	4	4
Army Res, Dev, Test, Eval	9	8	8	8
Army Procurement	22	22	21	21
Army Other	6	3	3	3
Department of the Air Force	55	52	54	52
Air Force Operation & Maintenance	8	9	9	9
Air Force Res, Dev, Test, Eval	30	26	27	26
Air Force Procurement	13	17	17	17
Air Force Other	4	1	0	0
DOD Appropriation Accounts	238	187	62	97
Base Closure & Realignment	-4	0	0	0
Operation & Maintenance Accounts	40	22	9	11
Res, Dev, Test & Eval Accounts	61	40	29	42
Procurement Accounts	33	43	20	38
Defense Emergency Relief Fund	102	75	0	0
DOD Other	6	6	4	6
b. Orders from other WCF Activity Groups	93	102	95	102
c. Total DoD	2,350	2,175	2,071	1,957
d. Other Orders	126	118	113	110
Other Federal Agencies	9	15	16	14
Foreign Military Sales	72	74	68	67
Non Federal Agencies	45	29	29	29
2. Carry-In Orders	740	789	765	766
3. Total Gross Orders	3,216	3,082	2,948	2,834
a. Funded Carry-Over before Exclusions	789	765	766	729
b. Total Gross Sales	2,426	2,317	2,182	2,105

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NAWCDIV / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	-34	-32	-32	-32
5. Non-DoD, BRAC, FMS (-)	-108	-95	-101	-109
6. Net Funded Carryover	647	637	633	588

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

Exhibit Fund-11

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Changes in Cost of Operations
Activity: NAWC
Date: February 2003
(Dollars in Millions)

		<u>Expenses</u>
1. FY 2002 Actual		2,437
2. FY 2003 President's Budget		2,115
3. Pricing Adjustments		-54
a. Annualization of Prior Year Pay Raises	0	
1. Civilian Personnel	0	
2. Military Personnel	0	
b. FY 2003 Pay Raise	3	
1. Civilian Personnel	3	
2. Military Personnel	0	
c. Stock Fund - Fuel	0	
d. Stock Fund - Nonfuel	0	
e. Industrial Fund Purchases	0	
f. General Purchases Inflation	(6)	
g. Removal of CSRS/FEHB Full Funding Proposal	(51)	
4. Program Changes		217
a. Productivity Initiatives & Other Efficiencies	0	
1.	0	
b. Workload Changes	213	
1. DERF	93	
2. V-22	43	
3. F/A-18 E/F	19	
4. F/A-18 Squadrons	10	
5. Manned Flight Simulator Support	17	
6. JSF	12	
7. USMC H-1 Upgrades	22	
8. Air Systems Support	26	
9. T-45TS	9	
10. Marine Corps (17 1106/1107/1109)	(12)	
11. Private Parties	(10)	
12. Catapults & Arresting Gear	(9)	
13. CVN Support/Replacement	(17)	
14. CVX Survivability & Tech Suppt	(9)	
15. E-2 Squadrons	(13)	
16. E-2C Air Vehicle	9	
17. TACAMO	8	
18. C3 Technology	(7)	
19. ASW & Other Helo Development	10	
20. CVN 69 Mission Pods	5	
21. Combat Operations/Support - USACOM	(6)	
22. DDG-51 (FF)	(16)	
23. P-3 Series	4	
24. AERIAL Target	6	
25. Improved SLAM	5	

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Changes in Cost of Operations
Activity: NAWC
Date: February 2003
(Dollars in Millions)

		<u>Expenses</u>
26. Tomohawk	3	
27. AMRAAM	4	
28. AARGM	10	
29. Various Program Increases/Decreases	(3)	
c. Other Changes	4	
1. Force Protection	4	
5. FY 2003 Current Estimate		2,278

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Changes in Cost of Operations
Activity: NAWC
Date: February 2003
(Dollars in Millions)

		<u>Expenses</u>
6. FY 2003 Current Estimate		2,278
7. Pricing Adjustments		45
a. Annualization of Prior Year Pay Raises	8	
1. Civilian Personnel	7	
2. Military Personnel	1	
b. FY 2004 Pay Raise	14	
1. Civilian Personnel	14	
2. Military Personnel	0	
c. Stock Fund - Fuel	1	
d. WCF purchases	5	
e. General Purchases Inflation	17	
8. Program Changes		-144
a. Productivity Initiatives & Other Efficiencies	(33)	
1. A-76 Net Savings	(6)	
2. BPR Net Savings	(19)	
3. 2% Reduction associated with Installation Consolidation	(2)	
4. Savings associated with ERP	(6)	
b. Workload Changes	38	
1. Air Systems Support	11	
2. ASW & Other Helo Development	6	
3. Aviation Improvements	10	
4. Common Avionics Changes	8	
5. DDG-51 (FF)	(9)	
6. DERF	(27)	
7. EW Development	21	
8. F/A-18 E/F	(6)	
9. F/A-18 Squadrons	10	
10. ID Systems	5	
11. Foreign Military Sales	(8)	
12. JPALS	6	
13. JSF	22	
14. Life Safety Deficiencies	(11)	
15. P03 Series	(5)	
16. MFS Support	(4)	
17. Fleet Tech Support	(4)	
18. E-2 Series	(6)	
19. Engineering Tech Svcs (ETS)	7	
20. Air Launched Missiles (Re-work)	3	
21. Air Launched Ordnance (Re-work)	7	
22. Program Related Engineering Support	6	
23. F-18 Improvement	9	
24. AV-8B	4	
25. Tomahawk	(3)	

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Changes in Cost of Operations
Activity: NAWC
Date: February 2003
(Dollars in Millions)

Expenses

26. JSOW	(3)	
27. MISIL Program	11	
28. C-2A Mods	(4)	
29. Common Ground Equipment	(4)	
30. Common Systems Program	(3)	
31. EA-6 Series Mod	(3)	
32. KC-130J	(3)	
33. Open Systems Core Avionics	(1)	
34. WPN SYS T&E TRG Dev	(1)	
35. F/A-18 Tactical Reconnaissance	(1)	
36. Training Equipment Ops & Maint	(1)	
37. Sidewinder Mods	(1)	
38. HARM Mods	(1)	
39. JASSM	1	
40. Advanced Precision Kill	1	
41. Various Programs	(1)	
c. Other Changes	(149)	
1. Plus One Workday	3	
2. Reduced indirect costs (overhead manpower & facility consolidation)	(36)	
3. VSIP/VERA	1	
4. Increase in Benefits due to increase in amount of FERS Personnel	1	
5. Labor Variance	3	
6. Increase in Depreciation	3	
7. BOS Common Support Transfer	(122)	
8. Family Housing Transfer	(1)	
9. FY 2004 Current Estimate		2,180

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
 CAPITAL INVESTMENT SUMMARY
 DEPARTMENT OF THE NAVY
 RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
 (\$ in Millions)

ITEM LINE #	ITEM DESCRIPTION	FY 2002		FY 2003		FY 2004		FY 2005	
		QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST
	1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)								
	Replacement								
8 AA 1 EL 8017 G R	LAND MOBILE COMMUNICATION TRUNKING SYSTEM	1	.800						
4 WD 4 EL 4444 P R	COLLATERIAL EQUIPMENT FOR MILCON P-453					1	1.000		
	Productivity								
4 WD 8 EL 0108 P P	MISSION PLANNING II	1	.947	1	.900				
	New Mission								
8 AA 2 EL 8410 G N	P-420 SECURITY EQUIPMENT	1	.298	1	1.513				
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)	3	2.045	2	2.413	1	1.000	1	.500
NN EU 0000	1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)	19	6.006	21	6.076	14	5.552	23	11.062
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	22	8.051	23	8.489	15	6.552	24	11.562
NN MC 0000	3. MINOR CONSTRUCTION	4	1.989	3	1.267	5	1.687	8	3.526
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM	26	10.040	26	9.756	20	8.239	32	15.088
	1a. ADP & TELECOMMUNICATIONS EQUIPMENT (>\$1M)								
	Computer Hardware (Production)								
4 AB 1 KL 4820 P P	IMMERSIVE DESIGN OPTIMIZATION SYSTEM	1	.525						
7 AA 2 KL 723C G P	CORPORATE COMPUTING TECHNOLOGY INSERTION	1	1.069						
	Telecommunications								
7 AB 0 TL 7240 G N	EXTENSION OF FIBER OPTIC/UTP INFRASTRUCTURE	1	.575						
7 WD 3 TL 0084 G R	COMMUNICATION SYSTEM UPGRADE	1	.668	1	1.340				
4 WD 1 TL 9106 P R	INTEGRATED BATTLESPACE ARENA IMPROVEMENTS (IBAR) PHASE 1 AND 2	1	.805	1	1.100	1	.250		
8 WD 2 TL 6152 G R	RADIO COMMUNICATIONS NETWORK UPGRADE	1	1.239	1	.953	1	1.000		
7 AA 4 TL 7231 G R	5ESS TELEPHONE SWITCH SOFTWARE UPGRADE					1	1.500		
7 WD 4 TL 4448 G R	RDT&E NETWORK					1	1.970		
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)	6	4.881	3	3.393	4	4.720	3	4.110

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
 CAPITAL INVESTMENT SUMMARY
 DEPARTMENT OF THE NAVY
 RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
 (\$ in Millions)

ITEM LINE #	ITEM DESCRIPTION	FY 2002		FY 2003		FY 2004		FY 2005	
		QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST	QTY	TOTAL COST
NN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	12	3.358	8	2.450	7	3.162	10	5.003
	2. TOTAL ADPE & TELECOMMUNICATIONS	18	8.239	11	5.843	11	7.882	13	9.113
A DL 0002	3a. SOFTWARE DEVELOPMENT (>\$1M) Internally Developed NETWORK CENTRIC WARFARE IMPLEMENTATION (BPR)	2	2.408	2	2.800				
A SL 0001	Externally Developed ENTERPRISE RESOURCE PLANNING (ERP)	2	16.388	2	15.809	2	15.395		
	SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)	4	18.796	4	18.609	2	15.395	2	13.491
NN DU 0000	3b. SOFTWARE DEVELOPMENT (<\$1M)	0	.000	1	.300	0	.000	0	.000
	3. TOTAL SOFTWARE DEVELOPMENT	4	18.796	5	18.909	2	15.395	2	13.491
	TOTAL ADP CAPITAL PURCHASES PROGRAM	22	27.035	16	24.752	13	23.277	15	22.604
	TOTAL CAPITAL PURCHASES PROGRAM	48	37.075	42	34.508	33	31.516	47	37.692
	TOTAL CAPITAL OUTLAYS		45.042		34.191		31.640		33.643
	TOTAL DEPRECIATION EXPENSE		30.698		30.489		33.287		37.966

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)	A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
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B. Department of the Navy/Research & Development	C. COLLATERAL EQUIPMENT FOR MILCON P-453 4WD4EL4444PR	CHINA LAKE
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Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST			0			0	1	1,000	1,000			

OPERATIONAL DATE 1-Dec-05

METRICS:	<u>AVOIDANCE</u>	<u>SAVINGS</u>	<u>TOTAL</u>
PROJECTED ANNUAL SAVINGS	\$412,000	\$0	\$412,000
AVERAGE ANNUAL SAVINGS (Discounted)	\$253,156	\$0	\$253,156
PAYBACK PERIOD	4.7		4.7
RATE OF RETURN (ROR)	17%	0%	17%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. The acquisition and installation of collateral technical equipment is in support of the MILCON P-453 Combined Research Laboratory. Design of the laboratory is expected to start in FY02 and construction to start after receipt of authority. This technical and non-technical equipment includes such items as hoods, laboratory benches, eyewashes, distiller, tensile tester, surface analyzer, Fourier Transform Infrared (FTIR) analyzer, Differential Thermal Analyzer (DTA), chemical lockers, etc.
2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The equipment on hand in the various buildings does not completely support the increased operating efficiency expected from the MILCON. The new equipment will enable the modernization/replacement of 40+ year-old equipment that currently resides in 35 buildings. Removal and reinstallation of old equipment is not cost effective.
3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The only other alternative is to populate the new facility with aged operating and auxiliary equipment that is, or soon will be, obsolete. This purchase will minimize future costs. The building, together with new and upgraded equipment, will make it a state-of-the-art facility.
4. IMPACT IF NOT ACQUIRED. Over time, maintenance costs for installation of near-obsolete equipment could increase by a factor of two or more. It would be counterproductive to have obsolete equipment in a new state-of-the-art facility.
5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Department of the Navy/Research & Development						C. INTEGRATED BATTLESPACE ARENA IMPROVEMENTS (IBAR) PHASE 2 4WD1TL9106PR					D. China Lake	
Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST	1	805	805	1	1,100	1,100	1	250	250			
OPERATIONAL DATE	1-Sep-04											
METRICS:	AVOIDANCE	SAVINGS	TOTAL									
PROJECTED ANNUAL SAVINGS	\$2,402,375	\$0	\$2,402,375									
AVERAGE ANNUAL SAVINGS (Discounted)	\$1,476,155	\$0	\$1,476,155									
PAYBACK PERIOD	1.0		1.0									
RATE OF RETURN (ROR)	68%	0%	68%									
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)												
<p>1. DESCRIPTION & PURPOSE OF PROJECT. The Integrated Battlespace Arena (IBAR) is a collection of nine (9) laboratories and facilities at the China Lake site dedicated to battlespace engineering at all levels. RDT&E from the sub-component level all the way up to the integrated "system of systems" level is routinely supported. Phase 2 will upgrade, or replace several components in the various integrated laboratories and facilities. The areas targeted for this phase are the, Global Positioning System/Inertial Systems (GPS/INS) Laboratory, Infrared (IR) Target Presentation, Data Link, Signal Processing Development Laboratory, Virtual Prototype Facility and the upgrade of several infrastructure elements in the IBAR, the general laboratory's high pressure gas system, network. In addition to the facilities mentioned above, this Phase will begin the upgrade for the Cockpit Dome Simulator and will continue the upgrade of the IBAR network. The FY04 Project will be to upgrade the video projectors for the out-the-window displays of the Virtual Prototyping Facility (VPF).</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The current simulation requirements from the broad IBAR customer base are beginning to tax the capability of the various IBAR components. As the need to reduce the number of in-flight and live-fire tests increases, reliance on the IBAR is increased.</p> <p>In the GPS/INS Laboratory, the two Contraves rate tables originally procured in the early-mid 80's are damaged. In the Data Link facility, a gateway is needed to allow data to be shared and distributed by the IBAR components. With a gateway, the IBAR would be able to fuse a number of external (radio) data sources and provide the data for use by any of the simulation and/or hardware in the loop laboratories. In the Virtual Prototype Facility (VPF), the original video projectors, 9 X 12 foot screens and ancillary equipment were purchased in 1996. The screens display high-resolution computer-generated views of terrain and targets during cockpit simulations. Since that time, technology has advanced to provide digital video equipment that offers improved brightness, and resolution that will enable the sharpness and resolution required during cockpit simulations for key target detection and recognition. The current Cockpit Dome Simulator lacks a field of view and prohibits many air-to-air scenarios that require a larger field-of-view, particularly above the aircraft. The addition of a 12-foot diameter hemispherical dome, with projection system and re-configurable cockpit would provide for multi-ship scenarios when linked with the VPF. A key thrust in the IBAR involves operation and evaluation of infrared missile guidance systems, as well as the simulated target presentation systems for them, which require cooling with high-pressure gas. The gas system for the IBAR currently utilizes a bank of very heavy pressurized gas cylinders, which is both costly and dangerous because of the weight of the cylinders and the change out frequency. An integrated high-pressure gas system utilizing nitrogen is needed to run throughout the IBAR, to the GPS/INS navigation Laboratory and to the Geodesic Dome providing high-pressure gas in the 3000 psi to 6000 psi range. The development, fabrication, hardware characterization, and test and evaluation processes for Advanced Digital Signal Processing and IR sensor development is becoming more difficult due to outdated development and test equipment. The upgrades are vital to replace older analog devices and slower test equipment to sustain in-house development capability. The IR Scene Presentation Laboratory provides infrared scene generation and projection assets to support indoor weapon test efforts. The current fastest array operates at 200 Hz and is still too slow for some sensors currently in development for delivery to the fleet. Our compute and projection requirements need to be upgraded to meet the emerging need of our customers.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The alternative is to maintain the status quo and not meet the requirements for real-time simulations for missile and weapons system designers. As a result, the weapons programs may require more in-flight testing that would increase the overall cost of the weapon system.</p> <p>4. IMPACT IF NOT ACQUIRED. The impact will be additional in-flight tests, captive carry and live-fire testing required by the programs. This will significantly increase the cost of weapon system development and life-cycle costs of the weapons.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Department of the Navy/Research & Development							C. RADIO COMMUNICATIONS NETWORK UPGRADE				D. China Lake	
							8WD2TL6152GR					
Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST	1	1239	1239	1	953	953	1	1,000	1,000			
OPERATIONAL DATE	1-Oct-06											
METRICS:	AVOIDANCE	SAVINGS	TOTAL									
PROJECTED ANNUAL SAVINGS	\$200,000	\$0	\$200,000									
AVERAGE ANNUAL SAVINGS (Discounted)	\$122,891	\$0	\$122,891									
PAYBACK PERIOD	NA	NA	NA									
RATE OF RETURN (ROR)	2%	0%	2%									
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)												
<p>1. DESCRIPTION & PURPOSE OF PROJECT. This is a base-wide replacement to upgrade our many existing radio communication systems into a single consolidated network. The Department of Commerce's National Telecommunications and Information Administration (NTIA) are currently implementing the digital and narrowband standard. This standard doubles the number of available frequencies. Using digital signal processing requires half of the bandwidth formerly allocated per radio frequency channel. All federal agencies are required to comply with this standard by 01 January 2008. This system will be NAWCWD compliant with current and imminent regulations for narrow-band frequency usage and the Project-25 Digital Standards for Common Air Interface of two-way radio systems used by the Federal Government. This system will provide clear digital two-way radio communications for public safety, base operations, range operations, airfield operations, P. W. operations and base activities at China Lake, Point Mugu and San Nicolas Island (SNI). Through digital encryption, this system will accommodate the communications security needs of these radio users. It will provide levels of communications interoperability never before possible at these sites. Radio capabilities will be greatly enhanced to meet mutual aid and disaster preparedness. Two-way radio coverage will be improved by allowing all nets access to all transceiver sites. Radio Systems administered by the U.S. Army at Fort Monmouth will be providing a Site Survey and Plan of Action for the installation of the new radio system, which will be phased in over a 5-year period. Each year is to be considered a module; therefore, each module can go operational each fiscal year.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The existing equipment will not meet the Federal Government requirement for 12.5 kHz narrow-band operation and will have to be replaced in the next few years to meet that mandatory requirement. Our existing infrastructure is old and the equipment is no longer in production, which makes repairs and maintenance unreliable, and upgrades impossible to meet new standards. Putting this new system in place will immediately solve the equipment problems. The software will be upgradeable so that new requirements in the future can be met without replacing the Radio equipment.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Our existing infrastructure is old and the equipment is no longer in production making repairs and maintenance unreliable. And, the existing equipment cannot be upgraded to meet the new standards. This is a mandated project from NTIA and the Naval Electromagnetic Spectrum center (NAVEMSCEN).</p> <p>4. IMPACT IF NOT ACQUIRED. If the radios are not replaced by the year 2005 the existing Radio Communications will no longer be approved by the FCC, the frequencies will be lost, and radio communications will cease.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT Not applicable.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Department of the Navy/Research & Development						C. 5ESS TELEPHONE SWITCH SOFTWARE UPGRADE				D. Patuxent River 7AA4TL7231GR		
	2002			2003			2004					
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST			0			0	1	1,500	1,500			
OPERATIONAL DATE	30-Sep-04											
METRICS:	AVOIDANCE	SAVINGS	TOTAL									
PROJECTED ANNUAL SAVINGS	\$2,190,000	\$0	\$2,190,000									
AVERAGE ANNUAL SAVINGS (Discounted)	\$1,345,660	\$0	\$1,345,660									
PAYBACK PERIOD	0.7		0.7									
RATE OF RETURN (ROR)	90%	0%	90%									
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)												
<p>1. DESCRIPTION & PURPOSE OF PROJECT. Installation of two generic software upgrades for the continuation of vendor maintenance and to support the connectivity of the base telephone switch to the public switch network.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The 5ESS telephone switch shall remain within two generic software levels of the manufacturer's current version. Non-compliance with this policy will downgrade the 5ESS operating software to a discontinued availability, thus having an immediate impact to our capability to maintain and operate our telephone service.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The following project alternatives were considered: a) Reconfigure the Patuxent River telephone connectivity to a PBX environment. Costs to complete this alternative would be in excess of \$2 million. Additionally, loss of telephone services such as caller identification and five digit dialing plan will occur. Reconfiguration of trunking to enable caller identification would be an additional significant cost. b) Status quo. Repairs/maintenance would be on a time and material basis which could be significant.</p> <p>4. IMPACT IF NOT ACQUIRED. Without the software being at a supportable version, the base telephone switch will be without maintenance. Results of no maintenance on the switch will impact the base and its operations in the following ways: a) Loss of 24x7 monitoring, identification of issues (environmental, hardware and software) and quick resolutions. b) Loss of caller identification which is detrimental to: 911 Emergency Services Response, investigations of threats, and investigations of abuses. c) Potential interruption of telephone service. Telephone service is considered a mission critical service. d) time and material costs for repairs could be significant.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FY2004 PRESIDENT'S BUDGET		
B. Department of the Navy/Research & Development						C. RDT&E NETWORK						CHINA LAKE/POINT MUGU
						7WD4TL4448GR						
Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
INVESTMENT COST			0			0	1	1,970	1,970			
OPERATIONAL DATE	30-Apr-05											
METRICS:	AVOIDANCE	SAVINGS	TOTAL									
PROJECTED ANNUAL SAVINGS	\$9,020,000	\$0	\$9,020,000									
AVERAGE ANNUAL SAVINGS (Discounted)	\$5,542,400	\$0	\$5,542,400									
PAYBACK PERIOD	0.2		0.2									
RATE OF RETURN (ROR)	281%	0%	281%									
PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)												
<p>1. DESCRIPTION & PURPOSE OF PROJECT. This project encompasses the other-than-Navy Marine Corps Intranet (NMCI) backbone communications infrastructure for NAWCWD RDT&E at the China Lake and Point Mugu sites. Most activities that support the RDT&E mission at NAWCWD have communications requirements that cannot be met via the current implementation of the NMCI contract. The majority of WD's RDT&E laboratories, Western Ranges, Weapons Software Support Activities (WSSA)'s, secure facilities and tenant activities will only be interconnected through NMCI which will NOT support the bulk of the RDT&E community's communications requirements. The goal of this project and the defacto consensus of these customers is that it is critical to the over-all success of the RDT&E mission at WD for a site-wide Non-NMCI (RDT&E) communications infrastructure to be established. In turn, the Non-NMCI interconnectivity requirements can be met by linking the various RDT&E activities including laboratories, ranges, WSSA's, secure facilities above General Services (GENSER) secret and tenants. The RDT&E activities would continue to maintain control over their own unique RDT&E infrastructures within their respective activities.</p> <p>2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Since January '01, when the Integrated Strike Force (ISF) assumed control of the existing infrastructure, the communications infrastructure has been operating in an "as-is" mode; meaning, the ISF will not upgrade or expand the existing communications infrastructure. It is also unknown at this time what portions of the communications infrastructure may be retained by the ISF and what will be returned to Navy control. At that time the Navy will have to evaluate what it will take to meet the RDT&E community's Non-NMCI requirements. This will include the following:</p> <p>a) Replace necessary sections/components of the infrastructure retained by the ISF. b) Decommission systems and sections of the infrastructure no longer required. c) Upgrade necessary systems which were not kept current by the ISF. d) Expand the infrastructure based on a collaboratively established priority scheme that continues to meet and incorporate emerging Non-NMCI requirements of the RDT&E community.</p> <p>3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Two alternatives are:</p> <p>1) Do nothing and the RDT&E community will have to live with the "as-is" capabilities of the existing infrastructure under ISF control. Once transition of all identified NMCI users and systems has been made to the new NMCI Base Area Network (BAN), the existing communications infrastructure will be retired by the ISF. Site-wide support of the RDT&E Community's Non-NMCI communication requirements that relied on the existing infrastructure for interconnectivity will terminate. This alternative is not feasible, since the primary reason for the existence of NAWCWD is to support the RDT&E mission and its associated customers.</p> <p>2) Do nothing and allow those RDT&E activities with the ability & resources to implement their own Non-NMCI communication infrastructure solution(s). This alternative also is not feasible due to the significant increase of inefficiencies (multiple RDT&E activities developing their own parallel project-specific solutions), decrease of over-all performance, and a significant increase cumulative life-cycle costs across NAWCWD.</p> <p>4. IMPACT IF NOT ACQUIRED. Without a Non-NMCI (RDT&E) communications infrastructure, NAWCWD will not have the strategic asset necessary to successfully compete in the DoD RDT&E arena; specifically, NAWCWD will be unable to fully support NAVY/DoD initiatives that involve Non-NMCI requirements.</p> <p>5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.</p>												

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Department of the Navy/Research & Development							C. ENTERPRISE RESOURCE PLANNING (ERP)			D. NAWC NNSL0001		
Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
NAWC-AD	1	10,209	10,209	1	9,848	9,848	1	9,590	9,590			
NAWC-WD	1	6,179	6,179	1	5,961	5,961	1	5,805	5,805			
TOTAL NAWC	2	16,388	16,388	2	15,809	15,809	2	15,395	15,395			

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT: As the Navy embarks on the Revolution in Business Affairs initiatives, Enterprise Resource Planning (ERP) is the strategic initiative chosen by the Department of Navy's Working Group (WG) on Commercial Business Practices (CBP). As a result of the decisions of the CBP WG the Naval Aviation Systems TEAM (TEAM) will reengineer and standardize processes, integrate operations and data to increase productivity, and optimize supply chain management. The Naval Air Systems TEAM (TEAM) intends to manage ERP as a corporate project with constituent parts. Proposed allocations are based on an evolving program plan. Multiple ERP pilots are planned throughout the Navy with functionality determined by the scope of each pilot. Per the CBP WG each ERP pilot will be funded by that WG member's organization. This submission is for a multi-year, Externally Developed Software (EDS) project that will integrate business processes and tools in the areas of financial accounting, materials management, plant maintenance, project systems, controlling and human resources. Functionality will encompass the following:

- Financial accounting: general ledger, accounts receivable/payable, financial reports, special purpose ledger, and legal consolidations;
- Materials management: procurement, inventory management, vendor evaluation, invoices verification and warehouse management;
- Plant maintenance: maintenance notifications/orders, resource/maintenance planning, historical information, and service management;
- Project systems project tracking, work breakdown structure, budget management, cost and revenue planning;
- Controlling cost center accounting, activity based costing, and internal orders; and
- Human resources personnel administration, payroll, time management, planning and development, and organization management

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVES THE DEFICIENCY/PROBLEM: Throughout the TEAM there are numerous, independent, stand-alone information systems supporting multiple, inconsistent processes. Data is not timely and is difficult to consolidate. Many systems track similar data without a common data format. No single system does it all (i.e., planning, procurement, and inventory management). System interfaces are inconsistent, non-standard, and rely upon manual intervention. At the core of an ERP system is a central database that draws data from and feeds data into a series of applications supporting diverse functions. ERP will automate manual processes, drastically reduce data reconciliation, and improve the quality of information available to decision-makers. ERP will assist in providing end-to-end capability, in enabling consistent and reliable information on cost and performance, and in integrating business processes to optimize results across the TEAM.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED: The CBP WG under the auspices of Department of Navy's (DON's) Revolution in Business Affairs was tasked to focus on Commercial Financial Practices and best of breed business solutions. The CBP WG received in-depth briefings from industry, fleet representatives, defense agencies, and other government agencies. Of all the alternatives briefed and considering all the data provided, the members were unanimous in concluding that the best solution to business practices would be realized through ERP solution. As a result of the recommendation of the CBP WG, NAVAIR issued a request for proposal. Several companies bid, integrator and COTS solutions were evaluated through the source selection process and a contract was awarded for the NAVAIR ERP program management (PM) pilot.

4. IMPACT IF NOT ACQUIRED: The TEAM would have to continue business as usual and could not achieve gains in productivity through reengineered processes and an integrated information system. Non-standard, costly maintenance, and duplicative legacy systems would persevere. The TEAM would be unable to manage costs for maximum reallocation of savings for the recapitalization and modernization of naval aviation. ERP is required for NAVAIR to achieve portions of the Navy wedge savings. As the business case analysis demonstrates current anticipated quantitative and qualitative benefits would not be realized. If ERP is funded, the ERP will assist other systems in becoming compliant with statutory requirements, the Government Management Reform Act (GMRA), the Government Performance and Results Act (GPRA), and the Chief Financial Officer (CFO) Act.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Department of the Navy/Research & Development/Air Warfare Center							C. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)			D. NAWC NNEU0000		
Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
TOTAL INVESTMENT COST	19	VAR	6,006	21	VAR	6,076	14	VAR	5,552			
ITEM LINE #	ITEM DESCRIPTION		FY 2002	FY 2003	FY 2004							
8AA1EM8360GR	Firefighting Equipment		1 816	1 816								
4AA2EM455BPP	Airlab #1 Upgrade		2 600									
4AA3EM4550PN	Airlab #2 Upgrade			2 600								
4AB3EM48LTPR	Site Based Signal Conditioning			3 500								
8AA4EM8101GR	Firefighting Equipment				1 876							
4AA4EM456APN	Hairy Buffalo CDL/Link 16 Ground Station				2 600							
4WD0EM9104PR	Energetic Materials Equipment Modernization		1 500									
4WD2EM2204PR	Polymer Materials Testing		2 506									
4WD4EM4445PR	Coating Capability Upgrade				1 550							
4WD4EM4460PR	Auxiliary Energetics Equipment				2 300							
4WD4EM5556PR	Nano-Materials Development				3 280							
NNES0000	Subtotal Equip-other than ADPE & TELECOM (<\$.5M)		15 3,584	18 4,160	9 2,946							
TOTAL NAWC EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)			19 6,006	21 6,076	14 5,552							

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. Fiscal Year (FY)
2004/2005 Biennial Budget

B. Department of the Navy/Research & Development/Air Warfare Center

C. MINOR CONSTRUCTION

D. NAWC

NNMC0000

Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
TOTAL INVESTMENT COST	4	VAR	1,989	3	VAR	1,267	5	VAR	1,687			

ITEM LINE #	ITEM DESCRIPTION	FY 2002		FY 2003		FY 2004	
8AA2MC8009GC	Addition to Building 2060	1	952				
	Subtotal MINOR CONSTRUCTION (<\$.5M)	3	1,037	3	1,267	5	1,687
<u>TOTAL NAWC MINOR CONSTRUCTION</u>		<u>4</u>	<u>1,989</u>	<u>3</u>	<u>1,267</u>	<u>5</u>	<u>1,687</u>

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Department of the Navy/Research & Development/Air Warfare Center							C. ADPE & TELECOMMUNICATIONS (<\$1M) NNKU0000			D. NAWC		
	2002			2003			2004					
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
TOTAL INVESTMENT COST	12	VAR	3,358	8	VAR	2,450	7	VAR	3,162			
ITEM LINE #	ITEM DESCRIPTION		FY 2002		FY 2003		FY 2004					
4AA2KM4K93PR	Multi-Channel Acoustic Signal Generation System		1	690								
4AA2KM4551PN	Wave Division Multiplexing Network Components		2	349	1	350						
4AA4KM40XAPN	NCW CE						1	732				
4AB4KM483KPN	System & Technology Hardware/Software Integration Simulator (SYNTHESIS)						2	625				
7AA4KM7220GN	E Business Portfolio Management						3	600				
NNKS0000	Subtotal ADPE & TELECOMMUNICATIONS (<\$.5M)		10	2,319	7	2,100	4	1,205				
<u>TOTAL NAWC ADPE & TELECOMMUNICATIONS (<\$1M)</u>			<u>12</u>	<u>3,358</u>	<u>8</u>	<u>2,450</u>	<u>7</u>	<u>3,162</u>				

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates		
B. Department of the Navy/Research & Development/Air Warfare Center							C. SOFTWARE DEVELOPMENT (<\$1M)			D. NAWC NNDU0000		
Element of Cost	2002			2003			2004					
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
TOTAL INVESTMENT COST	0	VAR	0	1	VAR	300	0	VAR	0			
ITEM LINE #	ITEM DESCRIPTION		FY 2002		FY 2003		FY 2004					
NNDS0000	Subtotal Software Development (<\$.5M)		0	0	1	300	0	0				
<u>TOTAL NAWC SOFTWARE DEVELOPMENT (<\$1M)</u>			<u>0</u>	<u>0</u>	<u>1</u>	<u>300</u>	<u>0</u>	<u>0</u>				

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2003

ITEM LINE #	ITEM DESCRIPTION						Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
	1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)										
8	AA	2	EL	8410	G	N	1.513	.000	1.513		
	P-420 SECURITY EQUIPMENT										
4	WD	8	EL	0108	P	P	.900	.000	.900		
	MISSION PLANNING II										
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)						2.413	.000	2.413		
	1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)						6.076	.000	6.076		
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM						8.489	.000	8.489		
	3. MINOR CONSTRUCTION						1.267	.000	1.267		
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM						9.756	.000	9.756		
	1a. ADPE & TELECOMMUNICATIONS (>\$1M)										
	Computer Hardware (Production)										
7	WD	3	TL	0084	G	R	1.340	.000	1.340		
	COMMUNICATION SYSTEM UPGRADE										
4	WD	1	TL	9106	P	R	1.100	.000	1.100		
	INTEGRATED BATTLESPACE ARENA IMPROVEMENTS (IBAR) PHASE 1 AND 2										
8	WD	2	TL	6152	G	R	.953	.000	.953		
	RADIO COMMUNICATIONS NETWORK UPGRADE										
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)						3.393	.000	3.393		
	1b. ADPE & TELECOMMUNICATIONS (<\$1M)						2.450	.000	2.450		
	2. TOTAL ADPE & TELECOMMUNICATIONS						5.843	.000	5.843		
	3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)										
	NETWORK CENTRIC WARFARE IMPLEMENTATION (BPR)						2.800	.000	2.800		
	ENTERPRISE RESOURCE PLANNING (ERP)						15.809	.000	15.809		
	3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)						18.609	.000	18.609		
	3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)						.300	.000	.300		
	3. TOTAL SOFTWARE DEVELOPMENT						18.909	.000	18.909		
	TOTAL ADP CAPITAL PURCHASES PROGRAM						24.752	.000	24.752		
	GRAND TOTAL CAPITAL PURCHASES PROGRAM						34.508	.000	34.508		

Naval Surface Warfare Center

**FY 2004/2005 BIENNIAL BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER**

INTRODUCTION

The Naval Surface Warfare Center (NSWC) was established on 2 January 1992 with the following mission: “To operate the Navy’s full spectrum research, development, test and evaluation, engineering and fleet support center for ship hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.”

CENTER OVERVIEW

The Center is comprised of six operating divisions whose operations and locations are described briefly below.

CARDEROCK DIVISION. The mission of this division is to provide research, development, test and evaluation, fleet support and in service engineering for surface and undersea vehicle hull, mechanical and electrical (HM&E) systems and propulsors: provide logistics R&D and provide support to the Maritime Administration and Maritime Industry. The division has major operating sites at Carderock, MD and Philadelphia, PA with smaller operating sites at Ft. Lauderdale, FL, Memphis, TN, Norfolk, VA, Bremerton, WA, and Bayview, ID.

CORONA DIVISION. The mission of this station is to gauge the war fighting capability of ships and aircraft, from unit to battle group level, by assessing the suitability of design, the performance of equipment and weapons, and the adequacy of training.

CRANE DIVISION. The mission of this division is to provide engineering and industrial support of weapons systems, subsystems, equipment and components. Primary product areas of expertise include electronic warfare, gun and gunfire control systems, microelectronics components, electronic module test and repair, microwave components, electromechanical power systems, acoustic sensors, small arms, conventional ammunition, radars, and pyrotechnics. The division has one primary operating site, Crane, IN, with a small engineering site at Fallbrook, CA.

DAHLGREN DIVISION. The mission of this division is to provide research, development, test and evaluation, engineering and fleet support for surface warfare systems, surface ship combat systems, ordnance, mines and mine counter measures, amphibious warfare systems, special warfare systems, strategic warfare systems, and diving. The division has three primary operating sites, Dahlgren, VA, Panama City, FL and Dam Neck, VA.

INDIAN HEAD DIVISION. The mission of this division is to provide technical capabilities in energetics for all warfare centers and to provide special weapons, explosive safety and ordnance environmental support to all warfare centers, the military departments and ordnance industry. The primary site of operations is Indian Head, MD, with smaller operations at Yorktown, VA and MacAlester, OK, Earle, NJ, and Seal Beach, CA. Operations at Concord, CA ceased in FY 2002.

PORT HUENEME DIVISION. The mission of this division is to provide test and evaluation, in service engineering and integrated support for surface warfare systems, system interface, weapons systems and subsystems, unique equipment's, and related expendable ordnance of the surface fleet. The primary operating sites are Port Hueneme, CA; San Diego, CA. The division also operates small detachments in Louisville, KY and Dam Neck, VA.

BUDGET OVERVIEW

This budget represents NSWC's financial operating plan for FY 2002 – FY 2005 and supports the goals of sustainment and nurturing of critical core capabilities that support legacy and emerging systems in the Fleet. An inherent part of both our core equities strategy and our facilities and workforce reconstitution strategy is the position we take in science and technology investments for the future. Investments outlined in this submission build are essential if we are to acquire and retain top quality scientists and engineers in support of the Navy's future strategic needs.

The current submit also incorporates investments required to sustain force protection/counter-terrorism efforts following the attacks on America on September 11, 2001.

The FY 2004 budget reflects both direct and overhead efficiencies that have been and will continue to be realized from A-76 and Business Process Reengineering (BPR) studies throughout the Center. The Center is committed to achieving targeted savings in these areas and other areas and to containing workyear rates.

BUDGET HIGHLIGHTS

Revenue, Expense, and Operating Results

(Dollars in Millions)

Current Estimate	FY 2002	FY 2003	FY 2004	FY 2005
Revenue	\$3,230	\$3,046	\$2,868	\$2,926
Cost of Goods/Services	\$3,247	\$3,038	\$2,876	\$2,926
Operating Results	-\$17	+\$8	-\$8	\$0
Accumulated Operating Results	\$0	+\$8	\$0	\$0

The trend in revenue and expense from year-to-year noted above reflects the Center's efforts to size itself to meet customer demand. NSWC's current estimates reflect projected cumulative operating gains of approximately \$8 million through FY 2003. Anticipated execution of additional direct labor hours is the primary reason for the variance.

As a result, the current FY 2004 estimate reflects a negative recoupment factor of \$8 million to return projected cumulative gains through FY 2003 and to achieve a zero Accumulated Operating Result balance in FY 2004.

Cost of Operations

Unit Cost

(Cost Per DLH)	FY 2002	FY 2003	FY 2004	FY 2005
Unit Cost¹	\$73.41	\$76.73	\$78.35	\$81.12

¹ Does not include direct reimbursable costs

The Center's unit cost shows a gradual increase over the budget period, primarily due to increased employee compensation costs, and inflation.

Billing Rates

	FY 2002	FY 2003	FY 2004	FY 2005
Stabilized Rate (Average)	\$73.95	\$78.78	\$79.19	TBD
Composite Rate Change²	-0.4%	+4.6%	+0.9%	+2.1%

The FY 2004 average stabilized rate, like unit cost, is impacted by employee compensation costs, inflation, and workforce investments.

Capital Purchases Program (CPP)

Dollars in Millions	FY 2002	FY 2003	FY 2004	FY 2005
Non-ADPE	\$10.6	\$15.2	\$14.6	\$15.0
ADPE	\$8.8	\$9.7	\$7.3	\$5.4
Software	\$4.2	\$1.7	\$2.6	\$4.9
Minor Construction	\$8.5	\$5.8	\$8.2	\$8.1
Total	\$32.1	\$32.4	\$32.7	\$33.4

The NSWC CPP program procures mission essential equipment to support a wide customer base.

Workload and Manpower Trends

Civilian Manpower

Civilian Manpower	FY 2002	FY 2003	FY 2004	FY 2005
End Strength	16,384	16,203	15,869	15,876
Straight Time FTE	15,996	15,928	15,585	15,593

Civilian manpower levels have been sized to meet funded workload.

² Includes direct reimbursable costs

(Dollars in Millions)

SIP/VERA/RIF	FY 2002	FY 2003	FY 2004	FY 2005
Current Estimate	\$1,916	\$3,575	\$3,125	\$3,500

These estimates represent modest investments needed to size and realign the workforce to meet near and long-term workload demands.

Productive Ratio

Productive Ratio	FY 2002	FY 2003	FY 2004	FY 2005
Current Estimate	76.9%	76.3%	76.6%	76.8%

The productive ratio, a measure of direct labor effort to total labor, continues to increase throughout the budget period.

Military Manpower

	FY 2002	FY 2003	FY 2004	FY 2005
End Strength	285	332	329	329
Workyears	289	291	290	290

Projections are consistent with guidance to base estimates on the average fill rate.

Workload - Direct Labor Hours (DLH)

	FY 2002	FY 2003	FY 2004	FY 2005
DLHs in Thousands	22,447	21,925	21,679	21,652

PERFORMANCE INDICATORS

The primary performance indicator is unit cost discussed in the Unit Cost Rate paragraph above. Unit cost represents the cost of delivering goods and services.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 NSWC / TOTAL

PAGE 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	3,200.1	3,014.1	2,834.6	2,893.0
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	30.0	31.6	32.7	33.4
Other Income				
Total Income	3,230.1	3,045.7	2,867.3	2,926.4
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	16.5	17.6	16.6	17.1
Civilian Personnel	1,363.7	1,401.0	1,407.7	1,451.0
Travel and Transportation of Personnel	76.3	86.5	89.1	89.2
Material & Supplies (Internal Operations	242.8	219.4	213.9	218.7
Equipment	78.6	79.6	75.0	81.1
Other Purchases from NWCF	115.5	89.4	89.8	90.9
Transportation of Things	8.1	8.3	8.6	8.8
Depreciation - Capital	30.0	31.6	32.7	33.4
Printing and Reproduction	6.7	9.1	9.3	9.5
Advisory and Assistance Services	2.8	2.6	1.7	2.6
Rent, Communication & Utilities	42.2	48.5	49.7	51.7
Other Purchased Services	1,255.7	1,042.4	881.3	872.4
Total Expenses	3,238.6	3,036.0	2,875.3	2,926.4
Work in Process Adjustment	11.3	2.0	.2	.0
Comp Work for Activity Reten Adjustment	-2.8	.0	.0	.0
Cost of Goods Sold	3,247.2	3,038.0	2,875.6	2,926.4
Operating Result	-17.0	7.7	-8.3	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	-.4	.0	.0	.0
Net Operating Result	-17.4	7.7	-8.3	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	.6	8.3	.0	.0

Exhibit Fund-14

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NSWC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	3,422	2,761	2,826	2,888
a. Orders from DoD Components	2,968	2,489	2,480	2,526
Department of the Navy	2,402	2,244	2,144	2,175
O & M, Navy	740	699	692	701
O & M, Marine Corps	24	21	19	20
O & M, Navy Reserve	11	1	1	1
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Porcurement, Navy	36	15	10	12
Weapons Procurement, Navy	61	63	58	58
Ammunition Procurement, Navy/MC	76	86	67	70
Shipbuilding & Conversion, Navy	392	294	271	287
Other Procurement, Navy	303	279	263	269
Procurement, Marine Corps	6	3	3	3
Family Housing, Navy/MC	0	4	3	3
Research, Dev., Test, & Eval., Navy	726	697	677	673
Military Construction, Navy	1	0	0	0
Other Navy Appropriations	26	84	78	78
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	41	41	38	43
Army Operation & Maintenance	8	2	3	3
Army Res, Dev, Test, Eval	9	9	7	8
Army Procurement	17	17	17	20
Army Other	7	14	11	11
Department of the Air Force	40	14	15	15
Air Force Operation & Maintenance	13	7	8	8
Air Force Res, Dev, Test, Eval	11	2	3	3
Air Force Procurement	16	1	1	0
Air Force Other	0	3	3	4
DOD Appropriation Accounts	485	190	283	293
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	41	30	30	32
Res, Dev, Test & Eval Accounts	154	64	88	99
Procurement Accounts	42	48	107	105
Defense Emergency Relief Fund	235	2	2	1
DOD Other	13	46	57	56
b. Orders from other WCF Activity Groups	261	129	211	218
c. Total DoD	3,229	2,618	2,691	2,745
d. Other Orders	192	143	135	143
Other Federal Agencies	30	20	18	18
Foreign Military Sales	131	91	81	86
Non Federal Agencies	32	33	36	39
2. Carry-In Orders	1,465	1,657	1,373	1,331
3. Total Gross Orders	4,887	4,419	4,198	4,219
a. Funded Carry-Over before Exclusions	1,657	1,373	1,331	1,293
b. Total Gross Sales	3,230	3,046	2,867	2,926

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NSWC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	-102	-100	-99	-98
5. Non-DoD, BRAC, FMS (-)	-204	-172	-153	-134
6. Net Funded Carryover	1,351	1,101	1,079	1,060

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

Exhibit Fund-11

Changes in Cost of Operations
Component: Department of the Navy
Activity Group: Research and Development
Sub-Activity Group: Naval Surface Warfare Center
FY 2004/2005 Biennial Budget Estimates
(Dollars in Millions)

	<u>Expenses</u>
1. FY 2002 Actual	\$3,238.6
2. FY 2003 President's Budget	\$2,703.2
3. Pricing Adjustments	
a. FY 2003 Pay Raise	
1. Civilian Personnel	\$5.0
b. Removal of full funding proposal for CSRS/FEHB Benefits	-\$80.8
c. General Purchase Inflation	-\$6.8
4. Program Changes	
a. Increased Workload / Direct Contracts	\$418.2
5. Other Changes	
a. SIP/VERA/RIF	-\$0.6
b. Retirement Fund Offsets	-\$0.3
c. IT Budget Changes	\$0.5
d. Depreciation	-\$0.9
e. Other	
1. Change in DFAS Cost	\$0.9
2. Change in FECA Cost	-\$0.2
3. Sustainment, Restoration, Modernization	-\$1.2
4. Functional Realignment - Family Housing Transfer	-\$0.9
6. FY 2003 Current Estimate	\$3,036.0
7. Pricing Adjustments	
a. FY 2004 Pay Raise	
1. Civilian Personnel	\$20.2
2. Military Personnel	\$0.3
b. Annualization of FY 2003 Pay Raise	
1. Civilian Personnel	\$11.9
c. Supply Management - Fuel	\$0.5
d. Supply Management - Non Fuel	\$3.3
e. WCF Price Changes	\$1.7
f. General Purchase Inflation	\$20.1
8. Productivity Initiatives	
a. Commercial Activities (A76)	-\$5.9
b. Business Process Reengineering	-\$11.7
9. Program Changes	
a. Decreased Workload / Direct Contracts	-\$213.7
10. Other Changes	
a. SIP/VERA/RIF	-\$0.5
b. Retirement Fund Offsets	-\$0.1
c. Change in Paid Days	\$5.4
d. Military	-\$1.3
e. IT Budget Changes	\$4.7
f. Depreciation	\$1.1
g. Other (Specify)	
1. Workforce Revitalization and Development	\$3.0
2. Other	\$0.3
11. FY 2004 Current Estimate	\$2,875.3

Activity Group: Research and Development
Component: Navy
Naval Surface Warfare Center
Date: February 2003
(\$ in Millions)

<u>Line Num</u>	<u>Description</u>	<u>Qty</u>	<u>FY 2002 Total Cost</u>	<u>Qty</u>	<u>FY 2003 Total Cost</u>	<u>Qty</u>	<u>FY 2004 Total Cost</u>	<u>Qty</u>	<u>FY 2005 Total Cost</u>
Non ADP									
1	Agile Chemical Facility Equipment			1	1.5	1	1.5		
2	Nitramine Intermediates System			1	2.55	1	1.699		
3	Anti-Terrorism/Force Protection System			1	1.4				
4	Underwater Tracking System					1	0.65		
5	Miscellaneous (Non ADP < \$1000K; >= \$500K)		1.27		2.674		2.113		
6	Miscellaneous (Non ADP < \$500K)		9.362		7.013		8.627		
	Non ADP Total:		10.632		15.137		14.589		15.054
ADP									
7	Theater Warfare Systems CSACT (Combat Systems Adv Concepts and 8 Tech) Lab	1	0.678	1	1.050	1	0.850		
9	Collaborative Engineering Environment	1	0.797	1	0.850				
10	Advanced Computing Systems	1	0.395	1	0.242	1	0.405		
11	Massively Parallel Processing Machine	1	1.400						
12	Integrated Programming Environment	1	0.389	1	0.400	1	0.208		
13	Remote ISEA Support Capability LETHALITY & WEAPONS EFFECTIVENESS	1	0.225	1	0.800				
14	COMP PHYSICS CAP	1	0.498	1	0.500				
15	Miscellaneous (ADP < \$1000K; >= \$500K)		2.246		2.809		2.933		
16	Miscellaneous (ADP < \$500K)		1.466		2.472		2.173		
	ADP Total:		8.762		9.718		7.279		5.380

Activity Group: Research and Development
Component: Navy
Naval Surface Warfare Center
Date: February 2003
(\$ in Millions)

<u>Line Num</u>	<u>Description</u>	<u>Qty</u>	<u>FY 2002 Total Cost</u>	<u>Qty</u>	<u>FY 2003 Total Cost</u>	<u>Qty</u>	<u>FY 2004 Total Cost</u>	<u>Qty</u>	<u>FY 2005 Total Cost</u>
Software									
17	STANDARD SYSTEMS SOFTWARE		1.300		1.300				
18	Advanced Collaboration Integration					1	1.8		
19	DIFMS Implementation		2.650						
21	Miscellaneous (Software < \$1000K; >= \$500K)		0.250		0.150		0.400		
22	Miscellaneous (Software < \$500K)				0.256		0.44		
	Software Total:		4.200		1.706		2.640		4.875
Minor Construction									
24	Command Control Center					1	1.439		
	Miscellaneous (Minor Construction < \$1000K; >= \$500K)								
25			3.972		3.080		4.532		
26	Miscellaneous (Minor Construction < \$500K)		4.530		2.735		2.233		
	Minor Construction Total:		8.502		5.815		8.204		8.077
Grand Total Capital Program*			32.096		32.376		32.712		33.386
Total Capital Outlays			35.432		33.644		30.985		33.435
Total Depreciation Expense			30.014		31.608		32.712		33.386

Naval Surface Warfare Center (\$ in Thousands)						A. Budget Submission FY 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 1/Agile Chemical Facility Equipment(Replacement)			D. Site Identification NSWC Indian Head, MD					
		FY 2002		FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	1500	1500	1	1500	1500			
Narrative Justification:												
Description												
This project supports the consolidation of two separate chemical plants into a single consolidated agile chemical plant to be constructed by MILCON project P-161.												
Justification												
IHDIV currently has two separate chemical plants. Each uses a different process (Biazzi or Moser nitration processes) to perform chemical production. Neither chemical plant is configured to run all required products. An excess production capacity exists in each facility. Each plant was designed for higher process rate and output than is required. The consolidation will reduce or eliminate chemical process waste and reduce the personnel hazards associated with man-attendant chemical manufacturing process. Nitration equipment controls (obtained from Badger Army ammunition plant) will be upgraded to provide a "state of the art" remote control system and provide a more efficient (variable production capacity) and safer process. Purchase of dynamic separators (centrifuges) will improve safety by decreasing the amount of explosive required during nitration. This project supports the following: Multiple customers/program sponsors. Programs: MK46/48/54 Torpedoes, PGDN,TMETN,TEGDN,Hellfire,and Brimstone.												
Impact												
This project will provide remote control of the process, minimizing safety risks compared to the current performance with man-attendant production of explosive chemicals. Without this project, IHDIV will be unable to minimize chemical wastes associated with the chemical production process.												

Naval Surface Warfare Center (\$ in Thousands)						A. Budget Submission FY 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 2/Nitramine Intermediates System(Environmental)			D. Site Identification NSWC Indian Head, MD					
				FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	2550	2550	1	1699	1699			
Narrative Justification:												
Description												
Install equipment which supports the scale-up of continuous processing technology. The nitramine intermediates process creates blended energetic feedstock for use by continuous processing equipment.												
Justification												
Currently a dry grinding process coupled with a solvent/water mixing process prepares nitramine feedstocks for the continuous process. This manufacturing method produces large quantities of waste, requires handling very sensitive dry high explosive nitramines and is labor intensive. The proposed closed loop process produces a free-flowing feedstock for continuous processing. The process reduces solvent emissions by 95% and also eliminates the safety risk in the current process of grinding and mixing dry nitramines.												
Impact												
This project will enable continued development and qualification of the continuous process for gun propellant. Continuous processing is the only technology on the horizon that has the potential to improve the reproducibility of the products while reducing the safety risk, reducing waste generation and lowering the cost to operate and maintain the manufacturing capability. Next generation materials currently in R&D need this process technology. Batch processes cannot handle the demands of the new materials. Development of advanced lower cost, safer manufacturing processes for energetics such as continuous processing is core to the mission of NAVSEA Indian Head. Development of this technology to reduce the cost of next generation gun propellants for Extended Range Guided Munition (ERGM) and other Navy gun system requirements are the initial beneficiaries of this technology. Critical to the development of this advanced processing technology are innovative, environmentally clean, safe, and low cost methods of preparing raw materials for the continuous process.												

Naval Surface Warfare Center (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 3/Anti-Terrorism/Force Protection System(Environmental)			D. Site Identification NSWC Port Hueneme, CA					
	FY 2002			FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP				1	1400	1400						
Narrative Justification:												
Description												
This project is an anti-terrorism/force protection system that includes integrated elements consisting of an access control system (ACS), an intrusion detection system (IDS), a closed circuit TV capability (CCTV), and an emergency interface/response system. All elements will combine into an integrated system, compatible with existing infrastructure including use of the NMCI (Navy Marine Corps Intranet) backbone and will permit single point control and monitoring, including across the PHD's (Port Hueneme Division's) various sites.												
Justification												
A team of specialists from NFESC (Naval Facilities Engineering Service Center) with expertise in physical security, anti-terrorism, structural hardening, blast analysis, and risk/vulnerability analysis performed a comprehensive study of PHD's installation and associated facilities. The study revealed that in order to provide a safe work environment, secure from threats or well equipped personnel intent on breaching security, and to comply with DoD Inst 2000.16 dated 8 Jan 01 - DoD Anti-terrorism Standards - several measures must be implemented. The equipment associated with this project will provide the necessary tools and resources to achieve the desired work environment and force protection.												
Impact												
Implementation of these measures will provide PHD's military, civilian and contractor personnel the required protection, safety, and security in the work place and will greatly reduce the Command's vulnerability to terrorists and criminal threats. It will provide a fully integrated, centrally controlled ACS that offers a cost effective solution to problems associated with PHD personnel traveling to the different sites for collaborative efforts in support of fleet readiness and support of the Navy's surface warfare legacy systems.												

Naval Surface Warfare Center (\$ in Thousands)				A. Budget Submission FY 2004/2005 Biennial Budget Estimates								
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 4/Underwater Tracking System(Productivity)				D. Site Identification Coastal Systems Station, Panama City, FL				
FY 2002				FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Non ADP							1	650	650			
Narrative Justification:												
Description												
This proposal is for equipment that will be used at the Coastal Systems Station's (CSS) Coastal Test Range (CTR). The CTR is an essential element in the mission of CSS, and supports the test and evaluation efforts associated with systems developed at CSS and elsewhere. The CTR is also an integral part of the Joint Gulf Range Complex currently being developed by the Navy, Air Force, and Army to support joint testing, training, evaluation, and experimentation in the littoral regions. The requested equipment will expand the portable tracking range to include an area of cable connected, bottom mounted sensors. This area will be used to track objects that cannot operate in buoyed areas. It will also increase the area of the tracking range.												
Justification												
Increased requirements for test and evaluation of new systems being developed at CSS and the establishment of the Joint Gulf Range Complex require that the CTR be able to track underwater vehicles in real time with overlays of surface and airborne objects. Currently CSS projects requiring underwater tracking conduct testing at other tracking ranges. Transportation of personnel and equipment is expensive, and increasingly CSS projects require special infrastructure or a littoral environment not available at existing tracking ranges. Underwater tracking is required in Fleet Battle Group activities, shallow water torpedo testing, the Long Range Mine Reconnaissance project, and other CSS projects.												
Impact												
Without this equipment limited testing will be conducted at other test ranges. Transportation and travel costs will continue to be high, and some projects will not be able to test because of unsuitable littoral environments. Exercises in the Joint Gulf Range Complex will be unable to conduct underwater tracking.												

Naval Surface Warfare Center (Dollars in Thousands)		A. Budget Submission FY 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date Capital Investment Justification	C. Line# and Description 5/Miscellaneous (Non ADP < \$1000K; >= \$500K)	D. Site Identification NA		
	FY 2002	FY 2003	FY 2004	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
TOTAL COST	1270	2674	2113	
DYNAMIC INFRARED SCENE PROJECTOR (DISP)	951			
LCC Twin Strut Support System		910		
RIMS Replacement Radar			478	
Range Instrumentation and Equipment Improvement	319	465		
Littoral Warfare C4I/Decision Support System		699		
Friction Stir Welding and Processing System			610	
DYNAMIC INFRARED SCENE PROJECT (DISP)		600		
H-mate/D-mate Test Bed Upgrade			525	
APPGTS Machinery T-Block System			500	

Naval Surface Warfare Center (Dollars in Thousands)		A. Budget Submission FY 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date Capital Investment Justification		C. Line# and Description 6/Miscellaneous (Non ADP < \$500K)		D. Site Identification NA
		FY 2002	FY 2003	FY 2004
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST		9362	7013	8627

Narrative Justification not Required

Naval Surface Warfare Center (\$ in Thousands)						A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 7/Theater Warfare Systems(Hardware)				D. Site Identification NSWC Dahlgren Div, Dahlgren, VA			
		FY 2002		FY 2003			FY 2004				
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost		
ADP	1	678	678	1	1050	1050	1	850	850		

Narrative Justification:

Description

Theater Warfare Systems (TWS) explore new ways to provide meaningful information to the decision-maker, whether for engineering, management, or warrior requirements, using innovative yet commercially feasible solutions. Theater Warfare Systems visually depict dynamic engineering concepts in battleforce interoperability, warfare analysis, total ship, and combat systems development. It enables decision-makers to explore various system/procurement options to evaluate the relative benefits and affordability of each in a unit/force/theater context. Theater Warfare Systems consists of display engines networked by video switching to panel display arrays. It includes high-power computing engines with sophisticated graphical and animation capabilities as well as interactive decision-support hardware and software. Additional data server and storage, display, and switching capabilities will be acquired in FY04 and FY05.

Justification

TWS provides a cohesive environment to visualize and analyze the performance of systems and their cost effectiveness in a unit/force/theater context. The immediate benefit is a 50% decrease in the time required to determine and document complex engineering decisions when compared to using traditional methods. It supports multiple users, especially those associated with warfare analysis and system engineering, new ship and system designs. Acquisition decision-makers need the capability to explore procurement alternatives and quickly visualize respective decision impacts through real-time, interactive simulations of various weapons systems. Theater Warfare Systems provide these capabilities for components, ship/weapon systems, platforms, force, and theater options.

Impact

This investment supports NAVSEA, PEO TSC, PEO SC21, PEO EXW, Land Attack, NFCS, Marine Corps, SPAWAR, and CINC exercises. Without this capability, much more costly and disjointed methods of evaluation must continue to be used in efforts such as Battleforce Interoperability, and Land Attack Warfare, thus requiring more time to make decisions and then document these decisions.

Naval Surface Warfare Center (\$ in Thousands)						A. Budget Submission FY 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 8/CSACT (Combat Systems Adv Concepts and Tech) Lab(Hardware)			D. Site Identification NSWC Dahlgren Div, Dahlgren, VA					
		FY 2002		FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost			
ADP	1	668	668	1	595	595	1	710	710			
Narrative Justification:												
Description												
The Combat Systems Advanced Concepts and Technology (CSACT) Laboratory combined several related yet independent thrusts into one cohesive whole, providing an integrated software development and evaluation environment. This investment consists of workstations networked to servers with specialized peripherals to provide a unique capability to evaluate Human System Integration and various combat system architectures and configurations.												
Justification												
The requirement to explore concepts, technologies, and configurations requires high resolution graphics and computational capability to further develop and demonstrate concepts on information and man-machine interaction as an active participant in Simulation Based Design (SBD). Workstations, high-performance processors, and high-resolution and large-screen displays will be integrated to provide a network enabling the evaluation of new architecture concepts, algorithms, and implementation strategies. Specialized peripherals will support the evaluation of Human System Integration, an increasingly important area as operational decision-makers are faced with more options for smarter weapons based on improved sensors in a crowded battlespace. The CSACT Lab is used to prototype new and existing combat control systems to ensure functionality and interoperability before deployment on Fleet ships. This capability supports sponsors such as PMS400, PMS411, PMS422, PMS500, PMS529, PMA 282, Office of Naval Research (ONR) and Assistant Secretary of the Navy/Research and Development (ASN/RDA) CHENG.												
Impact												
This investment provides the necessary tools to evaluate evolving and future combat system capabilities and architectures prior to deployment to the Fleet. Advanced feasibility demonstration through analysis and prototyping are critical in the pursuit of suitable technologies. Without this equipment, the core technical competency will not be developed and maintained for surface ship combat systems technology.												

Naval Surface Warfare Center (\$ in Thousands)						A. Budget Submission FY 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 9/Collaborative Engineering Environment(Hardware)			D. Site Identification NSWC Port Hueneme, CA					
	FY 2002			FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost			
ADP	1	797	797	1	850	850						

Narrative Justification:

Description

This project enables collaboration among geographically disbursed Battleforce IPTs (Integrated Product Teams), engineers, and logisticians, and is required to support all five core equities of our Surface Ship Combat Systems Product Area. It extends to the interoperability of such systems across the Battle Force. It will link together data resources so, while each resides with subject matter experts, all are tied logically together and can be accessed from a single location. It will install data storage, data management and data sharing equipment and software. It will develop processes, procedures and protocols to 1) logically link existing data and information sets, 2) maintain a "knowledge map" of the linked information structure, 3) ensure that as new projects and programs are established, they integrate into the knowledge structure, 4) ensure that the structure itself can evolve over time.

Justification

Future Fleet Support will require availability and access to critical technical and logistical facets of higher level In-Service Engineering Agent (ISEA) requirements. Current method of accessing total Battleforce data must be modified if we are to meet the challenge of higher level system support and BPR (Business Process Reengineering) objectives. This project links and relates existing data and disbursed information sources. Without it, Battleforce interoperability engineers and those addressing higher level systems cannot efficiently or cost effectively pull together the information required to support the Fleet. This project will ensure a data set is held at only one place under the control of subject matter experts. This eliminates redundancy, ensures the data is accurate, enhances collaboration, and reduces both maintenance and costs, supporting our business plan of growth to higher level efforts without transferring cost to the fleet.

Impact

Future Fleet Support will be severely impacted without this effort. Existing disparate sources will remain hard to access, with data sets duplicated, collaboration hindered, and maintenance costs high. Without this effort, there will be no collaborative structure into which programs, new or old, can fit, potentially adversely affecting planned wedge savings.

Naval Surface Warfare Center (\$ in Thousands)						A. Budget Submission FY 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 10/Advanced Computing Systems(Hardware)				D. Site Identification NSWC Dahlgren Div, Dahlgren, VA				
		FY 2002		FY 2003		FY 2004						
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost			
ADP	1	395	395	1	242	242	1	405	405			
Narrative Justification:												
Description												
The Advanced Computing Systems (ACS) investments acquire technology needed for the development of advanced real-time operating systems and networks - the next generation of shipboard computing systems critical to future combat systems. These future systems will be able to process and analyze the large amounts of data required for 3D graphics, high-quality video in graphics, and speech recognition as well as provide the security needed for shipboard networks.												
Justification												
This investment acquires a high-speed network evaluator and an advanced network analyzer, distributed workstations networked to servers and peripheral devices, as well as network equipment. It enables the development and evaluation of advanced algorithms in a timely fashion and with a high level of fidelity and expertise. With improved man-machine interfaces through graphics and high-quality video (e.g., real-time animation), the shipboard operator will be able to significantly shorten the decision cycle. Security features of evolving technologies, key factors in the deployment of Navy communication networks, will be analyzed. New shipboard networking architectures such as shipboard wireless applications and critical network security issues will be analyzed. Areas supported include joint agency applications analysis, knowledge superiority and assurance experimentation and analysis, autonomous vehicle control technology, simulation and modeling, force protection analysis, littoral and land-attack warfare analysis for numerous sponsors including Office of Naval Research, DARPA, AEGIS, DDX, and NAVSEA.												
Impact												
Improved man-machine interfaces will enable manpower reduction in future combat systems. Robust security mechanisms in future combat systems are required of emerging network technologies. It is more cost effective to continue work on the development of these technologies in-house as opposed to outsourcing these efforts due to the level of expertise currently present. Maintaining older equipment with greater maintenance costs, limited availability of replacement parts, and less capability is not cost efficient.												

Naval Surface Warfare Center (\$ in Thousands)						A. Budget Submission FY 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 12/Integrated Programming Environment(Hardware)			D. Site Identification NSWC Dahlgren Div, Dahlgren, VA					
FY 2002				FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP	1	389	389	1	400	400	1	208	208			
Narrative Justification:												
Description												
The Integrated Programming Environment is a continuing effort to support technical software development by integrating the capabilities of graphics desktop computers with existing computer systems. These efforts are directed toward the development and life cycle support of the fire control software and graphic user interfaces for all test flight and operations applications. A computer environment that allows flexibility and efficiency in applying and utilizing resources allows for continuous improvement and efficient use of project and center resources without the expense of conversion costs.												
Justification												
This investment will acquire file servers and upgrade existing computational systems. This effort provides continuing enhancements to the production computing environment that supports right sizing of tasks in a classified desktop processing environment. It serves as a model of a classified distributed desktop environment supported by open systems from which lessons learned continues to be shared with other programs. Additionally, the investment provides for the replacement of aging equipment, supports changes driven by process improvement efforts and supports the exploitation of advances in computer systems derived from open standards to offset impacts of increased requirements. System redundancy will be enhanced, increasing system availability and reliability. The infrastructure required to achieve Software Engineering Institute (SEI) Level 3 Certification will also be provided.												
Impact												
The cost of doing business would increase as operating costs increase due to an inability to meet process improvement goals and right size tasks on more economical platforms. System reliability will be undermined and maintenance costs would increase. This productivity decrease would result in a decrease in the quality of the products being developed. The risk of catastrophic failure increases and the ability to meet Fleet delivery schedules may be jeopardized.												

Naval Surface Warfare Center (\$ in Thousands)						A. Budget Submission FY 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 13/Remote ISEA Support Capability(Software)			D. Site Identification NSWC Port Hueneme, CA					
			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP	1	225	225	1	800	800						
Narrative Justification:												
Description												
This project adapts private sector e-business techniques to the remote delivery of In-Service Engineering Agent (ISEA) products and services. It is essential to our future Battleforce Interoperability and ISEA function, and is a critical element of the Integrated Call Center. It will install data storage, data management and e-business hardware and software, remote sensing, and communication systems. It will adapt those systems and will establish processes and procedures allowing ISEA engineers and logisticians to remotely provide products and services.												
Justification												
Once in place, these distance support technologies will allow shore-based personnel to monitor, trouble shoot, and improve the performance of deployed systems without having to travel to the ship. They will allow logisticians to deliver the right technical manual or maintenance card matching the right equipment to the right ship, on demand, and keep a permanent record of exactly what was delivered, and when. Reduced manning, reduced support funding, and increased system complexity necessitate the ability to provide products and services in a more efficient manner. Our business plan and core equity sustainment requires higher level and more effective combat systems ISEA support without transferring cost to the fleet.												
Impact												
Future fleet support would be severely impacted without this effort. We will not be able to meet the requirements imposed by increased system complexity and reduced manning without lowering the level of support or transferring significant cost to the fleet.												

Naval Surface Warfare Center (\$ in Thousands)						A. Budget Submission FY 2004/2005 Biennial Budget Estimates						
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 14/LETHALITY & WEAPONS EFFECTIVENESS COMP PHYSICS			D. Site Identification NSWC Dahlgren Div, Dahlgren, VA					
		FY 2002		FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
ADP	1	498	498	1	500	500						
Narrative Justification:												
Description												
The Lethality and Weapons Effectiveness Computational Physics Capability supports the Surface Ship Combat Systems (Core Equities B3 - Engagement Systems and B5 - Theater Air Defense Systems) and the Ordnance (Core Equity E1 - Mines, Warheads, Rockets, Ammunition) Product Areas. This investment will acquire a high-end parallel computing facility using Year 2000+ technology that will vastly improve high-performance computing applications requiring large numbers of high-performance processors working together to support both shared-memory and message passing programming environments. This capability is required for the very large data sets and problems requiring access to a single large memory space necessary for complex missile performance test, evaluation, and problem-solving by application of shock physics analysis and computational fluid dynamics.												
Justification												
The Lethality and Weapons Effectiveness Computational Physics Capability provides the capability to simulate missile flight for development, test, and evaluation purposes, thus producing very significant savings when compared to live flights. The acquisition of this new technology is estimated to reduce time and cost of current operations by a minimum of \$3M on existing tasks. Existing equipment will be physically and technologically obsolete by FY2002.												
Impact												
Test support for all major missile systems is provided by the Dahlgren Division, including STANDARD MISSILE (SM), Theater Ballistic Missile Defense (TBMD), Overland Cruise Missile Defense (OCMD), Land Attack Standard Missile (LASM), SIDEWINDER, NATO Seasparrow, and Extended SeaSparrow Missile(ESSM). The procurement of this equipment will enable Dahlgren Division to continue to meet existing requirements and reducing costs to the Fleet by simulating missile performance instead of relying on live tests of actual Fleet resources to acquire data for complex problem-solving and analyses.												

Naval Surface Warfare Center (Dollars in Thousands)		A. Budget Submission FY 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date Capital Investment Justification	C. Line# and Description 15/Miscellaneous (ADP < \$1000K; >= \$500K)		D. Site Identification NA	
	FY 2002	FY 2003	FY 2004	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
TOTAL COST	2246	2809	2933	
Modeling and Simulation/Visualization Technology	326	609		
Logistic System Simulation and Modeling System	218		330	
Regional Switching Center			800	
Surface Ship Integrated Topside Tech Center	305	500		
State-of-the-Art Audio/Visual Centers	452	263	250	
Central Computer Facility Storage Area Network			703	
LINK 16 Equipment		650		
Littoral Warfare C4I/Decision Support System	620			
Joint Force Real-Time Analysis Center		587		
JEDMICS UPGRADE	325	200		
Amphibious Warfare C4I Testing Equipment			250	
Force Level Engineering Secure Communications			300	
Land Attack Systems Integration Laboratory (LASIL)			300	

Naval Surface Warfare Center (Dollars in Thousands)		A. Budget Submission FY 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date Capital Investment Justification		C. Line# and Description 16/Miscellaneous (ADP < \$500K)		D. Site Identification NA
		FY 2002	FY 2003	FY 2004
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST		1466	2472	2173

Narrative Justification not Required

Naval Surface Warfare Center (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates							
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 17/STANDARD SYSTEMS SOFTWARE(Internally Developed)				D. Site Identification NSWC Arlington, VA						
			FY 2002			FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost					
Software			1300			1300								
Narrative Justification:														
<p>Description Over the last several years, NSWC has emphasized standardization of business systems and consolidating computer operations for these systems to reduce costly, specialized information technology (IT) management and labor and to improve fixed asset tracking and travel. NSWC continues to standardize within the command as part of Business Process Reengineering.</p> <p>Justification Currently, we are involved with the implementation of designated DoD functional applications for financial (DIFMS), contracting (standard procurement system SPS), fixed assets (DPS) and travel (DTS). This funding allows NSWC to continue implementation of these standard systems in a common, integrated fashion.</p> <p>Impact The impact of reducing this CPP authority would be the inability to continue implementation of DoD standard systems in a common, integrated fashion.</p>														

Naval Surface Warfare Center (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 18/Advanced Collaboration Integration(Internally Developed)				D. Site Identification NSWC Port Hueneme, CA				
			FY 2002			FY 2003			FY 2004			
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Software							1	1800	1800			
Narrative Justification:												
Description												
<p>This project integrates additional data resources and adds user functionality modules to the Collaborative Engineering Environment project. EDCIS/PHD Portal integration will allow desktop access to all EDCIS (Engineering Data Collaborative Information System) data and tools. The SIPRNET (Secure Internet Protocol Routed NETwork) version of the PHD Portal will be developed for all PHD (Port Hueneme Division) personnel with appropriate access. NIPRNET (Non-secure Internet Protocol Routed NETwork) and SIPRNET versions of ACI/PHD Portal will be integrated with Navy-wide initiatives: TaskForce Web, Navy Marine Corps Intanet, and ERP (Enterprise Resource Planning). The Condition and Environment Sensing and Reporting (CAESAR) tool will also be integrated with EDCIS. In FY 05, this project will be installed in all Departments; servers and COTS applications will be upgraded, and telephone and computer infrastructures will be integrated enabling improvements to Customer Relationship Manager systems.</p>												
Justification												
<p>Fleet Readiness and Distance Support Grand Challenges, as well as Fleet support in general, require availability and access to critical technical and logistical facets of higher level In-Service Engineering Agent (ISEA) data and tools. This project ensures the data is secure and accurate. It enhances collaboration, optimizes use of critical expertise and reduces maintenance and costs. It thereby supports our business plan of growth to higher level efforts without transferring cost to the fleet. To sum it up, this project facilitates effective distance support.</p>												
Impact												
<p>By exploiting emerging data integration technologies, improvements can be made in fleet support as well as product development decisions, thereby improving fleet readiness. Access to integrated data sources provides the best valued solution. It will provide the collaborative structure which will contribute to achieving planned efficiency savings.</p>												

Naval Surface Warfare Center (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 19/DIFMS Implementation(Internally Developed)				D. Site Identification NSWC Arlington, VA				
	FY 2002			FY 2003			FY 2004					
ELEMENTS OF COST	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost	Qty	Unit Cost	Cost			
Software			2650									
Narrative Justification:												
Description This represents Port Hueneme and Corona capital investments for the Defense Industrial Financial Management System (DIFMS) implementation project.												
Justification Funds are required to achieve operational target dates.												
Impact Without these investments, Port Hueneme and Corona would be unable to successfully implement DIFMS, the standard financial management system within the Center.												

Naval Surface Warfare Center (Dollars in Thousands)		A. Budget Submission FY 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date Capital Investment Justification	C. Line# and Description 21/Miscellaneous (Software < \$1000K; >= \$500K)	D. Site Identification NA		
	FY 2002	FY 2003	FY 2004	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
TOTAL COST	250	150	400	
System Supportability Modeling & Sim. Environment			400	
Facilities Automated Support Technologies (FAST)	250	150		

Naval Surface Warfare Center (Dollars in Thousands)		A. Budget Submission FY 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date Capital Investment Justification		C. Line# and Description 22/Miscellaneous (Software < \$500K)		D. Site Identification NA
		FY 2002	FY 2003	FY 2004
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST		0	256	440

Narrative Justification not Required

Naval Surface Warfare Center (\$ in Thousands)				A. Budget Submission FY 2004/2005 Biennial Budget Estimates								
B. Component/Business Area/Date Capital Investment Justification				C. Line# and Description 24/Command Control Center(N/A)				D. Site Identification NSWC Dahlgren Div, Dahlgren, VA				
				FY 2002			FY 2003			FY 2004		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Minor Construction							1	1439	1439			
Narrative Justification:												
Description												
The Command Control Center (CCC) centrally locates management of base-wide infrastructure, surveillance, security and monitoring information in a secured area. These functions are currently performed in four various locations. This investment significantly enhances the security posture for NSWCDD and national assets such as the Naval Space Command and the Joint Warfare Analysis Center. This investment constructs a one-story 6,000 SF facility.												
Justification												
A Risk Assessment Quick Look was performed by NAVSEA (Office of Security and Law Enforcement) on 11 January 2002. It was recommended that NSWCDD develop a secondary emergency operation center (EOC) as a backup facility. The CCC will permanently house monitoring and dispatch personnel, 24/7. Most of these functions are currently located outside the secured perimeter fenced area of the Center, which is a Force Protection threat. This project supports the life, safety, health of Navy assets by increasing effectiveness of surveillance, security and monitoring of base-wide infrastructure. Under emergency situations it will be used as the primary Emergency Operations Center.												
Impact												
After September 11, an expansion was set up in former classroom space in the existing Fire Station building (B411) to supplement the EOC dispatch function in the Security Building (B195). This proved an inadequate solution since information from various systems and sources was not readily and centrally available; therefore, decision-making was disjointed as information was gathered from multiple sources and locations (often via telephone). The CCC will be located in a central location and will meet Force Protection criteria.												

Naval Surface Warfare Center (Dollars in Thousands)		A. Budget Submission FY 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date Capital Investment Justification	C. Line# and Description 25/Miscellaneous (Minor Construction < \$1000K; >= \$500K)	D. Site Identification NA		
		FY 2002	FY 2003	FY 2004
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost
TOTAL COST		3972	3080	4532
LCC Support Building			960	
CONTROL SYS ADV CONCEPT & TECH (CSACT) FACILITY		882		
CTIDES		946		
HEAVY EQUIPMENT MAINTENANCE SHOP		987		
Building 41 Egress/Stairways			925	
TEAMS CX Engineering Center			920	
JP5 Refueling System		932		
Enhance Smart Weapons Facility				745
Electric Gun Pulsed Power Facility				727
RDT&E Support Center				725
Relocate Chemistry Lab				536
MINCON Design		225	275	
Magnetic Treatment Facility Modifications				550
Wigwam Power Cable				533
FY04 Design Costs				520
Force Level Engineering Secure Comm Enclave (LV)				196

Naval Surface Warfare Center (Dollars in Thousands)		A. Budget Submission FY 2004/2005 Biennial Budget Estimates		
B. Component/Business Area/Date Capital Investment Justification	C. Line# and Description 26/Miscellaneous (Minor Construction < \$500K)		D. Site Identification NA	
	FY 2002	FY 2003	FY 2004	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	
TOTAL COST	4530	2735	2233	

Narrative Justification not Required

Department of the Navy
 Activity Group: Research and Development
 Sub-Activity Group: NSWC
 FY 2004/2005 Biennial Budget Estimates

Line Item Pres	Line Item Current	FY 2003 Project Title	FY 2003 President's Budget	+/-	FY 2004/2005 Biennial Budget Estimates	Explanation Changes Since the FY 2003 President's Budget
4	1	Agile Chemical Facility	1.500	0.000	1.500	Project <u>renamed</u> : Previously submitted and approved as Consolidate Nitration Facility.
3	2	Nitramine Intermediates System	2.550	0.000	2.550	
na	3	Anti-Terrorism / Force Protection System	0.000	1.400	1.400	Emergent force protection/counter-terrorism requirement
5	5	Miscellaneous (Non ADP<\$1M >\$500K)	2.674	0.000	2.674	
6	6	Miscellaneous (Non ADP<\$500K)	7.053	-0.040	7.013	Emergent force protection/counter-terrorism requirement: <u>Vehicle Barrier System</u> +\$360 thousand. Also includes <u>reprioritization/ reprogramming</u> of previously approved miscellaneous projects for -\$400 thousand.

Non ADP Total	13.777	1.360	15.137
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ADP

7	7	Theatre Warfare System	1.050	0.000	1.050	
8	9	Collaborative Engineering Environment	0.850	0.000	0.850	
11	15	Surface Ship Integrated Topside Tech Center	0.500	-0.500	0.000	Realigned to Misc ADP > \$500K
13	8	CSACT (Combat Systems Advanced Concepts and Tech) Lab	0.595	0.000	0.595	
14	na	Standard Systems Hardware	1.100	-1.100	0.000	Cancelled due to higher priority requirements
15	13	Remote ISEA Support Capability	0.800	0.000	0.800	
na	10	Advanced Computing Systems	0.000	0.242	0.242	Realigned from Misc ADP > \$500K
na	12	Integrated Programming Environment	0.000	0.400	0.400	Realigned from Misc ADP > \$500K
na	14	Lethality & Weapons Effectiveness Comp Phy Cap	0.000	0.500	0.500	Realigned from Misc ADP > \$500K

Department of the Navy
 Activity Group: Research and Development
 Sub-Activity Group: NSWC
 FY 2004/2005 Biennial Budget Estimates

16	15	Miscellaneous (ADP<\$1M >\$500K)	3.651	-0.842	2.809	<u>Reflects realignment of projects previously approved in other ADP categories: Surface Ship Integrated Topside Tech Center +\$500 thousand. Advanced Computing Systems-\$242 thousand. Integrated Programming Environment -\$400 thousand. Lethality & Weapons Effectiveness Comp Phy Cap -\$500 thousand. Strike Warfare Systems Integration Laboratory -\$200 thousand.</u>
17	16	Miscellaneous (ADP<\$500K)	2.128	0.344	2.472	<u>Reflects realignment of project previously approved in other ADP categories: Strike Warfare Systems Integration Laboratory +\$200 thousand. Also includes reprioritization/ reprogramming of existing miscellaneous requirements for +\$144 thousand.</u>

ADP Total	10.674	-0.956	9.718
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Software

18	na	DIFMS Implementation	1.000	-1.000	0.000	Funds realigned to higher priority requirements.
19	17	Standard Systems Software	1.300	0.000	1.300	
21	22	Miscellaneous (Software<\$500K)	0.150	0.106	0.256	<u>Reflects realignment of previously approved project to Miscellaneous Software > \$500 thousand -\$150 thousand. Also reflects reprioritization/ reprogramming of existing requirements for +\$256 thousand.</u>
na	21	Miscellaneous (Software>\$500K)	0.000	0.150	0.150	<u>Reflects realignment of previously approved project from Miscellaneous Software < \$500, +\$150 thousand.</u>

Software Total	2.450	-0.744	1.706
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Minor Construction

Department of the Navy
 Activity Group: Research and Development
 Sub-Activity Group: NSWC
 FY 2004/2005 Biennial Budget Estimates

22	25	Miscellaneous (Minor Construction<\$1M >\$500K)	3.520	-0.440	3.080	<u>Reflects realignment/rescoping of projects previously approved in other minor construction categories: <u>LCC Support Building</u> +\$960 (previously costed at \$500 thousand and approved under miscellaneous minor construction <\$500 thousand). <u>Large Scale Model Preparation Lab</u> - \$850 thousand (project re-scoped to \$490 thousand and realigned to miscellaneous minor construction <\$500 thousand). <u>Security Badging and ID Building Renovation</u> - \$550 thousand (project re-scoped to \$450 thousand and realigned to miscellaneous minor construction <\$500 thousand).</u>
23	26	Miscellaneous (Minor Construction<\$500K)	1.955	0.780	2.735	<u>Reflects realignment/rescoping of projects previously approved in other minor construction categories and addition of emergent requirements <u>LCC Support Building</u> -\$500 (project re-scoped and realigned to miscellaneous minor construction >\$500 thousand). <u>Large Scale Model Preparation Lab</u> +\$490 thousand (project re-scoped and realigned from miscellaneous minor construction >\$500 thousand). <u>Security Badging and ID Building Renovation</u> +\$450 thousand (project re-scoped and realigned from miscellaneous minor construction >\$500 thousand). <u>Emergent requirements</u> include two force protection/counterterrorim projects and additional design cost for a total of \$525 thousand. Also reflects reprioritization/ reprogramming of existing projects for -\$184 thousand.</u>

Minor Construction Total:	5.475	0.340	5.815
Grand Total	32.376	0.000	32.376

Naval Undersea Warfare Center

Department of the Navy
 Naval Undersea Warfare Center
 Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
 February 2003
 Navy Working Capital Fund

A. MISSION STATEMENT

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

B. ACTIVITY GROUP COMPOSITION

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

C. BUDGET HIGHLIGHTS

(Dollars in Millions)

Summary	FY 2002	FY 2003	FY 2004	FY 2005
New Orders	882.3	813.1	802.2	814.0
Revenue	865.4	819.2	837.0	874.5
Cost of Goods/ Services	866.0	815.4	838.9	874.5
Operating Results	(0.6)	3.9	(1.9)	-0-
Accumulated Operating Results	(1.9)	1.9	-0-	-0-
Civilian End Strength	4,253	4,315	4,327	4,347
Civilian Workyears (Straight time)	4,139	4,170	4,196	4,252
Military End Strength	35	48	48	48
Military Workyears	32	33	33	33
Capital Program	19.6	21.0	19.0	19.5

Naval Undersea Warfare Center
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
February 2003

1. Management Statement

The Center's FY 2002 reimbursable funding levels exceeded those reflected in the President's budget. NUWC also exceeded its FY 2002 budgeted Net Operating Results (NOR) (actual NOR was \$-0.6 million versus budget of \$-1.9 million). NUWC will achieve its budgeted Strategic Sourcing (SS) savings in FY 2003. We have not changed our SS savings estimates from the FY 2003 President's Budget. Beginning in FY 2004, NUWC will achieve savings via new initiatives to include technical processes re-engineering, business process efficiencies and reductions in contract support.

2. Workload

(Dollars in Millions)

Workload	FY 2002	FY 2003	FY 2004	FY 2005
New Orders	882.3	813.1	802.2	814.0

Workload

The Center's budget has been balanced to customer workload. The FY 2002 figure reflects actual orders.

3. Financial Profile

(Dollars in Millions)

	FY 2002	FY 2003	FY 2004	FY 2005
Revenue	865.4	819.2	837.0	874.5
Cost of Goods/Services	866.0	815.4	838.9	874.5
Operating Results	(0.6)	3.9	(1.9)	-0-
Accumulated Operating Results	(1.9)	1.9	-0-	-0-

Revenue and Cost of Goods/Services

Revenue and cost are increasing from year to year. This reflects the Center's efforts to size itself to meet anticipated customer workload.

Naval Undersea Warfare Center
 Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
 February 2003

Operating Results

As noted above, NUWC exceeded the FY 2002 NOR goal, which was set in the FY 2003 President's Budget. The current estimate for FY 2003 operating results is \$3.9 million.

4. Manpower

Manpower	FY 2002	FY 2003	FY 2004	FY 2005
Civilian End Strength	4,253	4,315	4,327	4,347
Civilian Workyears (Straight time)	4,139	4,170	4,196	4,252
Military End Strength	35	48	48	48
Military Workyears	32	33	33	33

Civilian End Strength/Workyears

The civilian end strength shows an increase in FY 2003 End Strength (E/S) over the FY 2002 E/S. Management anticipates additional workload requiring the hiring of these in-house resources. However, beginning in FY 2004 NUWC will achieve additional end strength savings via new initiatives to include technical processes re-engineering and business process efficiencies that partially offset the growth due to workload.

Military End Strength/Workyears

NUWC military E/S and military workyears remain stable over the budget period.

Naval Undersea Warfare Center
 Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
 February 2003

5. Capital Purchase Program (CPP)

(Dollars in Millions)

CPP	FY 2002	FY 2003	FY 2004	FY 2005
Equipment	7.7	8.0	7.6	7.7
ADP	10.5	11.6	9.4	9.6
Minor Construction	1.4	1.4	2.0	1.8
Software Development	-0-	-0-	-0-	0.5

CPP

NUWC's capital purchase program for FY 2003 reflects no changes from the President's Budget submission. Our FY 2004/2005 submission contains a slight decrease in an effort to control overhead cost.

6. Billing Rates

	FY 2002	FY 2003	FY 2004	FY 2005
Stabilized Rate	\$80.43	\$83.21	\$82.63	TBD
Composite Rate Change (includes direct reimbursable cost)	(1.9%)	3.5%	(0.7%)	2.5%

Stabilized Rate

The Center's FY 2004 stabilized billing rate will decrease by 0.7% from the FY 2003 rate. Higher direct labor costs and necessary overhead spending is partly offset by higher workload estimates. NUWC will continue to pursue cost saving initiatives to keep rate increases to a minimum.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATE
 FEBRUARY 2003
 AMOUNT IN MILLIONS
 NUWC / TOTAL

PAGE 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	844.2	799.1	815.0	852.9
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	21.2	20.2	22.0	21.6
Other Income				
Total Income	865.4	819.2	837.0	874.5
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	2.1	1.9	1.8	1.9
Civilian Personnel	366.8	385.9	401.7	420.2
Travel and Transportation of Personnel	22.2	18.1	17.5	17.8
Material & Supplies (Internal Operations	54.3	64.2	72.8	83.2
Equipment	13.5	16.3	17.0	18.2
Other Purchases from NWCF	44.6	34.6	33.9	34.5
Transportation of Things	1.5	1.5	1.5	1.6
Depreciation - Capital	21.2	20.2	22.0	21.6
Printing and Reproduction	1.7	1.7	1.7	1.7
Advisory and Assistance Services	.0	.0	.0	.0
Rent, Communication & Utilities	16.9	19.6	20.3	20.6
Other Purchased Services	318.4	251.4	248.5	253.2
Total Expenses	863.1	815.3	838.8	874.4
Work in Process Adjustment	3.3	.1	.1	.1
Comp Work for Activity Reten Adjustment	-.4	.0	.0	.0
Cost of Goods Sold	866.0	815.4	838.9	874.5
Operating Result	-.6	3.9	-1.9	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-.6	3.9	-1.9	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	-1.9	1.9	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NUWC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
	-----	-----	-----	-----
1. New Orders	882	813	802	814
a. Orders from DoD Components	719	679	667	673
Department of the Navy	696	670	659	664
O & M, Navy	180	140	133	132
O & M, Marine Corps	0	0	0	0
O & M, Navy Reserve	4	2	2	2
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Porcurement, Navy	11	7	7	7
Weapons Procurement, Navy	64	67	67	67
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	66	75	74	75
Other Procurement, Navy	125	123	122	123
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	247	255	253	257
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	0	1	1	1
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	1	0	0	0
Army Operation & Maintenance	0	0	0	0
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	0	0	0	0
Department of the Air Force	1	0	0	0
Air Force Operation & Maintenance	1	0	0	0
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	21	9	9	9
Base Closure & Realignment	0	0	0	0
Operation & Maintence Accounts	2	0	0	0
Res, Dev, Test & Eval Accounts	13	8	8	8
Procurement Accounts	0	0	0	0
Defense Emergency Relief Fund	5	0	0	0
DOD Other	0	0	0	0
b. Orders from other WCF Activity Groups	119	94	95	100
c. Total DoD	838	773	762	774
d. Other Orders	44	41	40	40
Other Federal Agencies	2	1	1	1
Foreign Military Sales	27	29	29	29
Non Federal Agencies	15	10	10	10
2. Carry-In Orders	304	321	315	280
3. Total Gross Orders	1,186	1,134	1,117	1,094
a. Funded Carry-Over before Exclusions	321	315	280	220
b. Total Gross Sales	865	819	837	874

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NUWC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	-23	-23	-23	-23
5. Non-DoD, BRAC, FMS (-)	-40	-37	-33	-18
6. Net Funded Carryover	258	255	224	178

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

Exhibit Fund-11

FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2003
CHANGES IN THE COSTS OF OPERATION
(DOLLARS IN MILLIONS)

	<u>EXPENSES</u>
FY 2002 Actual	863.1
FY 2003 President's Budget	720.0
Price Adjustments	
FY 2003 Pay Raise	
Civilian Personnel	1.4
Military Personnel	0.0
Annualization of FY 2002 pay raise	
Civilian Personnel	0.0
Military Personnel	0.0
Supply Management - fuel	0.0
Supply Management - non-fuel	0.0
NWCF price changes	0.0
General purchase inflation	-1.5
Removal of CSRS/FEHB full funding proposal	-20.8
Productivity Initiatives	
Strategic Sourcing	0.0
Savings from CPP	0.0
N/MCI Savings	0.0
Program Changes	
Workload	116.6
Intra NUWC Transfers	0.0
Other (specify)	0.0
Other Changes	
SIP/VERA/RIF	0.0
SIP Incentive/Retirement Offset	0.0
FECA	-0.4
Change in Paid Days	0.0
Military	0.0
Depreciation	-0.1
Contracts	0.0
Materials	0.0
Other	0.0
FY 2003 Current Estimate	815.2

FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2003
CHANGES IN THE COSTS OF OPERATION
(DOLLARS IN MILLIONS)

	<u>EXPENSES</u>
FY 2003 Current Estimate	815.2
Price Adjustments	
FY 2004 Pay Raise	
Civilian Personnel	5.5
Military Personnel	0.0
Annualization of FY 2003 pay raise	
Civilian Personnel	2.4
Military Personnel	0.0
Supply Management - fuel	0.2
Supply Management - non-fuel	0.0
NWCF price changes	0.7
General purchase inflation	5.2
Productivity Initiatives	
Strategic Sourcing	-5.2
Savings from CPP	-2.6
Technical Process Re-engineering	-8.0
Business Process Re-engineering	-6.0
Streamlining Training	-2.0
Reduction in Support Contract Dollars	-10.0
Common Transducer for Submarines & Surface Ship Bow Array	-0.9
Program Changes	
Workload	41.4
Other Changes	
SIP/VERA/RIF	0.0
SIP Incentive/Retirement Offset	0.0
FECA	0.0
Change in Paid Days	1.2
Military	-0.2
Depreciation	1.8
Contracts	0.0
Materials	0.0
Other	0.0
FY 2004 Current Estimate	838.7

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
February 2003
(\$ in Millions)

LINE #	ITEM DESCRIPTION	FY02		FY03		FY04		FY05	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
	1. Non ADP Equipment								
	a. Productivity (Major)								
L266	UUV Testing	1	.431	1	.900				
L267	COTS Systems Support	1	.550	1	.500				
	Productivity Non-ADP (Major) (\$500 - \$999K)	4	1.447	4	1.980	5	2.270		
	Productivity Non ADP Equipment (Minor)	7	1.577	7	1.230	9	1.750		
	b. Replacement (Major)								
	Replacement Non-ADP (Major) (\$500 - \$999K)					2	.650		
	Replacement Non ADP Equipment (Minor)	4	.863	4	.744	4	1.060		
	c. Environmental (Major)								
L259	Fac for Analysis & Characterization of Transducers & Materials	1	.170	1	.200	1	.250		
	Environmental Non-ADP (Major) (\$500 - \$999K)								
	Environmental Non ADP Equipment (Minor)	3	.654			1	.110		
	d. New Mission (Major)								
L261	Littoral USW Facility	1	.700	1	.960				
L262	USW Testing and Support Facility	1	.804	1	.835	1	.925		
	New Mission Non-ADP (Major) (\$500 - \$999K)	1	.365	1	.345	1	.200		

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
February 2003
(\$ in Millions)

LINE #	ITEM DESCRIPTION	FY02		FY03		FY04		FY05	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
	New Mission Non ADP Equipment (Minor)	1	.132	2	.310	3	.350		
	Total Non ADP Equipment	25	7.693	23	8.004	24	7.565		7.675
	2. ADP & Telecommunications Equipment								
	a. Other Computer & Telecom Support Equip (Major)								
L231	Virtual Systems Design (New Mission)	1	1.674	1	1.560				
L247	Integrated Display Center Upgrade (Productivity)	1	.125	1	.125				
L258	Real-Time Information Transfer Network (RITN) (New Mission)	1	.175						
L263	Scientific Computational Resources Upgrade (Replacement)	1	1.149	1	.979	1	.875		
L264	USW Testbed for Decision Support (New Mission)	1	1.247	1	1.386	1	.500		
L269	Common Product Development (Productivity)	1	1.165	1	1.335	1	1.200		
	ADP Projects (Major) (\$500 - 999K)	7	1.909	7	2.499	10	3.560		
	a. Other Computer & Telecomm Support Equip Total (Minor)	12	3.098	15	3.727	17	3.270		
	Total ADP & Telecommunication Equipment	25	10.542	27	11.611	30	9.405		9.605
	3. Software								
	a. Software (Major)								.450
	b. Software (Minor)								
	Total Software								.450

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates

February 2003
 (\$ in Millions)

LINE #	ITEM DESCRIPTION	FY02		FY03		FY04		FY05	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
	4. Minor Construction								
	Minor Construction		1.407		1.385		2.030		1.810
	Total Minor Construction		1.407		1.385		2.030		1.810
	Grand Total Capital Purchase Program		19.642		21.000		19.000		19.540

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005
Biennial Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
L266 UUV Testing

D. Activity Identification
NUWC Division, Keyport

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
UUV Testing	1	431	431	1	900	900						

Narrative Justification:

Consolidate and procure equipment to test unmanned undersea vehicles (UUV) in complex multi-vehicle and platform scenarios. Equipment will improve technical productivity, reduce operation and maintenance costs, and improve data interoperability with UUV sensors and systems. The fleet is developing and implementing net centric systems, sensors and platforms, which are interoperable and interdependent and require complete scenario testing.

This project provides portable measurement, stimulation and connectivity systems for test interoperability that allow injection of stimulus for UUV sensor evaluation and also provides stealth initiatives that provide the ability to measure low level acoustic and non-acoustic signatures.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005
Biennial Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
L267 COTS Systems Support

D. Activity Identification
NUWC Division, Keyport

	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
COTS Systems Support	1	550	550	1	500	500						

Narrative Justification:

This project is to procure equipment and system components to establish a state-of-the-art COTS equipment supportability capability for various combat systems and platforms. The new equipment will provide the capability to integrate, test and provide support such as tech refresh and tech insertion for new and existing combat systems. The need for this project is driven by the increasing reliance on COTS equipment in Navy combat systems deployed in the fleet, and the rapid pace of technology change inherent in those systems. This project will allow us to establish a common hardware and software architecture that will reduce system maintenance and reconfiguration costs and improve flexibility for supporting a wider variety of COTS systems. It should be noted that the economic analysis for this project was very conservative and the payback period is considered to be a maximum payback period.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
N/A Productivity Non ADP Consolidated
Projects (\$500K - \$999K)

D. Activity Identification
NUWC Division, NPT/KPT

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity Non ADP (500K – 999K)	4		1,447	4		1,980	5		2,270			

Narrative Justification:

	<u>Location</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
System Suitability Validation	Keyport	438	400	
Fleet Readiness Support	Keyport	362	400	
Undersea Weapons Consolidation	Keyport	346	580	
Environmental Test & Evaluation	Keyport	301	600	
Manufacturing Modernization	Newport			350
B/G ARG Sys Dev & Integration Lab	Keyport			740
MILCON Collateral Equipment	Keyport			500
Rapid Prototyping Muti-Axis CNC Mach	Keyport			490
3-Axis Motion Controller Upgrades	Keyport			190

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
N/A Productivity Non ADP Equipment (Minor)

D. Activity Identification
NUWC Division, NPT/KPT

	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity Non ADP Minor	7		1,577	7		1,230	9		1,750			

Narrative Justification:

Projects between \$100K - \$499K. Narrative justification not required.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
N/A Replacement Non ADP Consolidated
Projects (\$500K - \$999K)

D. Activity Identification
NUWC Division, NPT/KPT

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Non ADP (500K – 999K)							2		650			

Narrative Justification:

	<u>Location</u>	<u>FY04</u>
Missile and Platform Systems Lab Upgrade	Newport	350
Acoustic Measurement Facility Upgrade	Newport	300

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
N/A Replacement Non ADP Equipment (Minor)

D. Activity Identification
NUWC Division, NPT/KPT

	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Non ADP Minor	4		863	4		744	4		1,060			

Narrative Justification:

Projects between \$100K - \$499K. Narrative justification not required.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
L259 Fac for Analysis & Characterization of
Transducer & Materials

D. Activity Identification
NUWC Division, Newport

	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Fac for Anal / Char of Transducer & Materials	1	170	170	1	200	200	1	250	250			

Narrative Justification:

The Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) is responsible for work under its leadership areas of submarine and surface ship sonar systems including acoustic sensors, transducers and arrays.

NUWC DIVNPT is the Navy's only fully integrated transducer design operation. The Facilities for the Analysis and Characterization of Transducers and Materials it used for the design and development of transducers and arrays for future sonar systems. The operation supports theoretical modeling design, prototyping, test and analysis of sonar transducers and arrays. The transducer design operation is "cradle-to-grave; from basic research of materials, to prototype design and evaluation, to production and fleet support.

In order for NUWC DIVNPT to maintain its transducer technology expertise to provide the most advanced, compatible, efficient, and cost effective sensors for submarine systems of the future, this laboratory must be updated. With the rapid evolution of new computer capabilities as well as instrumentation, it is imperative that existing outdated equipment be upgraded to maintain the superior products developed for the Fleet.

Following year funding will provide additional upgrades to synthesize / characterize ceramic transduction materials. This will foster a means for testing new ideas for improving existing materials and producing novel materials.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
L266 Environmental Non ADP Equip. (Minor)

D. Activity Identification
NUWC Division, NPT/KPT

	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Environ Non ADP Minor	3		654				1		110			

Narrative Justification:

Projects between \$100K - \$499K. Narrative justification not required.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
L261 Littoral USW Facility

D. Activity Identification
NUWC Division, Newport

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Littoral USW Facility	1	700	700	1	960	960						

Narrative Justification:

The Naval Undersea Warfare Center (NUWC) is one of the lead navy activities dedicated to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, and offensive and defensive weapon systems associated with Undersea Warfare. Undersea Warfare is the conduct of battle beneath the surface of the oceans with the principal objective of achieving battlespace dominance, to fully neutralize enemy offensive and defensive weapons. Two decades from now, US submarines will conduct a multitude of diverse operations in littoral areas. The Littoral USW Facility is composed of systems to provide detection, classification and localization of threats encountered in a shallow water environment, including improved sensors, processing and communications to support multi-statics, data fusion and netcentric ASW applications. These systems are critical components needed to maintain undersea superiority against future undersea warfare threats.

If this equipment is not acquired, NUWC will be unable to provide the Navy with the capabilities to combat and neutralize the technological advancements of non-allied nations which pose threats beyond the scope of traditional acoustic stealth. Consequently, NUWC will be unable to protect the fleet, and make the necessary contributions to prepare for future threats.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
L262 USW Testing & Support Facility

D. Activity Identification
NUWC Division, Newport

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
USW Test & Support Facility	1	804	804	1	835	835	1	925	925			

Narrative Justification:

The Naval Undersea Warfare Center (NUWC) is one of the lead Navy activities dedicated to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, and offensive and defensive weapon systems associated with Undersea Warfare. Constrained budgets necessitate the development of affordable, innovative, evolving systems for applications in undersea warfare. The USW Testing and Support Facility will develop and test innovative concepts and approaches for critical undersea warfare components, subsystems and systems. The USW Testing and Support Facility will act as a focus for high risk/high pay-off concepts, technologies and products by providing an environment in which to integrate, demonstrate and evaluate advanced concepts and technologies. The Facility will support the transition from existing to advanced next-generation designs.

If this equipment is not acquired, NUWC will be unable to support and test critical undersea warfare components and provide the Navy with affordable, innovative capabilities to meet future fleet needs. Not being able to test and evaluate systems early in the development phase will increase the cost to the Navy by increasing development time and at-sea testing. Consequently, NUWC will be unable to protect the fleet, and make the necessary contributions to prepare for the future.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
N/A New Mission Non ADP Consolidated
Projects (\$500K - \$999K)

D. Activity Identification
NUWC Division, NPT/KPT

	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission Non ADP (\$500K - \$999K)	1	365	365	1	345	345	1	200	200			

Narrative Justification:

	<u>Location</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
Advanced Hull Array Testbed	Newport	365	345	200

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
N/A New Mission Non ADP Equip. (Minor)

D. Activity Identification
NUWC Division, NPT/KPT

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission Non ADP Minor	1		132	2		310	3		350			

Narrative Justification:

Project between \$100K - \$499K. Narrative justification not required.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
L231 Virtual Systems Design

D. Activity Identification
NUWC Division, Newport

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Virtual Sys Design	1	1,674	1,674	1	1,560	1,560						

Narrative Justification:

As the Navy continues to deal with reduced budgets, more and more emphasis is being placed on our Modeling and Simulation (M&S) capabilities. In order to provide a more cost effective, inter-operable, value-added M&S suite for submarine systems, weapon systems, and Unmanned Undersea Vehicles (UUVs), the Virtual Systems Design (VSD) project will integrate capabilities that exist within the departments of the Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT). The NUWC DIVNPT will enhance its systems Research, Development, Test and Evaluation (RDT&E) capabilities by implementing VSD which will support the recent Navy-wide mandate for enhanced M&S.

The capabilities, which will be achieved by this project, will facilitate reduced acquisition and ownership costs, support and even greater degree of the “model-test-model-build” concept, and expand the M&S within the training and assessment areas. The VSD will combine tools for analysis in order to optimize and standardize submarine and weapon system RDT&E. The VSD will allow the integration and standardization of M&S across the NUWC DIVNPT mission areas. In addition, the systems will be developed with data interface considerations for connectivity not only within the Division, but also to other Navy, DOD, academic, and industry facilities.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
L247 Integrated Display Center Upgrade

D. Activity Identification
NUWC Division, Newport

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Integrated Display Center Upgrade	1	125	125	1	125	125						

Narrative Justification:

The Integrated Display Center will be a unique facility which supports Naval Undersea Warfare Center, Division Newport (NUWC DIVNPT) simulation display requirements as well as management functions. This center will be a multi-use facility that will provide world-class visualization capabilities for review of at sea and virtual system test and evaluations as well as support various management decision processes.

This capability will help NUWC DIVNPT and the Navy by linking NUWC DIVNPT to the Fleet test and training community with live, visual capabilities thus allowing warfighters to evaluate next generation undersea warfare systems such as torpedoes, sonar, and combat control early in the lifecycle; thereby reducing training, test, evaluation, and acquisition costs. The technology employed by the display center will be a significant contributor to enhancement of NUWC DIVNPT's modeling and simulation (M&S) efforts as well as offer a state-of-the-art facility to support various technical working groups, program reviews with sponsors, and forums with industry and academia. Currently, NUWC Division Newport does not have a dedicated simulation Presentation Facility. Some existing facilities can accomplish subsets of the proposed capabilities of the IDC. By funding this project, Division Newport will establish a unique facility, providing all departments with state of the art visualization capability that will enhance development, testing, and integration efforts. It will also provide the Division with the ability to showcase all department products and capabilities from a single location. The installation of the presentation theater will provide world-class visualization capabilities to a large audience forum in the areas of modeling and simulation, design, development, testing, training and management decision support. The facility will include access to the NUWC Intranet; the VTC network; NUWC facilities housing real, virtual and constructive models; T&E and training ranges; Tri-services; other Warfare centers; and link to DSI and DREN networks. This project will give warfighters the ability to evaluate next generation weapons early in the lifecycle, while reducing training, T&E and acquisition process costs.

The impact of not funding this project - visualization is an essential and critical component of modeling and simulation, physics based modeling, simulation based design, and the undersea battlespace which are all key division Newport initiatives and integral to the NUWC vision and its future systems. Without this project, NUWC Division Newport would not be able to maintain its' leadership role in the area of visualization.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)	A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
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B. Component/Business Area/Date DON/R&D/NUWC/February 2003	C. Line No. & Item Description <u>L263</u> Scientific Computational Resources Upgrade	D. Activity Identification NUWC Division, Newport
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ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Sci Comp Resources Upgrade	1	1,149	1,149	1	979	979	1	875	875			

Narrative Justification:

In order to provide the necessary scientific computer resources at the Naval Undersea Warfare Center, Division Newport, adequate systems must be acquired to meet the Research, Development, Test and Evaluation (RDT&E) needs. The Scientific Computational Resources Upgrade project enhances existing scientific computational engines or replaces systems that are no longer cost effective to operate. This project provides the visualization engines and repositories of DoD high performance computer systems for engineers and scientists to develop innovative undersea warfare solutions. These computational engines are a key component and requirement for many of the existing and proposed projects to be fully functional. Replacement of the obsolete computer equipment and the additional of these visualization engines will provide Division Newport with more reliable and more cost effective resources which will ensure that the technical areas have the capabilities they need to meet their requirements. Increased reliability will reduce maintenance costs, increase overall efficiency, and enhance compatibility internally and externally to the Division.

If this equipment is not acquired, NUWC can expect to incur loss of personnel productivity, decreased customer satisfaction, rapidly escalating maintenance costs, reduced services to the technical community, and technical obsolescence. Consequently, NUWC will be unable to provide the necessary corporate computer resources necessary to meet the current and future computational and display requirements of the RDT&E and business populations.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)	A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
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B. Component/Business Area/Date DON/R&D/NUWC/February 2003	C. Line No. & Item Description <u>L264</u> USW Testbed for Decision Support	D. Activity Identification NUWC Division, Newport
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ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
USW Testbed of Decision Support	1	1,247	1,247	1	1,386	1,386	1	500	500			

Narrative Justification:

The Naval Undersea Warfare Center is responsible for the full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, and offensive and defensive weapon systems associated with undersea warfare. The ongoing evolution of submarine platforms, driven by changes in technology and mission, influence the command decision support functions.

The USW Testbed for Decision Support will consist of systems focused on providing the necessary tools for the development of innovative decision support applications that encompass decision aids, data fusion and analysis, human computer interaction and automation of human functions, along with the associated display elements that support these systems. These systems are critical components in developing situational awareness and information assurance in the future undersea warfare battlespace and stated in the Navy future requirements guidance.

By integrating and demonstrating advanced technology-based concepts which leverage high risk hardware, software, display, communication, and automation technologies, the USW Testbed for Decision Support will serve as the place to create a vision of the future than can serve to support and validate long-term evolution goals for undersea warfare applications. It will also reduce future transition risks and costs while ensuring that program decision makers and engineers share a common vision of long term next generation system upgrades and capabilities.

During each phase of the project, systems will be operational providing an interim capability until the system is fully integrated. Initial development will be followed by required improvements that reflect the changing technology, advanced concept designs and operational requirements.

If this equipment is not acquired, NUWC will be unable to provide the Navy with the advanced capabilities to overcome the oversight confusion and inertia presently constraining undersea warfare operations across the total battlespace. Consequently, NUWC will be unable to protect the fleet, and make the necessary contributions to prepare for the warfighting capabilities needed in the future.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
L269 Common Product Development

D. Activity Identification
NUWC Division, Newport

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Common Product Development	1	1,165	1,165	1	1,335	1,335	1	1,200	1,200			

Narrative Justification:

The emphasis of this initiative will be directed toward the development of cost effective processes and methods that facilitate the utilization of state-of-art tools that are essential for a credible and validated approach for application of Simulation Based Design / Simulation Based Acquisition to Undersea Warfare Systems. This project is focused on the provision of “high-end” tools that permit the design and analysis of undersea warfare systems as virtual products containing all the attributes of actual systems such as performance, vulnerability, reliability, maintainability, and total ownership cost. The affordability of these tools and processes is addressed by common utilization across all product lines. These tools will be applied to undersea system problems, including the development of models that predict sonar performance metrics, mechanical performance (shock, thermal, hydrodynamic, etc.), geometries of systems, structural characteristics and how these properties relate to each other in producing the loads and stresses experienced by the combined system. These tools also address affordability in terms of total ownership costs. This investment is needed to enhance NUWC’s capabilities and efficiency in integrated design, modeling, and simulation as it pertains to SBD/SBA. This investment is also leveraged to encourage teamwork across the division and to assure the maximum sharing of resources.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
N/A ADP Projects Major (\$500K - \$999K)

D. Activity Identification
NUWC Division, KPT/NPT

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
ADP Projects Major (\$500K - \$999K)	7		1,909	7		2,499	10		3,560			

Narrative Justification:

	Location	FY02	FY03	FY04
Strategic Management Information Center	Newport	75	99	
Undersea Warfare Modeling & Simulation Support	Newport	150	150	150
Vehicle Emulation Initiative	Newport	401	395	
Fleet Test Data Analysis & Feedback	Keyport	320	200	
Fleet Obsolescence Management Integration	Keyport	383	430	
Next Generation RIDC	Keyport	155	800	
CASS Platforms	Keyport	425	425	
Collaborative Engineering Eval Lab Upgrade	Newport			475
Undersea Network Testbed	Newport			300
Total Systems Engineering & Integration Initiative	Newport			445
PNW Integrated Fleet Distance Support Center	Keyport			390
Pacific TT&E Analysis Visualization Tools	Keyport			400
P-381 RIDC Capital Equipment	Keyport			500
MIDPAC Fleet Readiness Performance Assessment Ctr	Keyport			200
Collaborative Analysis Tools	Keyport			300
Distance Tech Support for Portable TT&E	Keyport			400

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
N/A Other Computer & Telecomm Support
Equipment Total (Minor)

D. Activity Identification
NUWC Division, NPT/KPT

	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Other Computer & Telecomm Equip (Minor)	12		3,098	15		3,727	17		3,270			

Narrative Justification:

Projects between \$100K - \$499K. Narrative justification not required.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004/2005 Biennial
Budget Estimates

B. Component/Business Area/Date
DON/R&D/NUWC/February 2003

C. Line No. & Item Description
N/A Minor Construction

D. Activity Identification
NUWC Division, NPT/KPT

ELEMENTS OF COST	FY 2002			FY 2003			FY 2004			FY 2005		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Minor Construction			1,407			1,385			2,030			1,810

Narrative Justification:

FY03

- Pedestrian Walkway Between 106 / 1346 (Productivity)
- Cable Carrying Plant (Productivity)
- Waterfront Ops. (Productivity)
- Correct Vehicular/Roadway Traffic Intersections (Productivity)
- LCSS Shop Alterations (Productivity)
- Magazine Storage Renovation (Environmental)

FY04

- Building 15 (South) Renovation (Productivity)
- Renovate/Consolidate Code 90 Facilities (Productivity)
- Alterations for Network Upgrade (Productivity)
- Quality of Life Infrastructure Improvements (Productivity)
- Americans for Disabilities Act (Replacement)
- Restoration & Modernization of NUWCDIVNPT Waterfront (Productivity) Restoration / Modernization

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
February 2003
FY 2003
(\$ in Millions)

<u>Item #</u>	<u>Approved Project</u>	<u>Original Request</u>	<u>Change</u>	<u>Revised Request</u>
ADP and TELCOM				
L231	Virtual Systems Design	1.560	.000	1.560
L247	Integrated Display Center Upgrade	.125	.000	.125
L263	Scientific Computational Resources Upgrade	.979	.000	.979
L264	USW Testbed for Decision Support	1.386	.000	1.386
L269	Common Product Development	1.335	.000	1.335
	ADP and TELCOM Major (\$500 - 999K)	2.499	.000	2.499
	ADP and TELCOM Minor (>\$100K <\$500K)	3.727	.000	3.727
	ADP and TELCOM Subtotal	11.611	0.000	11.611

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
February 2003
FY 2003
(\$ in Millions)

<u>Item #</u>	<u>Approved Project</u>	<u>Original Request</u>	<u>Change</u>	<u>Revised Request</u>
Non-ADP Equipment				
L259	Fac for Analysis & Characterization of Transducers & Materials	.200	.000	.200
L261	Littoral USW Facility	.960	.000	.960
L262	USW Testing and Support Facility	.835	.000	.835
L266	UUV Testing	.900	.000	.900
L267	COTS Systems Support	.500	.000	.500
	Non-ADP Equipment Major (\$500 - 999K)	2.325	.000	2.325
	Misc Non-ADP Equipment (>\$100K<\$500K)	2.284	.000	2.284
	Non-ADP Equipment Subtotal	8.004	0.000	8.004

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
February 2003
FY 2003
(\$ in Millions)

<u>Approved Project</u>	<u>Original Request</u>	<u>Change</u>	<u>Revised Request</u>
Software		0.000	
Software Subtotal	.000	0.000	.000
Item # Minor Construction			
Misc Minor Construction	1.385	.000	1.385
Minor Construction Subtotal	1.385	.000	1.385
Total NUWC FY03	21.000	0.000	21.000

Spawar Systems Center

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FY 2004 PRESIDENT'S BUDGET
ACTIVITY GROUP: RESEARCH AND DEVELOPMENT
SUB-ACTIVITY GROUP: SPAWAR SYSTEMS CENTERS**

Activity Group Function:

The Space and Naval Warfare Systems Centers (SSC's) are the Navy's full spectrum research, development, test and evaluation, engineering, and fleet support centers for command, control, and communication systems and ocean surveillance and the integration of those systems, which overarch multiplatforms. The SSC's support the Fleet by enabling knowledge superiority to the warfighter. The SSC's innovative scientific and technical expertise, facilities, and understanding of defense requirements ensure that the Navy can develop, acquire, and maintain the warfare systems needed to meet requirements at an acceptable price. The SSC's also provide engineering and fleet support for assigned systems to maintain the Fleet's warfighting capability. The SSC's:

1. Provide warfare systems analysis.
2. Plan and conduct effective technology programs.
3. Provide cost conscious systems engineering and technical support to program managers in all phases of systems development and acquisition.
4. Provide test and evaluation support including RDT&E and measurement facilities.
5. Provide technical input to the development of operational tactics.
6. Provide electronics material support (technical and management) for systems and equipment under SPAWAR's cognizance.
7. Provide specialized technical support to the Fleet for quick-reaction requirements.

Activity Group Composition:

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

Significant Changes since FY 2003 President's Budget:

There have been no significant changes in the activity group function or composition since the FY 2003 President's Budget, nor are any significant changes planned for the period encompassed by the FY 2004 President's Budget. The drawdown of former Naval Communications and Telecommunications Command NWCf activities due to the loss of NMCI-related work continues, as addressed in prior budgets.

Financial Profile:

	(Dollars in Millions)			
	Actual			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Revenue	2,386.9	1,976.7	1,882.0	1,855.3
Cost of Goods Sold	2,403.0	1,989.3	1,884.1	1,855.3
Net Operating Results	-16.1	-12.6	-2.1	0.0
Transfers, Passthroughs, etc.	3.2			
Beginning AOR	27.6	14.7	2.1	0.0
Accumulated Operating Results	14.7	2.1	0.0	0.0

Revenue

FY 2002 Actual Revenue is indicative of a growing business base at the SSC's plus \$91 million of revenue earned in support of Defense Emergency Response Fund (DERF) requirements and substantial amounts of revenue from non-DoD agencies involved in counter-terrorism. The trend in revenue and expense from year-to-year noted above reflects the Center's efforts to size itself to meet customer demand. Savings from various "Economies and Efficiencies" detailed below are also reflected in the reduction. From FY 2003 through FY 2005, net reduced revenue resulting from those factors continues.

Cost of Goods Sold

Factors influencing the trend in Revenue are reflected in Cost of Goods Sold (COGS).

Operating Results

Execution of additional direct labor hours in FY 2002 and FY 2003 results in a positive AOR variance, offset somewhat by emergent overhead requirements.

Workload:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Direct Labor Hours	6,613,377	6,488,798	6,427,206	6,445,356
\$ in Millions	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Reimbursable Orders	2,362.5	1,907.0	1,850.6	1,829.2

Direct Labor Hours

FY 2002 actual Direct labor hours executed were 1.2% higher than the 2002 estimate in the FY 2003 President's budget. Direct Labor Hours remain relatively stable from FY 2003 through FY 2005. The slight decline in FY 2004 followed by the increase in FY 2005 is the result of increases in direct labor workload in core business areas partially offsetting reductions in desktop systems and network workload.

Orders Received

The profile from FY 2003 through FY 2005 generally reflects pricing increases, the impact of economies and efficiencies, and projected fluctuations in customer funding.

Performance Indicators:

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

Customer Rate Changes:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Stabilized Rate	\$77.05	\$79.94	\$82.02	TBD
Change from Prior Year		3.8%	2.6%	TBD
Composite Rate Change (includes direct reimbursable costs)		2.2%	1.8%	1.8%

Unit Costs:

	Actual <u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Total Stabilized Cost (\$M)	536.6	536.6	527.6	547.9
Workload (DLHRS)	6,613,377	6,488,798	6,427,206	6,445,356
Unit Cost (per DLHR)	\$81.14	\$82.70	\$82.09	\$85.01
<i>Year-to-Year Change</i>		<i>1.9%</i>	<i>-0.7%</i>	<i>3.6%</i>

The Total Stabilized Costs profile displays the impact of the pricing, program, and overhead changes discussed above, including economies and efficiencies from various cost savings and cost avoidance initiatives, such as Competitive Sourcing, Workload Validation, Business Process Reengineering, and investment in capital assets.

Staffing:

	Actual			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Civilian End Strength	5,736	5,548	5,471	5,460
Civilian Work Years	5,503	5,504	5,394	5,382
Military End Strength	82	101	101	101

Capital Budget Authority:

	(Dollars in Millions)			
	Actual			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Equipment, Non-ADP/Telecommunications	-	0.500	0.350	1.500
Equipment, ADPE/Telecommunications	2.077	1.331	2.016	1.699
Software Development	6.078	5.611	2.540	2.910
Minor Construction	1.382	3.246	3.747	3.298
Total	9.537	10.688	8.653	9.407

The SSC's modest investment in capital will maintain affordable and technically efficient capabilities to support the Fleet and other Navy and Defense customer requirements. Most of the authority requested is software development for the Project Cabrillo Enterprise Resource Planning/Systems, Applications, and Processes (ERP/SAP). This CPP authority profile includes upgrades to Project Cabrillo in FY 2004 for incorporation of the United States Standard General Ledger (USSGL), the implementation of the Wide Area Workflow (WAWF) application for electronic invoice processing, and the implementation of an interface to the Defense Property Accounting System.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 SPAWAR / TOTAL

PAGE 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	2,376.6	1,966.2	1,871.2	1,844.2
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	10.2	10.5	10.8	11.1
Other Income				
Total Income	2,386.9	1,976.7	1,882.0	1,855.3
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	7.1	6.9	5.5	5.6
Civilian Personnel	494.1	515.6	518.6	535.3
Travel and Transportation of Personnel	32.5	29.1	29.7	30.2
Material & Supplies (Internal Operations	243.9	154.7	153.6	154.1
Equipment	81.7	57.6	58.4	59.4
Other Purchases from NWCF	89.3	74.2	76.4	80.2
Transportation of Things	7.6	6.2	6.3	6.4
Depreciation - Capital	10.2	10.5	10.8	11.1
Printing and Reproduction	1.3	1.6	1.7	1.7
Advisory and Assistance Services	42.8	6.7	6.8	6.9
Rent, Communication & Utilities	29.2	26.6	24.8	25.3
Other Purchased Services	1,317.5	1,101.7	991.7	939.3
Total Expenses	2,357.2	1,991.2	1,884.2	1,855.5
Work in Process Adjustment	46.0	-1.8	.0	.0
Comp Work for Activity Reten Adjustment	-.3	-.2	-.1	-.1
Cost of Goods Sold	2,402.9	1,989.3	1,884.1	1,855.3
Operating Result	-16.1	-12.6	-2.1	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-16.1	-12.6	-2.1	.0
Other Changes Affecting AOR	3.2	.0	.0	.0
Accumulated Operating Result	14.7	2.1	.0	.0

Exhibit Fund-14

INDUSTRIAL BUDGET INFORMATION SYSTEM
 SPAWAR / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	2,362	1,907	1,851	1,829
a. Orders from DoD Components	2,048	1,660	1,607	1,606
Department of the Navy	1,352	1,168	1,144	1,122
O & M, Navy	377	360	357	359
O & M, Marine Corps	16	15	15	16
O & M, Navy Reserve	2	6	5	4
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Porcurement, Navy	12	0	0	0
Weapons Procurement, Navy	1	2	1	1
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	71	32	31	31
Other Procurement, Navy	585	515	487	488
Procurement, Marine Corps	18	4	7	7
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	268	234	241	216
Military Construction, Navy	1	0	0	0
Other Navy Appropriations	0	0	0	0
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	51	46	43	43
Army Operation & Maintenance	23	16	10	10
Army Res, Dev, Test, Eval	20	13	13	13
Army Procurement	6	7	11	11
Army Other	2	10	10	10
Department of the Air Force	70	59	57	58
Air Force Operation & Maintenance	9	6	6	6
Air Force Res, Dev, Test, Eval	39	37	36	35
Air Force Procurement	21	16	15	16
Air Force Other	0	0	0	0
DOD Appropriation Accounts	575	387	362	383
Base Closure & Realignment	-1	0	0	0
Operation & Maintenance Accounts	49	62	58	54
Res, Dev, Test & Eval Accounts	315	272	262	274
Procurement Accounts	44	51	41	53
Defense Emergency Relief Fund	167	0	0	0
DOD Other	1	1	1	1
b. Orders from other WCF Activity Groups	140	126	125	105
c. Total DoD	2,187	1,787	1,732	1,711
d. Other Orders	175	120	119	118
Other Federal Agencies	139	87	86	88
Foreign Military Sales	30	27	27	25
Non Federal Agencies	6	7	6	6
2. Carry-In Orders	951	927	857	826
3. Total Gross Orders	3,314	2,834	2,708	2,655
a. Funded Carry-Over before Exclusions	927	857	826	800
b. Total Gross Sales	2,387	1,977	1,882	1,855

INDUSTRIAL BUDGET INFORMATION SYSTEM
 SPAWAR / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	-27	-29	-29	-29
5. Non-DoD, BRAC, FMS (-)	-125	-119	-116	-109
6. Net Funded Carryover	776	710	682	662

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

Exhibit Fund-11

CHANGES IN THE COST OF OPERATIONS
SUB-ACTIVITY GROUP: SPAWAR/SPAWAR SYSTEMS CENTERS (SSC'S)
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
(Dollars in Millions)

	<u>EXPENSES</u>
FY 2002 Actual	2,357.3
FY 2003 President's Budget:	1,791.7
<u>Price Changes:</u>	
Labor repricing (locality increases greater than budgeted)	3.3
Re-price non-labor costs (general inflation rate less than budgeted)	-6.6
Removal of CSRS/FEHB Full Funding Proposal	-29.5
<u>Productivity Initiatives and Other Efficiencies:</u>	
Realizing Strategic Sourcing savings earlier than planned	-6.6
<u>Program Changes:</u>	
Science & Technology network expansion	1.7
Reimbursable (non-stabilized) workload increase	234.3
Increased physical security, force protection & information assurance post 9/11	1.3
Direct workyear increase	1.6
Depreciation increase	0.1
FY 2003 Current Estimate	1,991.2
<u>Price Changes:</u>	
Civilian Personnel	14.3
Military Personnel	0.4
Materials and Supplies	1.7
WCF Price Changes	-2.3
Other Purchases	17.2
<u>Productivity Initiatives and Other Efficiencies:</u>	
Capital Purchases Program (CPP) savings (excluding ERP)	-0.8
CA Study Savings	-2.5
BPR Savings	-0.6
Installation Contract Re-engineering Savings	0.5
ERP savings	-0.9
Other Efficiencies	-24.8
<u>Program Changes:</u>	
Direct workyear reductions	-4.8
Reimbursable (non-stabilized) workload decrease	-101.4
Other Changes	-3.2
Depreciation increase	0.3
FY 2004 Current Estimate	1,884.2

**Activity Group Capital Budget Summary
Department of the Navy
SPAWAR System Centers
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates**

Line #	Item Description	FY 2002		FY 2003		FY 2004		FY 2005	
		Quant	Total Cost	Quant	Total Cost	Quant	Total Cost	Quant	Total Cost
	1. Non-ADP Equipment		0.000		0.500		0.350		1.500
L0001	Misc > \$500K, <\$1,000K			1	0.500				
L0002	Misc > \$100K, <\$500K					1	0.350		
	2. ADPE and telecommunications resources		2.077		1.331		2.016		1.699
	(a). Computer Hardware (Production)								
	(b). Computer Software (Operating System)								
	(c). Other ADPE and telecommunications resources		2.077		1.331		2.016		
L0003	Misc >\$500K, <\$1,000K	0		1	0.600	3	1.566		
L0004	Misc >\$100K, <\$500K	9	2.077	3	0.731	2	0.450		
	3. Software Development >= \$.100M		6.078		5.611		2.540		2.910
L0005	Enterprise Resource Planning (ERP) San Diego	1	5.628	1	5.161	1	2.540		
L0006	Misc >\$100K, <\$500K	1	0.450	1	0.450				
	4. Minor Construction (>= \$.100M and < \$.750M)		1.382		3.246		3.747		3.298
L0007	Misc Minor Construction	5	1.382	6	3.246	6	3.747		
	Grand Total		9.537		10.688		8.653		9.407
	Total Capital Outlays		9.997		10.718		7.920		9.234
	Total Depeciation Expense		10.245		10.482		10.772		11.083

Exhibit Fund-9A Capital Investment Summary

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)					A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates				
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)			C. L0001 - Miscellaneous Non-ADP Equipment (>=\$500,000, <\$1,000,000)			D. SSC San Diego			
Element of Cost	FY 2002		FY 2003		FY 2004		Quant	Unit Cost	Total Cost
	Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost			
Equipment			1	500	500				
TOTAL			1	500	500				
Justification: In FY2003, the Silicon Wafer Scrubber is required by the Solid State Electronics Service Center for silicon integrated circuit production at the SPAWAR Systems Center, San Diego (SSC SD) Integrated Circuit Fabrication Facility (ICFF.) This will allow the Center to keep pace with state-of-the-art processing capabilities and increasing quality requirements and to fabricate the custom integrated circuits required by the sponsors.									

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)				A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)			C. L0002 - Miscellaneous Non-ADP Equipment (>=\$100,000, <\$500,000)			D. SSC Charleston			
Element of Cost	FY 2002		FY 2003		FY 2004		Quant	Unit Cost	Total Cost
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost			
Equipment					1	350			350
TOTAL					1	350			350
Justification: Due to the current and projected growth in the USMC programs as well as potential growth in the USN Tactical Mobile programs at SSC Charleston, the current mobile systems facilities are no longer adequate to support tasking. A rubber humidity controlled relocatable storage facility (Rubb) is required to support growth in Tactical Vehicular programs. The Rubb will provide humidity controlled short-term storage for materials required for the Tactical Vehicular Project Facility. Materials stored would consist of HMMWVs, shelters, and electronic equipment in support of the laboratory.									

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)				A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates																			
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)			C. L0003 - Miscellaneous ADP Equipment (>=\$500,000, <\$1,000,000)		D. SSC's																		
Element of Cost	FY 2002		FY 2003		FY 2004		Total Cost																
	Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost																	
Equipment			1	600	3	1,566																	
TOTAL			1	600	3	1,566																	
Justification:																							
<p>This investment provides the largest impact to the greatest number of people and projects supported by the SPAWAR Systems Centers (SSC's). At the core of all the highly technical and sophisticated research and development (R&D) conducted at the SSC's are equally technical and sophisticated computer systems. The SSC's make use of a wide variety of computers to accomplish the objectives of the R&D projects, to ensure the security of those projects, and to coordinate work within the claimancy, with sponsors, and with the fleet. The uniqueness and complexity of these projects requires equally unique and complex ADP support. In some cases, upgrades are required because manufacturers will not support obsolete operating systems/equipment. The items scheduled for purchase are the minimum necessary to meet daily R&D mission operating requirements, effectively manage R&D resources, and meet customer's C4ISR R&D requirements. This category provides the SSC's the means to procure ADP items used for multiple projects</p> <p>ADP equipment items costing \$500,000 or more includes the following:</p> <table border="0"> <tr> <td>Integrated Circuit CAD Tools</td> <td>FY2003</td> <td>San Diego</td> <td>\$600 K</td> </tr> <tr> <td>Submarine Operating Testing</td> <td>FY2004</td> <td>San Diego</td> <td>\$500 K</td> </tr> <tr> <td>Security System Upgrade</td> <td>FY2004</td> <td>San Diego</td> <td>\$500 K</td> </tr> <tr> <td>Upgrade Video Conferencing Capability</td> <td>FY2004</td> <td>Charleston</td> <td>\$566 K</td> </tr> </table>								Integrated Circuit CAD Tools	FY2003	San Diego	\$600 K	Submarine Operating Testing	FY2004	San Diego	\$500 K	Security System Upgrade	FY2004	San Diego	\$500 K	Upgrade Video Conferencing Capability	FY2004	Charleston	\$566 K
Integrated Circuit CAD Tools	FY2003	San Diego	\$600 K																				
Submarine Operating Testing	FY2004	San Diego	\$500 K																				
Security System Upgrade	FY2004	San Diego	\$500 K																				
Upgrade Video Conferencing Capability	FY2004	Charleston	\$566 K																				

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)				A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)			C. L0004 - Miscellaneous ADP Equipment (>=\$100,000, <\$500,000)			D. SSC's			
Element of Cost	FY 2002			FY 2003			FY 2004		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment	9		2,077	3		731	2		450
TOTAL	9	231	2,077	3	244	731	2	225	450
Justification: The SSC's make use of a wide variety of computer equipment to accomplish the objectives of their R&D projects and ensure the security of those projects. In some cases, upgrades are required because manufacturers will not support obsolete operating systems/equipment. The items scheduled for purchase are the minimum necessary to meet daily R&D mission operating requirements, effectively manage R&D resources, and meet customer's C4ISR R&D requirements. Examples of items to be purchased costing less than \$500,000 include Database License for Cluster, Database Engine Upgrade, Analog/Digital test equipment, Toxic Gas Monitoring, and Firewalls.									

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)			A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)			C. L0005 - ERP Sysyems Software Development			D. SSC San Diego		
Element of Cost	FY 2002		FY 2003		FY 2004			
	Quant	Total Unit Cost Cost	Quant	Total Unit Cost Cost	Quant	Total Unit Cost Cost	Quant	Total Unit Cost Cost
Equipment		750		500		250		
Installation				500		400		
Testing		927		1,000		800		
Design		3,951		3,161		1,090		
TOTAL		5,628		5,161		2,540		
<p>Justification:</p> <p>An Enterprise Resource Planning (ERP) software system is required to reduce the number of software applications and systems currently in use thus reducing the overall cost of operation and ownership. SPAWAR Systems Center, San Diego (SSC-SD) has been tasked by the Revolution in Business Affairs Commercial Business Practices Executive Steering Group to perform the Warfare Center Management Business Case Study for feasibility of implementing best business practices for Naval Working Capital Fund (NWCF) activities. The intent is to implement the program at SSC-SD and eventually in all NWCF activities as implementation cost/savings warrant. The effort will address the full set of NWCF business processes and result in the elimination of a significant number of legacy business applications. Completion of these capabilities will be critical to completion of the overall ERP capability for NWCF.</p> <p>The work in these areas has expanded due to external changes in direction and new requirements not defined at the inception of this effort.</p> <p>Additional cost in FY 04 will address the incorporation of newly defined Chart of Accounts as defined by Navy Financial Management Office, the implementation interface to the Navy Wide Area Work Flow for the purchasing business processes including invoicing for payment, and the implementation of Systems Applications and Products in Data Processing (SAP) Portal.</p>								

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)			A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)			C. L0006 - Miscellaneous Software Development			D. SSC Charleston			
Element of Cost	FY 2002		FY 2003		FY 2004				
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Software			250			250			
Hardware			150			150			
Installation			50			50			
TOTAL			450			450			
Justification:									
<p>This investment provides for minor software development projects in order to comply with Department of Defense and Department of the Navy mandates to migrate to standard systems such as the Defense Travel System. The items scheduled for development are the minimum necessary to meet these requirements.</p>									

ACTIVITY GROUP CAPITAL PURCHASES JUSTIFICATION (\$ in Thousands)			A. Fiscal Year (FY) 2004/2005 Biennial Budget Estimates				
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)			C. L0007 - Miscellaneous Minor Construction (>=\$100,000 & < \$750,000)			D. SSC's	
Element of Cost	FY 2002		FY 2003		FY 2004		Total Cost
	Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost	
Design		1,382		3,246		3,747	
Construction							
Site Preparation							
TOTAL		1,382		3,246		3,747	
Justification: Minor Construction is used by the SPAWAR Systems Centers (SSC's) to replace obsolete facilities and increase productivity. The centers are located in sites throughout the nation with millions of square feet of laboratory and office space. Minor construction is used at the SSC's to: <ul style="list-style-type: none"> - modify existing spaces to provide suitable space to test and design new equipment (often in a protected environment) for the forces afloat - construct new facilities to provide suitable space to test and design new equipment, frequently in physically secure areas - improve existing security measures and provide increased security through new initiatives. - reduce operating expenses by building or improving government-owned space so that leased space and high maintenance spaces may be vacated and energy conservation can be achieved. - replace aging structures for which repairs are no longer feasible or cost effective. In FY 2002 5 projects (less than \$750,000) are planned for a total cost of \$1,382,000. In FY 2003 6 projects (less than \$750,000) are planned for a total cost of \$3,246,000. In FY 2004 6 projects (less than \$750,000) are planned for a total cost of \$3,747,000							

CAPITAL BUDGET EXECUTION
BSO: SPAWAR
ACTIVITY GROUP: SPAWAR SYSTEMS CENTER
FY2004 PRESIDENT'S BUDGET
PROJECTS IN THE FY 2003 PRESIDENT'S BUDGET

<u>FY 2003</u>	(Dollars in Millions)					Explanation
	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/Deficiency	
Equip. (Non-ADPE)	0.500	0.000	0.500	0.500	0.000	
Equip. (ADPE)	1.331	0.000	1.331	1.331	0.000	
Software Development	5.611	0.000	5.611	5.611	0.000	
Minor Construction	3.246	0.000	3.246	3.246	0.000	
Total FY03	10.688	0.000	10.688	10.688	0.000	
Non-ADP Equipment	0.500	0.000	0.500	0.500	0.000	No Change
Silicon Wafer Scrubber	0.500	0.000	0.500	0.500	0.000	
ADPE and telecommunications resources	1.331	0.000	1.331	1.331	0.000	No Change
Miscellaneous ADPE	1.331	0.000	1.331	1.331	0.000	
Software Development >= \$.100M	5.611	0.000	5.611	5.611	0.000	No Change
Enterprise Resource Planning	5.161	0.000	5.161	5.161	0.000	
Miscellaneous Software Development	0.450	0.000	0.450	0.450	0.000	
Minor Construction (>= \$.100M and < \$.750M)	3.246	0.000	3.246	3.246	0.000	
Miscellaneous Minor Constuction	3.246	0.000	3.246	3.246	0.000	

Fund-9C

Naval Research Laboratory

**NAVY WORKING CAPITAL FUND NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT/NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES**

Activity Group Function

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

- a. Initiates and conducts broad scientific research of a basic and long-range nature in scientific areas of interest to the Navy.
- b. Conducts exploratory and advanced technological development deriving from or appropriate to the scientific program areas.
- c. Within areas of technological expertise, develops prototype systems applicable to specific projects.
- d. Assumes responsibility as the Navy's principal R&D activity in areas of unique professional competence upon designation from appropriate Navy or DoD authority.
- e. Performs scientific research and development for other Navy activities and, where specifically qualified, for other agencies of the Department of Defense and, in defense-related efforts, for other Government agencies.
- f. Serves as the lead Navy activity for space technology and space systems development and support.
- g. Serves as the lead Navy activity for mapping, charting, and geodesy (MC&G) research and development for the National Imagery and Mapping Agency.

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

- a. Primary in-house research in the physical, engineering, space, and environmental sciences.
- b. Broadly based exploratory and advanced development program in response to identified and anticipated Navy and Marine Corps needs.

- c. Broad multidisciplinary support to the Naval Warfare Centers.
- d. Space and space systems technology development and support.

Activity Group Composition

In addition to its Washington, D.C. campus of about 131 acres and 100 main buildings, NRL maintains 14 other research sites, including a vessel for fire research and a Flight Support Detachment. The many diverse scientific and technological research and support facilities include the large facility located at the Stennis Space Center in Bay St. Louis, Mississippi; a facility at the Naval Support Activity, Monterey Bay Monterey, California; the Chesapeake Bay Detachment in Maryland; and additional sites located in Maryland, Virginia, Alabama, and Florida.

The Flight Support Detachment, located aboard the Patuxent River Naval Air Station in Lexington Park, Maryland, operates and maintains five uniquely configured P-3 Orion turboprop aircraft as airborne research platforms for worldwide scientific research operations.

The Chesapeake Bay Detachment occupies a 157-acre site near Chesapeake Beach, Maryland, and provides facilities and support services for research in radar, electronic warfare, optical devices, materials, communications, and fire research. Because of its location high above the Chesapeake Bay on the western shore, unique experiments can be performed in conjunction with the Tilghman Island site 16 km across the bay.

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

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

Accumulated Operating Results

	(Dollars in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Revenue	558.5	581.3	587.5	608.5
<u>Cost of Goods Sold</u>	<u>564.4</u>	<u>583.1</u>	<u>592.4</u>	<u>604.7</u>
Net Operating Results	-5.9	-1.8	-4.9	3.8
CPP Surcharges	0.0	-4.8	-4.3	-3.8
Extraordinary Expense	5.7	0.0	0.0	0.0
Previous Year AOR Balance	<u>16.0</u>	<u>15.8</u>	<u>9.2</u>	<u>0.0</u>
Accumulated Operating Results	15.8	9.2	0.0	0.0

The favorable Accumulated Operating Results (AOR) reflects additional economies and efficiencies effected throughout NRL. FY 2004 rate is established to achieve an end-of-year AOR of zero in FY 2004.

Funding

	(Dollars in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Reimbursable Orders	557.1	585.0	588.9	607.7

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

Costs

	(Dollars in Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Direct Costs	433.8	450.8	459.5	468.6
Indirect Costs	<u>130.6</u>	<u>132.3</u>	<u>132.9</u>	<u>136.1</u>
Total Costs	564.4	583.1	592.4	604.7

Direct and indirect costs are relatively steady throughout the budget years.

Capital Purchase Program (CPP)

(Dollars in Millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Equipment-Non ADPE/TELECOM	12.0	12.2	12.5	12.8
ADPE/Telecommunications/Equipment/ Software	3.7	3.0	3.0	2.6
Software Development	0.0	0.0	0.0	0.0
<u>Minor Construction</u>	<u>1.6</u>	<u>2.1</u>	<u>1.8</u>	<u>1.9</u>
TOTAL	17.3	17.3	17.3	17.3

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

Civilian Personnel

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
FTE	2,560	2,559	2,524	2,524
End-Strength	2,601	2,639	2,604	2,604

Civilian strength levels, measured by both end strength and full-time equivalents, reflect a steady workforce.

Military Personnel

Military personnel levels will remain constant at 14 officers and 68 enlisted for a total of 82 billets.

Workload, Direct Labor Hours

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Current Submission	3,067,967	3,114,000	3,123,000	3,114,000

A conservative and steady workforce profile is projected for FY 2003, 2004 and FY 2005 given the relatively consistent customer funding plans.

Customer Rate Changes

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Stabilized Customer Rate	\$96.52	\$101.43	\$102.08	TBD
Stabilized Rate Change		+5.08%	+0.64%	TBD
Composite Customer Rate Change		+3.39%	+1.06%	+3.00%

The Stabilized Customer Billing Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the benefiting/requiring customer. The Composite Customer Rate Change incorporates both the stabilized costs and the reimbursable costs. The FY 2004 rate change reflects an increase from the previous year mostly due to inflation, net of overhead savings.

Unit Cost

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Current Submission	\$97.85	\$99.42	\$100.94	103.86

The Unit Cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in unit cost for FY 2003 and FY 2004 primarily reflects increases for annual inflation/price changes from year to year offset by overhead savings.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 RES LABS / TOTAL

PAGE 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	546.5	564.0	570.2	591.2
Surcharges	.0	4.8	4.3	3.8
Depreciation excluding Major Constructio	12.0	12.5	13.0	13.5
Other Income				
Total Income	558.5	581.3	587.5	608.5
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	3.7	3.6	3.4	3.5
Civilian Personnel	236.4	245.1	248.8	255.6
Travel and Transportation of Personnel	8.6	9.1	9.2	9.3
Material & Supplies (Internal Operations	35.4	49.7	50.3	51.1
Equipment	20.6	31.1	31.5	32.0
Other Purchases from NWCF	13.4	14.7	14.6	14.9
Transportation of Things	1.3	.9	.9	1.0
Depreciation - Capital	12.0	12.5	13.0	13.5
Printing and Reproduction	.4	.4	.4	.4
Advisory and Assistance Services	.0	.0	.0	.0
Rent, Communication & Utilities	16.8	18.0	18.0	18.3
Other Purchased Services	215.9	198.0	202.4	205.2
Total Expenses	564.4	583.1	592.4	604.7
Work in Process Adjustment	.0	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	564.4	583.1	592.4	604.7
Operating Result	-5.9	-1.8	-5.0	3.8
Less Surcharges	.0	-4.8	-4.3	-3.8
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	5.7	.0	.0	.0
Net Operating Result	-.2	-6.6	-9.3	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	15.8	9.3	.0	.0

Exhibit Fund-14

INDUSTRIAL BUDGET INFORMATION SYSTEM
RES LABS / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	557	585	589	608
a. Orders from DoD Components	466	498	501	517
Department of the Navy	325	356	358	369
O & M, Navy	19	15	14	15
O & M, Marine Corps	0	0	0	0
O & M, Navy Reserve	0	0	0	0
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Porcurement, Navy	0	0	0	0
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	2	2	2	2
Other Procurement, Navy	2	1	1	1
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	301	337	341	351
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	0	0	0	0
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	4	1	1	1
Army Operation & Maintenance	2	0	0	0
Army Res, Dev, Test, Eval	2	1	1	1
Army Procurement	0	0	0	0
Army Other	0	0	0	0
Department of the Air Force	51	61	61	63
Air Force Operation & Maintenance	1	1	1	1
Air Force Res, Dev, Test, Eval	30	41	41	42
Air Force Procurement	20	19	19	20
Air Force Other	0	0	0	0
DOD Appropriation Accounts	87	80	81	83
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	1	0	0	0
Res, Dev, Test & Eval Accounts	72	67	68	70
Procurement Accounts	2	2	2	2
Defense Emergency Relief Fund	11	11	11	11
DOD Other	1	0	0	0
b. Orders from other WCF Activity Groups	11	11	11	12
c. Total DoD	477	509	513	529
d. Other Orders	80	76	76	79
Other Federal Agencies	75	70	71	73
Foreign Military Sales	1	1	1	1
Non Federal Agencies	4	4	4	5
2. Carry-In Orders	153	152	155	157
3. Total Gross Orders	710	737	744	764
a. Funded Carry-Over before Exclusions	152	155	157	156
b. Total Gross Sales	558	581	587	608

INDUSTRIAL BUDGET INFORMATION SYSTEM
 RES LABS / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	-1	-1	-1	-1
5. Non-DoD, BRAC, FMS (-)	-35	-34	-34	-35
6. Net Funded Carryover	115	121	121	120

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

Exhibit Fund-11

Changes in the Cost of Operation
 Activity Group: Research & Development
 Sub-Activity Group: Naval Research Laboratory
 Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
 February 2003
 (Dollars in Millions)

	Expenses -----
FY 2002 Actual:	564.4
FY 2003 President's Budget:	578.3
Pricing Adjustments:	
Civilian Personnel	3.5
Removal of CSRS/FEHB Full Funding Proposal	-14.1
General Purchase Inflation	-1.4
Program Changes:	
Additional Direct Reimbursable Workload and Cost	20.0
Productivity Initiatives and Other Efficiencies:	
Revised Overhead Manpower	-0.8
Other Non-Labor Overhead Savings	-2.4
FY 2003 Current Estimate:	583.1
Pricing Adjustments:	
FY 2004 Pay Raise	
Civilian Personnel	4.0
Military Personnel	0.1
Annualization of Prior Year Pay Raise	2.1
Additional Paid Day	0.9
General Purchase Inflation	4.5
Program Changes:	
Additional Direct Reimbursable Workload and Cost	0.4
Revised Military Work Years	-0.3
Other Non-Labor Overhead Savings - ICC Consolidation	-0.6
Additional Depreciation Cost	0.5
Productivity Initiatives and Other Efficiencies:	
Strategic Sourcing and Other Savings	-2.3
FY 2004 Current Estimate:	592.4

Activity Group: Research & Development
Sub Activity Group: Naval Research Laboratory
February 2003
(Dollars in Millions)

Line No.	Item Description	FY 2002		FY 2003		FY 2004		FY 2005	
		Quant	Total Cost	Quant	Total Cost	Quant	Total Cost	Quant	Total Cost
1001	Total Non-ADP Equipment (>\$1M)	0	0.000	0	0.000	1	1.350	1	1.900
2001	Total Non-ADP Equipment (\$500K-\$999K)	5	4.027	3	2.030	3	1.975	2	1.171
3001	Total Non-ADP Equipment (<\$500K)	32	7.957	42	10.206	31	9.165	31	9.766
4001	Total ADP Equipment (>\$1M)	1	1.564	0	0.000	0	0.000	0	0.000
5001	Total ADP Equipment (\$500K-\$999K)	0	0.000	1	0.600	0	0.000	0	0.000
6001	Total ADP Equipment (<\$500K)	8	2.176	11	2.385	10	2.960	10	2.613
7001	Total Software Development	0	0.000	0	0.000	0	0.000	0	0.000
8001	Total Minor Construction (=\$500K <\$1M)	2	1.415	1	0.905	2	1.325	1	0.500
9001	Total Minor Construction (<\$500K)	1	0.161	3	1.174	2	0.525	4	1.350
	TOTAL CAPITAL PURCHASE PROGRAM	49	17.300	61	17.300	49	17.300	49	17.300
	Total Capital Outlays		19.202		18.033		17.474		17.474
	Total Depreciation Expense		11.994		12.500		13.000		13.500

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates							
B. Component/Activity Group/Date			C. Line No. & Item Description				D. Activity Identification							
Department of the Navy Research and Development February 2003			1001. Focused Ion Beam Workstation				Naval Research Laboratory Washington, DC 20375							
			FY 2002		FY 2003			FY 2004						
Element of Cost			Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Non-ADP Equipment (≥\$1M)									1	1,350	1,350			
<p>Narrative Justification: This capital equipment purchase is to be located in the new Nanoscience Institute Building scheduled for completion in FY 2003. The Institute was established to enable NRL to address the scientific opportunities at the nanometer (10⁻⁹ meter) scale. This is an essential new tool for the Institute since it will provide the ability to carryout nanomachining processes at a resolution of 7nm. The nanomachining process is essential for the following tasks:</p> <ol style="list-style-type: none"> 1) Fabrication of planar electronic circuit elements. One of the central tasks of the new Institute is to fabricate prototype electronic devices with features <10 nm dimension. Since these are research devices, common mass production lithographic techniques and processing techniques are not suitable. This instrument permits one-of-a-kind prototype fabrication entirely under the control of the research scientist at very low cost. 2) Preparation of cross-sectional samples for high-resolution transmission electron microscopy. In FY 2001, the Institute purchased the highest resolution transmission electron microscope (TEM) currently available, to study nanoscale features in new materials. All samples for the new \$1.35M microscope will require this new ion beam workstation for cross-sectioning preparation in order to be sufficiently thin for electron transmission. There is no other equipment that can perform this task successfully in a cost-effective manner. 3) Nanomachining of etchant resistant materials (e.g. diamond) for nanomechanical electromechanical systems (NEMS). Nanomechanical electromechanical systems technology is a major theme of the new Institute. Its goal is to develop electrically driven machines at the atomic level. This machine must be fabricated from extremely strong, extremely hard materials, such as diamond. There is no other technique available to carry out this fabrication on these materials. <p>This tool cannot be replaced by any other and will be available for use 24 hours per day, 7 days per week to all authorized NRL personnel. The only alternatives are to abandon the mission's objectives, since the workstation will be employed as an integral component of the research and cannot be contracted out to commercial providers. Travel by NRL to another site would be cost prohibitive and would unacceptably impede the Institute's research programs, since its use is expected to be near capacity.</p>														

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Component/Activity Group/Date			C. Line No. & Item Description				D. Activity Identification					
Department of the Navy Research and Development February 2003			2001. Total Non-ADP (≥\$500K<\$1M)				Naval Research Laboratory Washington, DC 20375					
			FY 2002		FY 2003			FY 2004				
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Non-ADP (≥\$500K<\$1M)	5		4,027	3		2,030	3		1,975			
Narrative Justification:												
<u>FY 2002</u>												
Ka Band Test Bed \$990,000												
Programmable Radio Test Bed \$842,544												
Pulsed Power Generator/High Voltage, Inductive Voltage Adder \$800,000												
Far Field Range, Anechoic Chamber \$874,500												
Tower Based Scanning Lidar System \$520,000												
<u>FY 2003</u>												
Lithographic Fabrication Clean Room Zones \$750,000												
Vibration Shaker & Amplifier Replacement \$750,000												
Real Time Ocean Environmental Measurement System \$530,000												
<u>FY 2004</u>												
UAV Payload Test Bed \$975,000												
Friction Stir Welding Machine \$500,000												
X-Band Reflector and Dual S/X Band Feed \$500,000												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Component/Activity Group/Date		C. Line No. & Item Description					D. Activity Identification					
Department of the Navy Research and Development February 2003		3001. Total Non-ADP (<\$500K)					Naval Research Laboratory Washington, DC 20375					
		FY 2002		FY 2003			FY 2004					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Non-ADP (<\$500K)	32		7,957	42		10,206	31		9,165			
Narrative Justification: Narrative not required.												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Component/Activity Group/Date		C. Line No. & Item Description					D. Activity Identification					
Department of the Navy Research and Development February 2003		5001. Total ADP (≥\$500K<\$1M)					Naval Research Laboratory Washington, DC 20375					
		FY 2002		FY 2003			FY 2004					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total ADP (≥\$500K<\$1M)				1	600	600						
Narrative Justification: <u>FY 2003</u> High Productivity S/C Design System Replacement \$600,000												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates						
B. Component/Activity Group/Date		C. Line No. & Item Description					D. Activity Identification						
Department of the Navy Research and Development February 2003		6001. Total ADP (<\$500K)					Naval Research Laboratory Washington, DC 20375						
		FY 2002			FY 2003			FY 2004					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	
Total ADP (<\$500K)	8		2,176	11		2,385	10		2,960				
Narrative Justification: Narrative not required.													

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Component/Activity Group/Date			C. Line No. & Item Description				D. Activity Identification					
Department of the Navy Research and Development February 2003			8001. Total Minor Construction (≥\$500k<\$1M)				Naval Research Laboratory Washington, DC 20375					
			FY 2002		FY 2003			FY 2004				
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Minor Construction (≥\$500k<\$1M)	2		1,415	1		905	2		1,325			
Narrative Justification:												
<u>FY 2002</u> RDT&E/Spacecraft Storage Mezzanine \$876,110 Renovate Wavetank \$539,217												
<u>FY 2003</u> Acoustic Tank SCIF and Secure High Bay Space \$905,000												
<u>FY 2004</u> C4I Facility Renovation \$600,000 Space Systems Laboratory Renovation \$725,000												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission Fiscal Year (FY) 2004/2005 Biennial Budget Estimates					
B. Component/Activity Group/Date		C. Line No. & Item Description					D. Activity Identification					
Department of the Navy Research and Development February 2003		9001. Total Minor Construction (<\$500K)					Naval Research Laboratory Washington, DC 20375					
		FY 2002		FY 2003			FY 2004					
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Minor Construction (<\$500K)	1		161	3		1,174	2		525			
Narrative Justification: Narrative not required.												

CAPITAL BUDGET EXECUTION
Department of the Navy - Navy Working Capital Fund
Activity Group: RESEARCH AND DEVELOPMENT/Sub Activity Group: NAVAL RESEARCH LABORATORY

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
February 2003

PROJECTS ON THE FY 2003 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	(Dollars in Millions)		<u>Explanation/ Reason for Change</u>
				<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	
	Equipment except ADPE and TELECOM					
2003	Equipment except ADPE and TELECOM (=\$500K <\$1M)	1.500	0.530	2.030	(1.500)	1/
2003	Equipment except ADPE and TELECOM (<\$500K)	1.355	8.851	10.206	(1.355)	1/
2003	Focused Ion Beam Work Station	(1.350)	1.350	0.000	1.350	1/
	Total Equipment except ADPE and TELECOM	1.505	10.731	12.236	(1.505)	
	Equipment - ADPE and TELECOM					
2003	Equipment - ADPE (=\$500K <\$1M)		0.600	0.600		
2003	Equipment - ADPE (<\$500K)	(1.505)	3.890	2.385	1.505	1/
	Total Equipment - ADPE and TELECOM	(1.505)	4.490	2.985	1.505	
	Software Development					
2003	Software Development (<\$500K)		0.000	0.000		
	Total - Software Development		0.000	0.000		
	Minor Construction					
2003	Minor Construction (=\$500K <\$1M)		0.905	0.905		
2003	Minor Construction (<\$500K)		1.174	1.174		
	Total - Minor Construction		2.079	2.079		
	Total FY 2003 Capital Purchase Program	0.000	17.300	17.300	0.000	

1/ Canceled multiple projects to fund multiple higher priorities.

Military Sealift Command

FY 2004 PLANNING BUDGET
Navy Working Capital Fund
Military Sealift Command
Congressional Submission

General Descriptions of Business Area: The Military Sealift Command (MSC) acts as the single manager-operating agency for sealift services. MSC operates under the Navy Working Capital Fund (NWCF) in two separate capacities. This submission addresses MSC's Navy mission funded by the NWCF, providing support to the Fleet Commanders (PACFLT and LANTFLT) and other DOD activities by servicing unique vessels and programs. The second mission, providing sealift support for DOD cargoes in peacetime, is accomplished through the Transportation Working Capital Fund (TWCF) under the auspices of US Transportation Command (TRANSCOM).

Outputs and Customers through the NWCF: MSC supports the Navy's Pacific and Atlantic Fleets, Naval Sea Systems Command (NAVSEA), Commander, Naval Meteorology and Oceanographic Command (CNMOC), Space and Naval Warfare Systems Command (SPAWAR), Strategic Systems Programs (DIRSSP), the US Air Force and the National Defense Sealift Fund (NDSF) with unique vessels and programs. The three programs budgeted through the Navy Working Capital Fund (NWCF) are:

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

Changes by Program from Pres. Budget:

NFAF:

FY 2002 President's Budget (PB) to FY 2002 Actual: Workload (number of ship days) increased by 121 days from the President's Budget. This increase translated to an overall increase of \$10.9 million over the PB.

FY 2003 PB to FY 2003 Current Estimate (CE): USNS Kilauea and USNS Santa Barbara are going from reduced operating status (ROS)-30 to ROS-45, while USNS Butte will be inactivated. Average CIVMAR costs for FY 03 will increase over the President's Budget based on actual FY 2002 experience.

FY 2003 to FY 2004: The fourth of the T-AOEs (USNS Bridge) will be turned over to MSC for operation during fourth quarter of FY 2004; the third T-AOE (USNS Rainer) will be in operation for a full year. The number of overhauls increases accompanied by higher operations tempo (OPTEMPO).

FY 2004 to FY 2005: The first of the T-AKE's (USNS Lewis & Clark) will be turned over to MSC in FY 2005 and the USNS Bridge will

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operate for a full year. MSC will also increase the number of overhauls and OPTEMPO in accordance with sponsor requirements.

SMS:

FY 2002PB to FY 2002 Actual: Increase is attributed primarily to additional reimbursable costs.

FY 2003PB to FY 2003CE: The USNS OBSERVATION ISLAND, USNS HAYES and USNS WATERS are scheduled to convert from CIVMAR manned to contract operation. The amount of reimbursable work being done for the sponsors increases.

FY 2003 versus FY 2004: The operating contract for CNMOC vessels is scheduled for renewal. C-COMMANDO will convert from reimbursable to per diem operation.

FY 2004 versus FY 2005: The operating contract for T-AGOS vessels is scheduled for renewal. M&R expenses will experience growth due to an increase in the number of scheduled overhauls.

APF-N:

FY 2002PB to FY 2002 Actual - The program is fairly static except for the addition of a High Speed Vessel (HSV) for the Marine Corps.

FY 2003PB to FY 2003CE - Current estimate includes the addition of a High Speed Vessel for the Marine Corps, increase in OPTEMPO and the addition of a dry docking period for the CAPE JACOB.

FY 2003 to FY 2004 - The program's workload is static, however, costs decreased due to the capital hire amortization schedule and reduced M&R costs.

FY 2004 to FY 2005 - Capital hire increased in accordance with the amortization schedule along with M&R.

Force Protection:

MSC has experienced a dramatic increase in force protection costs since September 11, 2001. MSC received over \$40 million in reimbursable funding in FY 2002. The budget reflects a continued cost for these efforts.

ANALYSIS OF COST OF OPERATIONS (statistical): FY 2003 reflects growth of \$170.0M. This is partially due to an increase in workload such as the transfer of the third T-AOE 6 class vessel to MSC, increased M&R, and increased reimbursable Force Protection procurements. MSC also is taking delivery of the fourth T-AOE in FY 2004 and the T-AKE -1 in FY 2005.

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Table One: COST (\$ in Millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
DIRECT COST	1,407.7	1,553.8	1,526.9	1,669.8
COST OF G&A	145.6	169.5	174.2	178.5
TOTAL COST	1,553.3	1,723.3	1,701.1	1,848.3

REVENUE ANALYSIS: FY 2003 revenue is higher than approved due to increased reimbursable force protection efforts. FY 2003 reflects additional Per Diem and reimbursable requirements. FY 2004/5 revenue reflects additional Per Diem requirements and guidance to attain a zero AOR.

Table Two: REVENUE

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
REVENUE	1,518.7	1,732.6	1,723.1	1,848.3

ANALYSIS OF AOR/NOR: The FY 2002 estimate contained in FY 2003 President's Budget reflected a loss of \$61.5 million vice actual loss of \$31.9 million. The FY 2003 rates were computed to achieve a gain of \$17.8 million; current estimates reflect a gain of \$9.2 million. The FY 2004 and FY 2005 rates were computed to result in an AOR of zero.

Table Three: AOR/NOR (\$ in Millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
BEGINNING AOR	0.6	-31.3	-22.1	0.0
REFUND	2.7	0.0	0.0	0.0
NET OP RESULTS	-34.6	9.2	22.1	0.0
PASSTHROUGH	0.0	0.0	0.0	0.0
ENDING AOR	-31.3	-22.1	0.0	0.0

UNIT COST ANALYSIS: MSC operates under three distinct unit cost goals - one for each of the programs. All programs have cost/per day as their unit cost basis (costs include only per diem expenses in their annual operating budget (AOB) as per OSD guidelines.) The change from FY 2002 to FY 2003 is the result of increased OPTEMPO, more overhauls and an average salary increase for CIVMARS. Additionally, the mix of ships - e.g. harbor tugs and T-AOEs - has an impact on unit cost levels. The change from FY 2003 to FY 2004 is primarily a function of approved escalation factors plus the mix of vessels.

Table Four: UNIT COST

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
NFAF	31,868	34,207	35,353	37,236
SMS	19,740	21,879	21,095	22,504
APF-N	76,512	77,712	73,835	78,050

WORKLOAD INDICATORS: The NFAF program increases over the budget years as a result of the transfer of three T-AOE 6s and the T-AKE 1.

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These increases are offset by the decommissioning of the USNS Butte at the beginning of FY 2003. The SMS Program is relatively stable except for the T-AGS 65 (MARY SEARS) coming aboard in FY 2002 and the C-COMMANDO operating as a per diem vessel starting in FY 2004. APF-N workload increased to sixteen ships with the USNS WHEAT coming aboard during FY 2002.

Table Five - WORKLOAD

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
PER DIEM SHIP DAYS				
NFAF	24,212	24,153	24,547	24,957
SMS	10,142	10,220	10,614	10,585
APF-N	6,020	6,205	6,222	6,205

HOW WORKLOAD LEVELS ARE OBTAINED: Budgeted workload estimates are provided directly by each funding sponsor. Operational requirements are received directly from the sponsor by message or other direct communication for each of these dedicated ships.

CUSTOMER RATE PERCENTAGE CHANGES: The FY 2002/3 rates reflect the President's budget approved program. Rates for FY 2004/5 were developed to attain the required zero AOR.

Table Six - CUSTOMER RATE CHANGES

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
NFAF	4.6%	12.8%	1.7%	-1.1%
SMS	8.4%	6.0%	-6.1%	7.2%
APF-N	19.4%	2.9%	-4.2%	6.0%

MANPOWER TRENDS: *Afloat:* Major change reflects the addition of T-AOE 6 class vessels and T-AKE less turnover of various SMS ships to contractor operations. *Ashore:* FY 2003 end strength levels are consistent with President's Budget. FY 2004 and FY 2005 reflect growth of 19 and 17 respectively. This growth mirrors MSC POM submission requirements. Growth is attributable to force protection efforts; engineering support for T-AKE, T-AOE, etc, contracting, and CIVMAR support personnel. POM growth request is offset by reductions due to Workload Validation initiatives.

Table Seven: Manpower by Major Program

End strength	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
NFAF	3,658	3,938	4,133	4,289
SMS	235	66	66	66
APF-N	5	5	5	5
Overhead	921	947	966	983
Total	4,819	4,956	5,170	5,343

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ANALYSIS OF FINANCIAL CONDITIONS: The FY 2002 NOR reflects a loss of \$34.6M vice the loss of \$61.5M contained in the President's Budget. FY 2003 NOR reflects a gain of \$9.2M vice the gain of \$17.8M contained in the President's Budget; FY 2004/5 reflects zero AOR.

**Table Eight: Financial Condition
(\$000)**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
REVENUE	\$1,518.7	\$1,732.6	\$1,723.1	\$1,848.3
EXPENSE	1,553.3	1,723.3	1,701.1	1,848.3
NOR	-34.6	9.2	22.1	0.0
REFUNDS	2.7	0.0	0.0	0.0
PASSTHROUGH	0.0	0.0	0.0	0.0
AOR	-31.3	-22.1	0.0	0.0

OVERHEAD TRENDS/ANALYSIS: These costs relate to MSC Ashore personnel. Costs for FY 2002 and FY 2003 are slightly lower than President's Budget due to lower than anticipated benefits costs and fewer FTEs. Costs for FY 2004 and FY 2005 are higher due to the inclusion of additional personnel to cover POM requirements. Other factors impacting overhead are increased IT efforts for Oracle/SPS efforts and planned renovations for the move of MSC Norfolk personnel. The current submission reflects fully loaded hourly rates of \$43, \$46, \$47 and \$49 for FY 2002 - FY 2005 respectively based on GS/GM costs contained in MSC Civilian Personnel Exhibits.

Table Nine: Manpower and Overhead Costs (\$ in millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>End strength</u>				
Civilians	921	947	966	983
Military	174	189	188	188
Ashore Costs	145.6	169.5	174.2	178.5

Capital Purchase Program (CPP): Information Technology (IT/ADP) efforts represent the predominant share of CPP costs. These efforts include migration to a paperless environment; secure storage of engineering materials, ADPE for Shipboard local area networks (LANs) and systems development efforts- e.g. mandated travel system, financial management (FMS), etc.

Table Ten: CPP Costs (\$ in millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Capital Investment</u>				
ADPE Hardware	4.0	4.5	5.7	5.7
ADPE Software/Development	6.0	9.1	7.4	7.3
Minor Construction	0.0	0.0	0.0	0.0
Total	10.0	13.6	13.1	13.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 COMSC / TOTAL

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	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	1,515.0	1,724.3	1,713.9	1,835.3
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	3.6	8.3	9.2	13.0
Other Income				
Total Income	1,518.7	1,732.6	1,723.1	1,848.3
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	36.1	28.8	30.3	31.7
Civilian Personnel	366.3	397.5	424.2	455.1
Travel and Transportation of Personnel	18.7	19.0	18.4	19.8
Material & Supplies (Internal Operations	155.3	155.4	160.8	173.7
Equipment	72.2	136.3	92.2	134.4
Other Purchases from NWCF	23.9	28.4	28.2	28.5
Transportation of Things	3.5	3.7	3.7	4.0
Depreciation - Capital	3.6	8.3	9.2	13.0
Printing and Reproduction	.4	.6	.6	.7
Advisory and Assistance Services	1.0	5.8	6.0	5.9
Rent, Communication & Utilities	525.4	542.9	537.5	558.8
Other Purchased Services	346.8	396.8	389.9	422.9
Total Expenses	1,553.3	1,723.3	1,701.1	1,848.3
Work in Process Adjustment	.0	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	1,553.3	1,723.3	1,701.1	1,848.3
Operating Result	-34.6	9.3	22.1	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-34.6	9.3	22.1	.0
Other Changes Affecting AOR	2.7	.0	.0	.0
Accumulated Operating Result	-31.3	-22.1	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
 COMSC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

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	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	1,521	1,733	1,723	1,848
a. Orders from DoD Components	1,513	1,727	1,717	1,842
Department of the Navy	1,449	1,581	1,619	1,696
O & M, Navy	940	1,063	1,581	1,654
O & M, Marine Corps	4	12	12	13
O & M, Navy Reserve	0	0	0	0
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Porcurement, Navy	0	0	0	0
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	2	6	6	3
Other Procurement, Navy	10	0	0	0
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	0	0	0	0
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	492	501	21	26
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	0	0	0	0
Army Operation & Maintenance	0	0	0	0
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	0	0	0	0
Department of the Air Force	25	35	33	37
Air Force Operation & Maintenance	25	35	33	37
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	39	111	65	108
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	5	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0	0
Procurement Accounts	0	0	0	0
Defense Emergency Relief Fund	34	111	65	108
DOD Other	0	0	0	0
b. Orders from other WCF Activity Groups	6	5	6	6
c. Total DoD	1,520	1,733	1,723	1,848
d. Other Orders	1	0	0	0
Other Federal Agencies	1	0	0	0
Foreign Military Sales	0	0	0	0
Non Federal Agencies	0	0	0	0
2. Carry-In Orders	40	35	35	35
3. Total Gross Orders	1,561	1,768	1,758	1,883
a. Funded Carry-Over before Exclusions	35	35	35	35
b. Total Gross Sales	1,526	1,733	1,723	1,848

INDUSTRIAL BUDGET INFORMATION SYSTEM
 COMSC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

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	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	0	0	0	0
5. Non-DoD, BRAC, FMS (-)	-4	-4	-4	-4
6. Net Funded Carryover	31	31	31	31

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

Exhibit Fund-11

FY 2004 PLANNING BUDGET
 Changes in the Costs of Operation
 Military Sealift Command/Transportation
 (Dollars in Millions)
 Congressional Submission

	<u>Total Expenses</u>
FY 2002 Actual	1,553.3
FY 2003 Estimate in President's Budget:	1,592.2
Pricing Adjustments:	
a. FY 2003 Pay Raise	
(1) Civilian Personnel	1.4
(2) Military Personnel	0.0
b. Annualization of Prior Year Pay Raises	
(1) Civilian Personnel	0.0
(2) Military Personnel	0.0
c. Fuel	0.0
d. Supplies	0.0
e. General Purchase Inflation	-5.4
Productivity Initiatives & Other Efficiencies:	
a.	
Program Changes (list) as appropriate	
a. DLRs	0.0
b. Manning	0.0
c. Depot Maintenance	0.0
d. Commercial Augmentation	0.0
e. Military Augmentation	0.0
f. Rent/Utilities	0.0
g. Supplies	0.0
t. Travel	0.0
i. Depreciation	0.0
j. Communication	0.0
k. ADP Services	0.0
l. Other	0.0
Force Protection reprogram from FY02	43.5
Reimbursable Force Protection	48.4
Increased Sponsor Reimbursable work fo SMS	15.1
Increased Charter Hire costs T-AGS	7.6
Revised Wages: Pipeline/Av. Salary/Benefits	7.2

Revised costs due to increased OPTEMPO		15.2
Port Charges	8.2	
Canal Transits/Security Guards	5.2	
Increased Fuel Costs	1.8	
Increased layberth costs		0.9
Drydock of Cape Jacob		4.5
Increased Sponsor Reimbursable work fo APF-T		13.5
HSV	11.8	
Curtis (T-AVB)	1.7	
CSRS/FEHB		-25.1
Overhead: IT costs		4.3
FY 2003 Current Estimate:		1,723.3
Pricing Adjustments:		
a. FY 2004 Pay Raise		
(1) Civilian Personnel		4.6
(2) Military Personnel		1.1
b. Annualization of Prior Year Pay Raises		
(1) Civilian Personnel		7.2
(2) Military Personnel		0.0
c. Fuel		3.4
d. Supplies		1.4
e. DLRs		0.0
f. General Purchase Inflation		18.0
Productivity Initiatives & Other Efficiencies:		
a.		
Program Changes:		
a. DLRs		0.0
b. Manning		0.0
c. Depot Maintenance		0.0
d. Commercial Augmentation		0.0
e. Military Augmentation		0.0
f. Flying Hour Change		0.0
g. Other		
Turnover of T-AOE 6 Class Vessels		43.1
Revised ship lease costs		-25.1
One-time reimbursable force protections costs		-3.2
Decreased M&R costs		-9.3
Reduced force protection reprogramming		-44.2
Reduced fuel/supplies/equipment		-12.0
Port Charges		-6.6
Workload Validation		-10.1

Other Changes:	
a. Depreciation	0.9
b. General & Administrative	8.6

FY 2004 Estimate: 1,701.1

Pricing Adjustments:	
a. FY 2005 Pay Raise	
(1) Civilian Personnel	5.0
(2) Military Personnel	1.1
b. Annualization of Prior Year Pay Raises	
(1) Civilian Personnel	10.3
(2) Military Personnel	
c. Fuel	3.4
d. Supplies	1.0
e. DLRs	
f. General Purchase Inflation	16.5

Productivity Initiatives & Other Efficiencies:

- a.
- b.

Program Changes:	
a. DLRs	0.0
b. Manning	0.0
c. Depot Maintenance	0.0
d. Commercial Augmentation	0.0
e. Military Augmentation	0.0
f. Flying Hour Change	0.0
g. Other	

Turnover of T-AOE 6/T-AKE Class Vessels	38.0
Increase in reimbursable force protection costs	43.2
Adjusted ship lease costs	11.8
Reduction in other/other misc. contract costs	-8.7
Increased M&R costs	26.3
Workload Validation	-0.8
CSRS/FEHB	-3.7

Other Changes:	
a. Depreciation	3.8
b. General & Administrative	

FY 2005 Estimate: 1,848.3

Business Area Capital Investment Summary

Component: Military Sealift Command

Business Area: Transportation

Date: Congressional Submission

(\$ in Millions)

Line Number	Item Description	FY 2002		FY 2003		FY 2004		FY 2005	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	<u>Equipment</u>								
	Replacement								
	Productivity								
	New Mission								
	Environmental Compliance								
	Sub-total	0	0.0	0	0.0	0	0.0	0	0.0
	<u>ADPE & Telecomm</u>								
	Computer Hardware (Production)								
C001	TDMS		0.3		0.4				
C002	LAN		3.7		4.1		5.7		5.7
	Computer Software (Operating)								
	Telecommunications								
	Other Communications and								
	Telecommunications Support								
	Equipment								
	Sub-total	0	4.0	0	4.5	0	5.7	0	5.7
	<u>Software Development</u>								
	Systems		6.0		9.1		7.4		7.3
C003	Systems		2.0		2.3		5.2		5.3
C004	TDMS		0.1		0.1				
C005	APM		2.5		5.3		2.2		2.0
C006	COTS Initiative		1.4		1.4				
	Minor Construction		0.0		0.0		0.0		0.0
	Total	0	10.0	0	13.6	0	13.1	0	13.0
	<u>Related Information</u>								
	<u>Outlays</u>								
	ADPE		3.0		3.7		5.3		5.5
	Software		4.4		5.1		8.8		8.4
	Minor Construction		0.4		0.0				
	Total		7.8		8.8		14.1		13.9
	<u>Depreciation</u>								
	ADPE		0.9		4.5		4.7		7.0
	Software		2.6		3.7		4.4		6.0
	Minor Construction		0.1		0.1		0.1		0.1
	Total		3.6		8.3		9.2		13.1

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2004 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ January 2003				C004 TDMS								
	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software Development		Varies	100		Varies	100						
Total	0		100	0		100	0		0	0		0
Narrative Justification:												
<p>The Technical Data and Management System (TDMS) provides access to technical information - e.g. drawings, manuals, test reports, etc - on line or electronically in CALS and industry compatibility. TDMS eventually will enable MSC to migrate a paperless environment of engineering documents.</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2004 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ January 2003				C001 TDMS								
	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADPE		Varies	350		Varies	350						
Total	0		350	0		350	0		0	0		0
Narrative Justification:												
<p>TDMS equipment provides a secure physical archive and replaces the existing manual labor and intensive paper based system that has a high risk of loss of critical material due to age and handling. This funding is for the main TDMS system which is located at MSC HQ and the peripherals which are located at MSC Area Commands.</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2004 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ January 2003				C002 LAN								
	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADPE - Afloat		Varies	3,646		Varies	4,132		Varies	5,700		Varies	5,700
Total	0		3,646	0		4,132	0		5,700	0		5,700
Narrative Justification:												
<p>The above represents MSC requirements to implement unclassified and classified LANS at all ships, offices, area command, and headquarters world-wide. Equipment includes servers, routers, modem pools, printers, firewall, etc. Increases for FY 2004 and FY 2005 support the installation of Public Key Infrastructure (PKI,) Remote Administration Application Servers, and Exchange 2000. Additionally, funding will provide the ability to integrate with MSC Financial Management System (FMS,) replicate data shoreside, and facilitate web enablement in accordance with Taks Force Web (TFW) directives.</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2004 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ January 2003				C003 Systems								
			FY 2002		FY 2003		FY 2004			FY 2005		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software Development Information Systems Procure to Pay Initiative			2,050			2,300			2,000 3,242			2,040 3,242
Total	0		2,050	0		2,300	0		5,242	0		5,282
Narrative Justification:												
<p><u>Development</u> All systems operate on existing MSC or Defense Mega Center (DMC) computers. All funds are for system design, product integration, acceptance testing, implementation, and documentation.</p> <p>Various modules integrate existing worldwide procurement system with developing/deploying financial system; this ensures validation of accounting data at time of origination, and tracking of both procurement and funds control from obligation through payment.</p> <p>Includes funding required to implement DOD mandated travel system and integrate it with the Command financial management system as well as the paperless environment.</p> <p><u>Information Systems</u> This will enable Web systems to operate all MSC Ashore and Afloat operations. Funding supports system design, product integration, acceptance testing implementation, and documentation.</p> <p><u>Procure to Pay Initiative</u> This initiative will provide for cross functional requirements and continuing development of enhancement and upgrades to MSC business systems. Supports the introduction of additional modules required to provide a total automated procure to pay solution for MSC. It also will support the development of interfaces required with external systems - e.g. DOD wide implementation of the End -to-End procurement process.</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2004 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ January 2003				C005 APMC								
	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Development			2,486			5,300			2,200			2,000
Total	0		2,486	0		5,300	0		2,200	0		2,000
Narrative Justification:												
<p>MSC has consolidated its civmar personnel functions at the Afloat Personnel Management Center (APMC.) This funding will satisfy the requirement to migrate to a paperless environment - i.e. total automation of the AP process, automated workflow and documentation management utilizing Oracle Human Resource (HR) and Payroll. Increases in FY 2002 and FY 2003 result from previous years' shortfalls; increases also are a result of implementing a civilian mariner payroll system with the fully integrated HR system. This implementation also will provide the ability to integrate with MSC's corporate data environment.</p> <p>Note: CIVMAR personnel functions are not handled by the DOD Modern Defense Civilian Payroll Data System (DCPDS.)</p>												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2004 Planning Budget - Congressional						
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification					
Military Sealift Command/Transportation/ January 2003				C006 COTS Initiative/FMSS									
			FY 2002		FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
Software Development		Varies	1,368		Varies	1,368							
Total	0		1,368	0		1,368	0		0	0		0	
Narrative Justification:													
<p><u>Financial Management Systems (FMS)</u> The above funding is required to meet the requirement of the CFO and has been addressed in various meetings with representatives from DFAS and the Department of the Navy. This requirement was generated as a result of the DODIG's review of MSC's financial practices in September 1997. Additionally, provides funding for the enhancement and upgrade of MSC Oracle based financial system.</p>													

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2004 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ January 2003												
	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Minor Construction												
Total	0		0	0		0	0		0	0		0
Narrative Justification:												

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)							A. Budget Submission FY 2004 Planning Budget - Congressional					
B. Component/Business Area/Date				C. Line No. & Item Description				D. Activity Identification				
Military Sealift Command/Transportation/ January 2003												
	FY 2002			FY 2003			FY 2004			FY 2005		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Total	0		0	0		0	0		0	0		0
<i>Narrative Justification:</i>												

Component: Military Sealift Command

Activity Group: Transportation

FY 2004 Planning Budget
(\$ in Millions)

FY	Approved Projects	PB Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/Deficiency	Explanation
02	Equipment except ADPE & Telcomm	\$0.0		\$0.0	\$0.0	\$0.0	
	ADPE & Telecomm						
	APM	\$0.0		\$0.0	\$0.0	\$0.0	
	TDMS	\$0.3		\$0.3	\$0.3	\$0.0	
	LAN	\$3.7		\$3.7	\$3.7	\$0.0	
	Software Development						
	TDMS/Systems/Lan	\$6.0		\$6.0	\$6.0	\$0.0	
	Minor Construction	\$0.0		\$0.0	\$0.0	\$0.0	
	TOTAL FY 2002	\$10.0	\$0.0	\$10.0	\$10.0	\$0.0	
<hr/>							
03	Equipment except ADPE & Telcomm	\$0.0		\$0.0	\$0.0	\$0.0	
	ADPE & Telecomm						
	APM	\$0.0		\$0.0	\$0.0	\$0.0	
	TDMS	\$0.4		\$0.4	\$0.4	\$0.0	
	LAN	\$4.1		\$4.1	\$4.1	\$0.0	
	Software Development						
	TDMS/Systems/Lan	\$9.1		\$9.1	\$9.1	\$0.0	
	Minor Construction	\$0.0		\$0.0	\$0.0	\$0.0	
	TOTAL FY 2003	\$13.6	\$0.0	\$13.6	\$13.6	\$0.0	

Public Works Centers

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Base Support/Navy Public Works Centers
February 2003

ACTIVITY GROUP FUNCTION: The mission of the Public Works Centers (PWCs) is to provide clients with quality public works support and services to meet the diverse needs of their clients, thereby becoming the client's provider of choice.

The Navy Public Works Centers provide utilities services, facilities maintenance, transportation support, engineering services, environmental services, and shore facilities planning support required by afloat and ashore operating forces and other activities.

The Public Works Centers provide base support to military, Federal, state and local activities located within nine regional areas. Currently, PWCs provide support and services to Navy, Marine Corps, Army, Air Force, DoD, Coast Guard, National Aeronautics and Space Administration, and other Federal and non-Federal activities.

Public Works Centers have a unique Command and Control structure. They operate under the command of the Regional Commander who serves as Immediate Superior in Command (ISIC), and also under the technical and financial direction of the Naval Facilities Engineering Command as management command.

ACTIVITY GROUP COMPOSITION:

<u>ACTIVITY</u>	<u>LOCATION</u>
PWC Great Lakes	Great Lakes, Illinois
PWC Guam	Agana, Guam, Marianas Islands
PWC Jacksonville	Jacksonville, Florida
PWC Norfolk	Norfolk, Virginia
PWC Pearl Harbor	Pearl Harbor, Hawaii
PWC Pensacola	Pensacola, Florida
PWC San Diego	San Diego, California
PWC Washington	Washington, D.C.
PWC Yokosuka	Yokosuka, Japan

**TABLE ONE - Financial Profile
(\$M)**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Revenue	1,585.6	1,559.1	1,411.3	1,463.9
Cost of Goods Sold	1,611.7	1,480.3	1,455.0	1,463.9
Net Operating Results	-26.1	78.8	-43.7	0
Accum. Operating Results	-35.2	43.7	0	0

In FY 2002, the PWCs faced many operational challenges. These included: reduction in utilities sales as a result of ship deployment to support the war effort, a much warmer winter, and completion of the A-76 Study at PWC Pensacola which resulted in the conversion to contract of several business areas. PWC's are continuing to implement measures to gain efficiencies and lower cost while providing high quality products and services to the Fleets and ashore-based naval activities.

TABLE TWO - Workload

	<u>MEASURE</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
UTILITY SERVICES					
ELECTRICITY	MWH	4,164,692	4,262,669	4,191,707	4,211,781
POTABLE WATER	KGAL	20,202,326	20,610,495	19,794,375	19,803,131
SALT WATER	KGAL	7,386,525	7,727,999	7,202,999	7,202,999
STEAM	MBTU	6,931,358	7,375,632	7,317,248	7,529,541
SEWAGE	KGAL	11,710,124	14,355,215	13,637,281	13,636,766
NATURAL GAS	MBTU	1,464,879	1,412,988	1,313,434	1,306,681
COMPRESSED AIR	KCF	7,539,308	7,311,473	7,115,673	7,114,773
SANITATION SERVICES					
REFUSE COLL & DISPOSAL	CUYD	3,252,457	1,745,933	1,708,634	1,663,230
PEST CONTROL	HOURS	49,481	47,477	41,212	41,442
HAZ WASTE I	GAL	228,505	173,075	221,165	221,158
HAZ WASTE II	LBS	10,380,674	10,666,952	9,678,481	9,556,230
INDUST WASTE	KGAL	34,072	46,112	72,811	72,195
ENVIRONMENTAL ENG	HOURL	225,708	224,976	205,169	205,102
ENVIRONMENTAL LAB	TEST	686,380	647,211	646,080	646,136

**TRANSPORTATION
SERVICES**

EQUIP RENTAL	HOURS	21,858,890	23,547,682	22,703,172	21,830,417
VEHICLE OPS	HOURS	694,073	734,190	643,396	641,413

MAINTENANCE & REPAIR

SPECIFICS	JOBS	3,090	2,867	2,694	2,558
MINORS	ITEMS	15,911	15,662	14,669	13,487
EMERGENCY	CHITS	82,767	80,907	80,083	80,842
SERVICE	CHITS	260,360	228,818	221,613	222,168
RECURRING	ITEMS	182,421	158,720	138,949	139,281
VEHICLE MAINTENANCE	SRO	134,944	141,025	152,230	157,602
ENGINEERING SUPPORT		125,191	126,270	117,340	117,328

CHANGES FROM THE FY 2003 PRESIDENT'S BUDGET:

PWC Pensacola completed their Commercial Activities (CA) studies, which resulted in major changes in their business operations. PWC Pensacola will continue maintenance and repair of specifics and minors as in-house work. Recurring-work, emergency/service, utilities and equipment rental will be outsourced. The contractor started on-board 1 July 2002.

In a FY 2001 final decision, PWC Pearl Harbor won its Facility Maintenance competition to retain the function in-house. In accordance with that decision, the maintenance department reduced its staff to meet the Most Efficient Organization (MEO) goal.

COMMERCIAL ACTIVITY AND FUNCTIONAL ANALYSIS STUDIES:

The PWCs continue to strive for efficiencies to improve and streamline work processes. In doing so, the PWCs will complete a 100% review of all core direct functions which include maintenance, transportation, utilities, environmental and engineering functions. A total of 7,544 positions will have been announced for A-76 studies by the end of FY 2003, with an additional 873 positions studied under Functional Analysis (FA). The PWCs continue to achieve their projected strategic sourcing savings goal.

RATE CHANGES/UNIT COST:

TABLE THREE - Rate Changes

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
East Coast and Great Lakes:			
Utilities and Sanitation	-2.3	10.5	
Other services	5.2	-1.1	
Composite	2.3	4.1	2.6
West Coast and Pacific			
Utilities and Sanitation	4.3	-23.4	
Other services	3.3	1.7	
Composite	3.9	-12.0	2.6

TABLE FOUR - Unit Cost

	<u>UNIT OF</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
	<u>MEASURE</u>				
UTILITY SERVICES					
ELECTRICITY	MWH	100.59	95.06	86.41	91.35
POTABLE WATER	KGAL	3.68	3.47	3.60	3.86
SALT WATER	KGAL	0.85	0.73	0.81	.76
STEAM	MBTU	18.58	16.34	18.78	18.70
SEWAGE	KGAL	5.10	4.21	4.27	4.61
NATURAL GAS	MBTU	8.23	5.81	6.79	7.60
COMPRESSED AIR	KCF	1.84	1.55	1.57	1.49
SANITATION SERVICES					
REFUSE COLL & DISPOSAL	CUYD	3.38	6.98	7.18	7.62
PEST CONTROL	HOURS	34.52	34.19	40.16	40.29
HAZ WASTE I	GAL	9.11	11.34	9.32	9.35
HAZ WASTE II	LBS	0.99	0.99	1.12	1.19
INDUST WASTE	KGAL	123.44	116.65	106.99	111.12
ENVIROMENTAL ENG	HOURL	68.35	70.66	77.75	80.54
ENVIROMENTAL LAB	TEST	8.04	6.98	7.01	7.15
TRANSPORTATION SERVICES					
EQUIP RENTAL	HOURS	3.97	3.41	3.70	3.92
VEHICLE OPS	HOURS	38.32	36.21	41.43	40.10
MAINTENANCE & REPAIR					
SPECIFICS	JOBS	48,386.09	52,670.84	60,425.97	59,141.58
MINORS	ITEMS	4,199.53	4,593.56	5,043.07	5,175.53
EMERGENCY SERVICE	CHITS	235.08	211.91	250.68	226.52
RECURRING	ITEMS	799.19	776.55	818.38	810.89
VEHICLE MAINTENANCE	SRO	94.82	92.08	98.18	87.87
ENGINEERING SUPPORT		423.31	458.21	517.64	501.75

PERFORMANCE INDICATORS:

The PWCs employ twenty-four established key corporate performance indicators that measure products/services to gauge effectiveness, assist in the management of products/services, assure

accountability, and assist in making sound budget and management decisions. Although Unit Cost remains the primary efficiency measure, the PWCs also track Net Operating Results, Timeliness, Workforce Safety, and Client Satisfaction. The metrics, goals and definitions are reviewed monthly to ensure that they are appropriate in the rapidly changing public works environment.

CIVILIAN AND MILITARY PERSONNEL - PWC civilian manpower remains fairly stable with only a slight decline as a result of CA studies.

TABLE FIVE - Personnel

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Civilian End Strength	7,640	7,998	7,940	7,909
Civilian Work Years	7,760	7,994	7,973	7,948
Military End Strength	104	105	105	105
Military Work Years	104	105	105	105

**TABLE SIX - Capital Budget Authority
(\$M)**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Equipment-Non ADPE/TELECOM >500K	2.1	1.7	2.5	4.5
Equipment-Non ADPE/TELECOM <500K	5.3	7.7	7.2	8.1
ADPE/TELECOM Equip.	0	.4	0	0
Software Development	3.2	3.3	3.1	.7
Minor Construction	<u>5.5</u>	<u>6.0</u>	<u>6.5</u>	<u>5.8</u>
Total	16.1	19.1	19.3	19.1

SUMMARY

The PWCs strive to be extremely efficient organizations providing high quality products and services to the Fleets and ashore-based activities. Sound business practices are the core for decisions that promote innovation and continuous improvements of products and services, as well as increase efficiencies and promote cost effectiveness. Faced with significant challenges due to A-76, FA, and Regionalization, the PWCs will continue to strive to better leverage Navy assets while upholding Navy core values of honor, courage and commitment.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 PWC / TOTAL

(NIFRPT)

PAGE 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	1,568.6	1,539.6	1,391.6	1,444.2
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	16.9	19.6	19.8	19.7
Other Income				
Total Income	1,585.5	1,559.1	1,411.3	1,463.9
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	8.9	9.3	9.5	9.7
Civilian Personnel	459.3	461.4	473.0	483.4
Travel and Transportation of Personnel	4.4	5.0	5.0	4.9
Material & Supplies (Internal Operations	153.2	144.9	150.6	151.0
Equipment	26.5	30.2	30.6	30.3
Other Purchases from NWCF	11.1	9.0	8.9	8.9
Transportation of Things	.6	.3	.4	.4
Depreciation - Capital	16.9	19.6	19.8	19.7
Printing and Reproduction	.6	.8	.7	.7
Advisory and Assistance Services	3.8	6.7	6.8	6.8
Rent, Communication & Utilities	461.4	454.2	416.5	436.9
Other Purchased Services	458.4	337.0	331.4	310.9
Total Expenses	1,605.1	1,478.4	1,453.3	1,463.7
Work in Process Adjustment	6.6	1.9	1.8	.2
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	1,611.7	1,480.3	1,455.1	1,463.9
Operating Result	-26.1	78.9	-43.7	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-26.1	78.9	-43.7	.0
Other Changes Affecting AOR	3.7	.0	.0	.0
Accumulated Operating Result	-35.3	43.7	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
PWC / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	1,522	1,538	1,420	1,469
a. Orders from DoD Components	1,235	1,187	1,080	1,139
Department of the Navy	1,046	998	867	930
O & M, Navy	965	911	786	849
O & M, Marine Corps	37	41	39	35
O & M, Navy Reserve	5	5	6	6
O & M, Marine Corp Reserve	1	1	1	0
Aircraft Porcurement, Navy	6	7	3	6
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	2	2	2	2
Other Procurement, Navy	3	3	4	4
Procurement, Marine Corps	-10	0	0	0
Family Housing, Navy/MC	41	17	16	18
Research, Dev., Test, & Eval., Navy	1	2	2	2
Military Construction, Navy	6	1	1	1
Other Navy Appropriations	-8	8	6	6
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	12	15	15	16
Army Operation & Maintenance	6	13	14	14
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	6	1	1	1
Department of the Air Force	26	31	34	32
Air Force Operation & Maintenance	20	25	28	26
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	5	6	6	6
DOD Appropriation Accounts	151	143	164	161
Base Closure & Realignment	0	1	1	1
Operation & Maintence Accounts	66	91	96	93
Res, Dev, Test & Eval Accounts	3	7	7	7
Procurement Accounts	0	0	0	0
Defense Emergency Relief Fund	0	0	0	0
DOD Other	82	44	60	60
b. Orders from other WCF Activity Groups	213	266	260	250
c. Total DoD	1,448	1,453	1,340	1,389
d. Other Orders	72	84	81	81
Other Federal Agencies	10	15	13	13
Foreign Military Sales	0	0	0	0
Non Federal Agencies	62	69	68	68
2. Carry-In Orders	285	221	200	209
3. Total Gross Orders	1,804	1,759	1,620	1,678
a. Funded Carry-Over before Exclusions	221	200	209	215
b. Total Gross Sales	1,583	1,559	1,411	1,464

INDUSTRIAL BUDGET INFORMATION SYSTEM
PWC / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	-12	-10	-9	-8
5. Non-DoD, BRAC, FMS (-)	1	-6	-4	-8
6. Net Funded Carryover	210	184	196	198

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

Exhibit Fund-11

**Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Base Support/ PUBLIC WORKS CENTERS**

**Changes in the Costs of Operations
(\$ in Millions)**

	<u>Expenses</u>
1. FY 2002 Actual	1,611.7
2. FY 2003 Estimate in President's Budget	1,618.7
3. Pricing Adjustments	
FY 2003 CIVPERS Pay Adjustment	1.3
Inflation	(4.6)
Removal of CSRS/FEHB Full Funding Proposal	(23.9)
4. Program Changes	
Decreased one-time cost to implement CA Contract at PWC Pensacola	(3.0)
Decreased Facility Sustainment cost	(22.0)
Decreased transportation cost	(7.3)
Decreased utility costs	(9.6)
Decrease in cost and revenue for Facility Service (FS) contracts	(71.6)
PWC Yokosuka, increased A-E design cost due to increase in Plan & Spec workload.	1.7
Net of twelve additional SIPS and 38 less RIFS	0.5
5. FY 2003 Current Estimate:	1,480.2
6. Pricing Adjustments:	1,480.2
Pay Raise:	
FY 2004 CIVPERS Pay Adjustment	8.2
Annualization of FY 2004 Pay Adjustment	3.5
Fuel	2.7
Material and Supplies	1.7
General Purchases	11.9
7. Productivity Initiatives and Other Efficiencies:	
Strategic Sourcing savings	(21.5)
Increase in revenue and sales (electricity) associated with RIMPAC --PWC Pearl	0.3
Purchase Electricity & Steam cost decreases	(29.9)
8. Program Changes:	
Workload reduction (labor/material/supplies) and other changes	(2.1)
9. FY 2004 Current Estimate:	1,455.0

Navy Working Capital Fund Capital Investment Summary
Component: Department of Navy
Base Support - PWC

FY 2004/2005 President's Biennial Budget Submission
(Dollars in Millions)

Line No.	Item Description	FY2002		FY2003		FY2004		FY2005	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	<u>Non-ADP Equipment (>\$500K)</u> Replacement (List)								
L01	8219 CRANE TRUCK MTD 2-ENG PRT	1	0.591	1	0.985	1	0.900	1	0.925
L02	8219 CRANE TRUCK MTD 2-ENG PRT -PWC JACKSONVILLE	0	0.000	0	0.000	1	1.000	0	0.000
L03	8249 CRANE TRUCK MTD HYD DED 51TON & UP-PWC YOKOSUKA	1	1.017	0	0.000	0	0.000	0	0.000
L04	8249 CRANE TRUCK MTD HYD DED 51TON & UP	0	0.000	0	0.000	1	0.583	3	2.013
L05	8253 CRANE TRUCK MTD 2 LATTICE	0	0.000	1	0.800	0	0.000	2	1.575
L06	ECC 4330 EXCAVATOR	1	0.502	0	0.000	0	0.000	0	0.000
	Productivity (List)								
	New Mission (List)								
	Environmental Compliance (List)								
	Total Non-ADP Equipment (>\$500K)	3	2.110	2	1.785	3	2.483	6	4.513
L07	Total Non-ADP Equipment (>\$100K<\$500K)	34	5.297	38	7.769	38	7.240	46	8.039
	Grand Total Non-ADP Equipment	37	7.407	40	9.554	41	9.723	52	12.552
	<u>ADP Equipment & Telecommunications (>\$500K)</u> (List)								
		0	0.000	0	0.000	0	0.000	0	0.000
		0	0.000	0	0.000	0	0.000	0	0.000
	Total ADP Equipment & Telecommunications (>\$500K)	0	0.000	0	0.000	0	0.000	0	0.000
L08	Total ADP Equipment & Telecommunications (>\$100K<\$500K)	0	0.000	1	0.350	0	0.000	0	0.000
	Grand Total ADP Equipment & Telecommunications	0	0.000	1	0.350	0	0.000	0	0.000
	<u>Software Development (>\$500K)</u> (List)								
	-Externally Developed								
L09	DWAS	9	2.612	9	2.689	9	2.445	9	0.672
L10	BIMS	9	0.608	9	0.608	9	0.608	0	0.000
	Total Software Development (>\$500K)	18	3.220	18	3.297	18	3.053	9	0.672
	Total Software Development (>\$100K<\$500K)	0	0.000	0	0.000	0	0.000	0	0.000
	Grand Total Software Development	18	3.220	18	3.297	18	3.053	9	0.672
L11	Total Minor Construction (>\$100K<\$500K)	18	5.470	19	5.982	18	6.546	15	5.794
	Total Capital Purchase Program	73	16.097	78	19.183	77	19.322	76	19.018
	Total Capital Outlays		17.108		19.552		18.741		18.191
	Total depreciation Expense		20.891		19.552		19.768		19.739

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$000)							A. FY 2004/2005 Biennial Budget Estimates		
B. Department of the Navy/Base Support			C. L01 8219 CRANE TRUCK MTD 2-ENG PRT				D. Public Works Centers		
		FY2002		FY 2003			FY 2004		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	1	591.00	591	1	985.00	985	1	900.00	900
Narrative Justification:									
<p>FY03: Hydraulic truck mounted all terrain crane 51 ton - Replacement of this overaged and deteriorating crane at PWC Jacksonville is required to meet NS Mayport workload and engineering evaluations which mandate a 30 foot set back from pier walls. This requirement reduces the usage of the current asset by 50% effectiveness, hinders the cross decking (ordnance) as well as outboard antenna work and overall mission workload. Commercial rental rates are over 50% higher with additional costs for delivery/pick up not included. By providing this asset replacement the PWC will be able to avoid additional commercial rental and maintenance costs projected at \$600K annually.</p> <p>FY04: This truck mounted crane is required by PWC Norfolk, to replaced an aged and deteriorating crane primarily for fleet waterfront support operations at the NS Norfolk and NavalAmphibious Base at Little Creek. The crane being replaced in FY04 is 18 years old, with a life expectancy of 10 years. To maintain a level of reliability and safety, PWC needs to replace this crane in the requested program year. Preinvestment analysis shows that maintenance cost will be reduced by up to 50% when replaced with a new asset. Lease cost for the required crane with this capacity is over \$250K on an annual basis and over \$1M for a rental on an as needed basis (charged directly to the customer).</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (S000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support		C. L02 8219 CRANE TRUCK MTD 2-ENG PRT				D. Public Works Centers			
Element of Cost	FY2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	0	0.00	0	0	0.00	0	1	1000.00	1,000
Narrative Justification:									
<p>Hydraulic truck mounted all terrain crane 51 ton - PWC Jacksonville requests replacing an overaged (25 Years Old) truck mounted 51 ton crane which services NS Mayport engineering evaluations which mandate a 30 foot set back from pier walls. This requirement reduces the usage of the current asset by 50% effectiveness, hinders the cross decking (ordnance) as well as outboard antenna work and overall mission workload. Commercial rental rates are over 50% higher with additional costs for delivery/pick up not including the downtime. By replacing the aging crane the PWC will be able to save a projected \$435K annually in additional lease cost as well as downtime and dead time waiting for the delivery of rental cranes.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support		C. L03 8249 CRANE TRUCK MTD HYD DED 51TON & UP				D. Public Works Centers			
		FY2002		FY 2003			FY 2004		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	1	1017.00	1,017	0	0.00	0	0	0.00	0
Narrative Justification:									
<p>This replacement was for an overaged crane at PWC Yokosuka that is very costly to maintain and has high downtime hours. Prior to the procurement, commercial rental units were required at a 50% higher rate. The crane loads and unloads Navy cargo on a continuous and on going basis. Current rental rates in the Yokosuka area are \$1,877 per day for a crane of this requirement which far exceed the cost of ownership.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support		C. L04 8249 Crane Truck MTD HYD DED 51 TON & UP				D. Public Works Centers			
	FY2002			FY 2003			FY 2004		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Replacement	0	0.00	0	0	0.00	0	1	583.00	583
Narrative Justification:									
<p>The purposed crane replacement is for a PWC Pearl Harbor asset, vintage 1986, hydraulic crane 60 Ton. Commercial rental costs are 50% over PWC current rates with additional cost to be considered for the delivery/pick up fees of \$500. Additionally, the time involved to arrange for delivery and return of the Crane increase the dead time charged to the customer.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support		C. L05 8253 CRANE TRUCK MTD 2 LATTICE				D. Public Works Centers			
	FY2002			FY 2003			FY 2004		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Productivity	0	0.00	0	1	800.00	800	0	0.00	0
Narrative Justification:									
<p>The requested crane replacement at PWC San Diego provides a wide range of Fleet and shore repair, construction, maintenance, and utilities service support requirements. The proposed crane replaces a crane that is overaged and beyond economical repair. Replacement will reduce workload delays and equipment downtimes which have resulted in lost revenue. Also current asset is difficult to get parts for and as a result has become operationally inefficient and accelerated maintenance cost by \$250K annually. Alternative leases or rentals accelerate cost to the customer at projected rates which exceed \$500K annually.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support		C. L06 ECC 4330 EXCAVATOR				D. Public Works Centers			
		FY2002		FY 2003			FY 2004		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$500K) Productivity	1	502.00	502	0	0.00	0	0	0.00	0
Narrative Justification: Excavator was approved for PWC Pearl Harbor to support demolition and construction projects. Cost were originally at \$499 but unanticipated pricing escalation drove the price to \$502K.									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support			C. L07 Non-ADP Equipment (>\$100K<\$500K)			D. Public Works Centers			
FY2002			FY 2003			FY 2004			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$100K<\$500K)	34	155.79	5,297	38	204.45	7,769	38	190.53	7,240
Narrative Justification:									
All the equipment listed below met their replacement (age/hours) criteria set forth in NAVFAC P-300. Excessive maintenance costs of aged equipment impacts timeliness and cost to our customers. High demand and urgent requirements from customer often times require use of commercial rentals that can go as high as three times the cost of PWC owned equipment. Equipment requested in this category also include environmental plant equipment in support of Federal and State compliance and monitoring requirements. FY03/04 requirements by Center are as follows:									
PWC	FY03 QTY	FY03 DESCRIPTION			FY04 QTY	FY04 DESCRIPTION			
Guam		No requirements				1 TRUCK, MAINTENACE P/L			
Jacksonville		No requirements				1 TRUCK TANK AVGAS/JETFUEL 5000 GAL & UP			
Norfolk		2 TRUCK REEL HNDLG/TNSG POWERED 2 TRUCK TANK AVGAS/J 5000 GAL & UP 1 SEMITRLER TANK 6000 GAL &OVER GP 3 MHE SWINGMASTER SIDELOADER 8K 1 MHE SWINGMASTER SIDELOADER 11K 1 LOADER SCOOP WHEEL MOUNTED 4X4 1 TRACTOR CRAWLER DED 195 HP 1 TRACTOR WHEEL IND DED 90 HP 1 CLEANER, VAC AIRFIELD SWEEPER 3 PLATFORM MAINTENANCE 3 TRUCK MAT HNDLG HOIST/HAUL 1 CRANE TRUCK MTD HYD DED 20-50T				1 TRUCK MAINTENANCE POLE & LINE DED 1 TRUCK REEL HANDLING/TENSIONING POWERED 2 TRUCK TANK AVGAS/JETFUEL 5000 GAL & UP 2 MHE SWINGMASTER SIDELOADER 8K 1 LOADER SCOOP WHEEL MOUNTED 4X4 1 PLATFORM MAINTENANCE 1 TRUCK MAT HNDLG HOIST FORKLIFT TYPE 1 TRUCK MAT HNDLG HOIST/HAUL TO 45 CU YD 1 CAR SPOTTER ROAD -TRAILER PRT SELF-PROP 1 CRANE TRUCK MTD HYD DED 20-50 TON 1 CRANE TRUCK MTD 2-ENG PRT 1 CRANE TORPEDO TRUCK OR TRAILER MTD 1 FIRE PUMPS (NNSY) 1 C700 SHREDDER			
Pearl Harbor		1 CLEAN PIPE/SEWER WATER JET TRUCK 1 PLATFORM MAINTENANCE (90 FT.) 1 CLEAN BASIN/MANHOLE VAC/HYD TRUC 1 GAS CHROMOTOGRAPH/MASS SPECTM 1 ATOMIC ABSORPTION SPECTM/HGA 1 LQ CHROMATOGRAPH/MASS SPECTM				3 PLATFORM MAINTENANCE 80 FT 1 CRANE HYD ALL TERRAIN 25T 1 ICP MASS SPECTROMETER 1 MERCURY ANALYZER 1 NEW 50 BHP STEAM BOILER			
San Diego		1 CRANE TRUCK MTD (HYD) 1 MODULAR BLAST ROOM SYSTEM 1 SITE CHARATERIZATION/ANAL SYS				1 CLEAN VACUUM SELF-PROPELLED AIRFIELD 1 CRANE TRUCK MTD (HYD) 51 TON & UP 1 HAAS VERTICAL MACHINING CTR VF11 1 PAVEMENT ASSESSMENT GPR			
Yokosuka		2 TRUCK TRACTOR 4X2/6X2 32000 GVW 2 TRUCK TANK AVGAS/JETFUEL 5000 GAL 2 PLATFORM MAINTENANCE 3 CRANE TRUCK MTD HYD DED 20-50 TON 1 BREAKING PRESS 1 MILLING MACHINE				2 CRANE TRUCK MTD HYD DED 50 TON 1 CRANE TRUCK MTD HYD DED 20-50 TON 2 TRUCK TANK AVGAS/J 5000 GAL & UP 1 TRUCK TRACTOR 4X2/6X2 32000 GVW 1 PLATFORM MAINTENANCE 1 CLEAN VACUUM SELE-PROPELLED AIRFIELD 1 BREAKING PRESS			

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (S000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support		C. L08 ADP Equipment & Telecommunications (>\$100K<\$500K)				D. Public Works Centers			
		FY2002		FY 2003		FY 2004			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP Equipment & Telecommunications (>\$100K<\$500K)	0	0.00	0	1	350.00	350	0	0.00	0
Narrative Justification:									
<p>In FY03 PWC Norfolk has a legacy system requirement to consolidate and upgrade PWC regional engineering support functions in core areas for transportation, maintenance management, utilities support, engineering and environmental services. Both requirements are legacy system upgrades in support of DWAS financial information system. Current NMCI will not cover these requirements since they were approved prior to NMCI assumption of the ADP hardware program. Requirements shown are part of the final phase of the MAXIMO system since they were approved prior to NMCI assumption of the ADP hardware program.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support		C. L09 DWAS				D. Public Works Centers			
		FY2002		FY 2003			FY 2004		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development (>\$500K)	9	290.22	2,612	9	298.78	2,689	9	271.67	2,445
Narrative Justification:									
<p>The Defense Working Capital Accounting System (DWAS) is a data entry accounting system that satisfies the Chief Financial Officers' Act by producing a transaction-driven Standard General Ledger. This project consists of software development, design, configuration, interfaces, coding, and installation of software and hardware as well as testing to ensure full functionality.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (S000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support		C. L10 BIMS				D. Public Works Centers			
		FY2002		FY 2003			FY 2004		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development (>\$500K)	9	67.56	608	9	67.56	608	9	67.56	608
Narrative Justification:									
<p>Business Information Management System (BIMS) is a data storage and retrieval system providing PWC customers and managers with business information. This project consists of software development, design, configuration, interfaces, coding, and installation of software and hardware as well testing to ensure full functionality.</p>									

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$000)						A. FY 2004/2005 Biennial Budget Estimates			
B. Department of the Navy/Base Support		C. L11 Minor Construction (>\$100K<\$750K)				D. Public Works Centers			
		FY2002		FY 2003			FY 2004		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction (>\$100K<\$500K)	18	303.89	5,470	19	314.84	5,982	18	363.66	6,546
Narrative Justification:									
The following PWC Minor Construction requirements represent PWC facilities requirements for a full range of transportation, utilities, environmental and storage requirements.									
PWC	FY03 DESCRIPTION	(S000)	FY04 DESCRIPTION	(S000)					
Guam	HARDEN 4 KV SUBSTATION, NCTS	300	CONVERT 4.16 KV TO 13.8 KV@ FEEDER 3 DIST & HRDN	325					
			INSTALL EMERG GENERATOR FOR BPS @ NCTS RESERV	375					
			INSTALL NEW WATER WELL, NCTS	250					
Norfolk	CONSTRUCT STORAGE SHED, LP-20	415	PHILLY DET-FIELD MAINT. & ENVIORN. STORAGE FACI	470					
	CONSTRUCT WASHRACKS, LP20 & A80	180	CONSTRUCT ALTERNATE FUEL STATION	400					
	HAZ WASTE STORAGE & TRANSFER FACII	180							
Pearl Harbor	INSTALL SCADA EQUIP, VARIOUS LIFT ST	250	CONSTRUCT RECYCLING FACILITY BARBERS POINT	425					
	CONSTRUCT EMERGENCY GENERATOR, S	250	CONSTRUCT CHEMICAL/STORAGE FACILITY	300					
	PAVE & FENCE CONSTRUCTION MATERIA	300	CONSTRUCT VEHICLE CAR WASH FACILITY	300					
	CONSTRUCT RIGGERS BLDG 197	210	CONSTRUCT COMPOST STORAGE AREA, BIOSOLIDS TRI	275					
	REPLACE FUEL STATION X-30	300	CONSTRUCT EMERGENCY GENERATOR FI-044	250					
	INSTALL REMOTE METERS PEARL HARBC	431	CONSTRUCT EMERGENCY GENERATOR FI-043	250					
	EMERG GEN'S FOR SCADA MONITORING S	200	CONSTRUCT FACILITY FOR DISPATCH/OPERATORS	200					
	CONSTRUCT EMERGENCY GENERATOR	250							
	CONSTRUCT EMERGENCY BYPASS RISER	270							
	INSTALL REMOTE METERS PEARL HARBC	425							
San Diego	EMS/DDC NAVSTA BLDG 116/322/3483	210	EMS/DDC ASW BUILDING	458					
	EMS/DDC FISC BLDG 1	498	EMS/DDC FCTCP BUILDING	500					
	EMS/DDC NASNI BLDG 71	490	EMS/DDC NRAD PL BUILDING	500					
	EMS/DDC ASW BLDG 1 & 51	415	EMS/DDC NAVSTA BUILDING	499					
	EMS/DDC SUBASE BLDG 570	408	EMS/DDC NASNI CORONADO BUILDING	499					
Yokosuka	NA		INSTALL WATER TREATMENT SYSTEM	270					

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVY PUBLIC WORKS CENTERS
FISCAL YEAR (FY) 2003/2004 BIENNIAL BUDGET ESTIMATES**

**PROJECTS ON THE FY 2003 PRESIDENT'S BUDGET
(Dollars in Millions)**

FY	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	ASSET/ DEFICIENCY
2003	Equipment except ADPE and TELCOM	8.013	1.541	9.554	9.554	0.000
	Equipment - ADPE and TELCOM	0.350	0.000	0.350	0.350	0.000
	Software Development	3.497	-0.200	3.297	3.297	0.000
	Minor Construction	6.613	-0.631	5.982	5.982	0.000
	TOTAL FY 2003	18.473	0.710	19.183	19.183	0.000
	Equipment					(8000)
725	TRUCK OVRHD MAINT AERIAL SERV PLTFM				(1)	(158) Deferred to outyears pending results of CA Study.
8219	TRUCK MTD CRANE >51 TON				1	985 Unanticipated change in crane requirements resulting from NS Mayport engineering evaluation requiring (30 foot set up).
730	TRUCK WRECKER				(1)	(152) Deferred to support revised specifications for ECC 5833.
636	TRUCK REEL HANDLING/TENSIONING POWERED				-	40 Revised pricing and correction of ECC code to 636.
5460	PLATFORM MAINTENANCE				-	(141) Revised vendor pricing
5757	SNOWPLOW ROLLOVER TRUCK MOUNTED				(1)	(182) Deferred to fund priority unanticipated fleet workload sideloader requirements.
5820	TRUCK REFUSE COLLECT COMP SIDE/REAR LOAD				(1)	(160) Deferred to fund priority unanticipated fleet workload sideloader requirements.
5833	TRUCK MAT HNDLG HOIST/HAUL TO 45 CU YD				-	272 Corrected erroneous equipment price and specifications requirements.
5835	TRUCK REFUSE COLLECT COMPACT W/HOIST				(1)	(173) Deferred to fund priority ECC 5408 in support of NAS squadron additions.
6240	CAR SPTTER ROAD -TRAILER PRT SELF-PROP				(1)	(110) Deferred to fund priority unanticipated fleet workload sideloader requirements and other revised pricing.
1800	MHE SWINGMASTER SIDELOADER 8K				2	304 Unanticipated fleet sideloading requirements accelerate asset replacements to meet workload
1800	MHE SWINGMASTER SIDELOADER 11K				1	209 Unanticipated fleet sideloading requirements accelerate asset replacements to meet workload
5408	CLEANER, VAC AIRFIELD SWEEPER				1	174 Unanticipated squadron additions at NAS increases asset replacements to meet workload.
725	TRUCK OVRHD MAINT AERIAL SERV PLTFM				(2)	(290) Deferred to FY04 due to privatization.
5416	SEWER & CATCH BASIN CLEANER				1	225 Priority unanticipated environmental vehicle requirement to support storm drain requirements.
8253	CRANE TRUCK MTD 2 ENG PRT				-	(335) Reprioritization of FY03 crane replacement to a EC 8219 Crane due to accelerated deterioration and lack of repair parts.
8249	CRANE TRUCK MTD (HYD)				1	385 Unanticipated breakdown due to age, deterioration and use.
614	TRUCK TRACTOR 4X2/6X2 32000 GVW				-	(27) Revised pricing due to favorable yen conversion rate.
8246	CRANE TRUCK MTD HYD DED 20-50 TON				-	(138) Revised pricing due to favorable yen conversion rate.
	MODULAR BLAST ROOM SYSTEM				1	379 Unanticipated environmental equipment requirements resulting from age and deterioration
	SITE CHARACTERIZATION & ANALYSIS SYSTEM				1	450 Unanticipated environmental equipment requirements to meet compliance workload
	PRICE ADJUSTMENTS					(16)
	Total Equipment				1	1,541
	Software					(200) Cancelled based on revised production and management requirements.
	MAXIMO					(200)
	Total Software				0	
	Minor Construction					140 Revised project scope due to unanticipated revisions to storage requirements.
	CONSTRUCT STORAGE SHED, LP-20				1	(400) Cancelled due to changes in facility technology requirements.
	RELOCATE SCADA, BLDG. 174				(1)	180 Unanticipated project requirement to meet Sewells Point environmental requirements DOD 7000.14
	CONSTRUCT WASHRACKS, LP20 & A80				1	180 Unanticipated environmental facility requirements due to City of Philadelphia cancellation of PWC occupied facility.
	PHILLY DET-HAZARDOUS WASTE STORAGE & TRANSFER FACILITY				1	(250) Moved to FY02 due to priority emergency generator project requirements
	CONSTRUCT EMERGENCY GENERATOR, PC-054				(1)	425 Moved from FY02 to FY03 to support priority FY02 funding of enhanced water security project.
	INSTALL REMOTE METERS PEARL HARBOR C620				1	210 Revised project priorities to support workload requirements.
	EMS/DDC NAVSTA BLDG 116/322/3483				1	498 Revised project priorities to support workload requirements.
	EMS/DDC NAVSTA FISC BLDG 1				1	490 Revised project priorities to support workload requirements.
	EMS/DDC NASNI BIDG 71				1	415 Revised project priorities to support workload requirements.
	EMS/DDC ASW BLDG 1 & 51				1	408 Revised project priorities to support workload requirements.
	EMS/DDC SUBASE BLDG 570				(1)	(499) Cancelled due to revised priority utility facilities requirements.
	REPAIR COGEN PLANT B-7 NRMCM				(1)	(440) Cancelled due to financing under San Diego Gas and Electric Demand Side Management Program.
	EMS/DDC SUBASE B-100/122/260/500/50 PL				(1)	(499) Cancelled due to financing under San Diego Gas and Electric Demand Side Management Program.
	EMS/DDC ASW B-51/53/55/82 PL				(1)	(499) Cancelled due to revised utility priorities
	EMS/DDC FLEET COMBAT TRAINING CENTER B-24 PL				(1)	(495) Cancelled due to financing under San Diego Gas and Electric Demand Side Management Program.
	EMS/DDC NAVSTA B-3339				(1)	(495) Cancelled and funded via the Energy Savings and Performance Contracting Program
	EMS/DDC NASNI B-489				(1)	
	Total Minor Construction				1	(631)
	Grand Total				2	710

**Naval Facilities
Engineering Service Center**

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
Navy Working Capital Fund
Base Support/Naval Facilities Engineering Service Centers
February 2003

ACTIVITY GROUP FUNCTION AND TECHNICAL CAPABILITIES

The Naval Facilities Engineering Service Center is the principal Navy provider of specialized engineering services and products for shore and offshore facilities, energy and utilities, environmental support and amphibious and expeditionary systems. The work performed by NFESC is accomplished by mobilizing the proper expertise mix of personnel and other resources from these technology areas to address customer requirements.

NFESC is a critical part of the overall Naval Facilities Engineering Command's Strategic Plan. NFESC provides a synergism of its expertise and practical field experience for the solution of field activity and fleet needs. We support a very broad range of Navy and Marine Corps customers and focus on delivering quality products and services. Program execution is funded by many appropriations, but primarily from O&MN, R&D, other Working Capital Fund and other DOD appropriations.

The Energy and Utilities area of expertise is responsible for the Navy's shore Establishment's Energy program. Efforts focus on energy conservation systems, energy data management, energy technology transfer, energy and utilities management, utilities control systems, utility systems engineering, and thermal and power plant engineering.

The Amphibious and Expeditionary area of expertise is responsible for developing and providing support and enhancement of Naval Construction Battalion and Marine Corps advanced base construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer system, expedient facilities, and logistics engineering.

The Environmental area of expertise is responsible for planning, reviewing, and analyzing Navy wide functions, and assembling and deploying customized technology to meet the environmental requirements of the Naval Shore Establishment. Efforts focus on environmental restoration, waste management, environmental compliance, environmental data management, environmental technology transfer, pollution prevention, indoor air management, and oil spill program.

The Ocean facilities department area of expertise is responsible for developing, implementing, and improving the Navy's capabilities for the design, construction, maintenance, and repair of fixed ocean facilities. Efforts focus on marine geotechniques, anchor systems, ocean structures, ocean construction, undersea warfare, underwater cable facilities, hyperbaric facilities, mooring systems, magnetic silencing facilities, underwater inspection, ocean construction equipment inventory, coastal facilities, and pipeline integrity assessment.

The Shore Facilities area of expertise is responsible for providing innovative engineering solutions, designs, technological tools and field services to best support a viable Naval Shore Establishment. Efforts focus on waterfront facilities, aviation facilities, physical security, ordnance facilities, materials and coatings, computer aided design, facilities life cycle management, base survivability electronics thermal and power plant engineering.

FINANCIAL PROFILE

	(\$ Millions)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Revenue	106.4	63.4	58.1	58.2
Cost of Goods Sold	107.7	60.3	58.2	58.2
Net Operating Results	-1.3	3.1	-0.1	0.0
Accumulated Operating Results (AOR)	-3.0	0.1	0.0	0.0

FY 2002 Revenue and Cost reflect additional contract workload, which was unbudgeted and not expected to continue in FY 2003. FY 2003 levels are consistent with those identified in the FY 2003 President's Budget. Revenue and Cost of Goods Sold decline slightly in FY 2004 resulting from a decrease in customer workload. The NFESC continues to have stable workload in the areas of Surf Entry and Barge Offload Systems (SEABOSS), the Logistics Information Systems (LIS), the Anti-Terrorism Force Protection (ATFP), Un-interruptible Power Supplies (UPS), and the Integrated Undersea Surveillance Program (IUSP). In addition, the NFESC will be the new program center of expertise for Critical Shore Facilities Systems.

WORKLOAD (Direct Labor Hours)

	(Thousands)			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Direct Labor Hours	462.6	455.2	441.5	438.7

Workload goes down as direct labor hours decrease in FY 2004 mainly associated with the loss of the Joint Modular Lighting System (JMLS) Program and to a lesser extent other project work before stabilizing in FY 2004 and FY 2005.

END STRENGTH/FULL TIME EQUIVALENT

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Civilian</u>				
End Strength	353	324	331	331
FTE	342	323	327	327
<u>Military</u>				
End Strength	3	3	3	3
FTE	3	3	3	3

End Strength and FTEs are relatively stable across the budget period.

PERFORMANCE INDICATORS

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Productivity Ratio	74.1%	79.7%	76.4%	76.5%

The decrease in FY 2004 is primarily the result of decreased direct labor hours (DLHs) associated with reductions in the Improved Navy Litter System (INLS) workload.

STABILIZED RATES/UNIT COST

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY2005</u>
Stabilized Rates	\$67.86	\$79.85	\$81.63	
Unit Cost	\$71.70	\$74.60	\$81.08	\$83.53
Composite Rate Change (includes direct reimbursable costs)	-2.5%	10.9%	1.5%	2.5%

The decrease in FY 2004 is the result of decreased direct labor hours (DLHs).

CAPITAL PURCHASE PROGRAM (CPP)

	<u>(\$ Millions)</u>			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
ADP	0.0	0.0	0.0	0.0
Software	0.0	0.0	0.0	0.0
Equipment	0.0	0.2	0.0	0.0
Minor Construction	0.0	0.0	0.0	0.0
Total	0.0	0.2	0.0	0.0

FY 2004 Capital Program includes the purchase of one Heavy Weight Deflectometer (HWD) used in assessing the load carrying capacity of airfields and road payments.

CUSTOMER EVALUATION

NFESC uses a Customer Request Evaluation Form (CREF) implemented in FY 1998 to measure customer satisfaction. Projects referred through the Activity Liaison Officer (ALNO) program are then evaluated by the system. Based on a rating scale A-F, NFESC has received an average rating of "A" since the CREF was implemented.

INDUSTRIAL BUDGET INFORMATION SYSTEM
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 NFESC / TOTAL

(NIFRPT)

PAGE 1

	FY 2002 CON	FY 2003 CON	FY 2004 CON	FY 2005 CON
Revenue:				
Gross Sales				
Operations	106.0	63.0	57.9	58.0
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	.4	.4	.2	.2
Other Income				
Total Income	106.4	63.4	58.1	58.2
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	.3	.3	.3	.3
Civilian Personnel	31.9	31.0	31.7	32.6
Travel and Transportation of Personnel	3.7	3.2	3.1	3.1
Material & Supplies (Internal Operations	3.2	3.8	1.8	1.7
Equipment	.7	1.3	.7	.9
Other Purchases from NWCF	2.1	5.4	6.2	6.1
Transportation of Things	.3	.2	.2	.2
Depreciation - Capital	.4	.4	.2	.2
Printing and Reproduction	.1	.2	.3	.3
Advisory and Assistance Services	.0	.0	.0	.0
Rent, Communication & Utilities	.4	.7	.7	.8
Other Purchased Services	64.8	13.8	12.9	12.1
Total Expenses	107.7	60.3	58.2	58.2
Work in Process Adjustment	.0	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	107.7	60.3	58.2	58.2
Operating Result	-1.3	3.1	-1.1	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-1.3	3.1	-1.1	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	-3.0	.1	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NFESC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 1

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
1. New Orders	117	45	54	57
a. Orders from DoD Components	86	38	42	47
Department of the Navy	63	29	31	37
O & M, Navy	13	14	14	18
O & M, Marine Corps	5	2	2	2
O & M, Navy Reserve	0	0	0	0
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Porcurement, Navy	0	0	0	0
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	0	0	0	0
Other Procurement, Navy	7	0	1	1
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	1	1	0	0
Research, Dev., Test, & Eval., Navy	34	12	13	14
Military Construction, Navy	3	1	0	0
Other Navy Appropriations	0	0	0	1
Other Marine Corps Appropriations	0	0	1	1
Department of the Army	3	1	1	1
Army Operation & Maintenance	2	0	1	0
Army Res, Dev, Test, Eval	1	0	0	0
Army Procurement	0	0	0	0
Army Other	1	0	0	0
Department of the Air Force	5	1	1	2
Air Force Operation & Maintenance	3	0	1	2
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	2	1	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	15	7	9	8
Base Closure & Realignment	3	5	0	0
Operation & Maintence Accounts	4	1	0	0
Res, Dev, Test & Eval Accounts	6	1	3	2
Procurement Accounts	0	1	0	0
Defense Emergency Relief Fund	0	0	0	0
DOD Other	2	0	6	6
b. Orders from other WCF Activity Groups	21	2	6	3
c. Total DoD	107	40	48	50
d. Other Orders	10	4	6	6
Other Federal Agencies	9	3	4	5
Foreign Military Sales	0	1	1	1
Non Federal Agencies	1	0	0	0
2. Carry-In Orders	30	40	21	17
3. Total Gross Orders	147	85	75	73
a. Funded Carry-Over before Exclusions	40	21	17	15
b. Total Gross Sales	106	63	58	58

INDUSTRIAL BUDGET INFORMATION SYSTEM
 NFESC / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

(R_FUND11)

PAGE: 2

	FY 2002 CON -----	FY 2003 CON -----	FY 2004 CON -----	FY 2005 CON -----
4. End of Year Work-In-Process (-)	0	0	0	0
5. Non-DoD, BRAC, FMS (-)	-2	-6	-4	-6
6. Net Funded Carryover	39	16	13	9

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

Exhibit Fund-11

Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
NAVY WORKING CAPITAL FUND
BASE SUPPORT/NFESC
Date: February 2003
(\$ in Thousands)

	Costs
1. FY 2002 Actual	\$107.7
2. FY 2003 Estimate in President's Budget	\$62.1
3. Pricing Adjustments	
a. Annualization of Prior Year Pay Raises	
1. Civilian Personnel	
2. Military Personnel	
b. FY2003 Pay Raise	\$0.1
1. Civilian Personnel	\$0.1
2. Military Personnel	
c. General Purchase Inflation	-\$0.1
d. Removal of CSRS/FEHB Full Funding Proposal	-\$1.8
4. Revised FY 2003 Estimate	\$60.3
5. Pricing Adjustments	
a. Annualization of Prior Year Pay Raises	\$0.1
1. Civilian Personnel	\$0.1
2. Military Personnel	
b. FY2004 Pay Raise	\$0.6
1. Civilian Personnel	\$0.6
2. Military Personnel	
c. General Purchase Inflation	\$0.0
6. Productivity Initiatives and Other Efficiencies	\$0.0
7. Program Changes:	
Reduction in workload	-\$5.3
Increases in overhead as a result of delays/adjustment to Strategic Sourcing Initiatives	\$1.9
Other Changes	\$0.7
8. FY 2004 Current Budget Estimate	\$58.2

Navy Working Capital Fund Capital Investment Summary
Component: Department of Navy
Base Support - NFESC
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
(Dollars in Millions)

Line No.	Item Description	FY2002		FY2003		FY2004		FY2005	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
L01	<u>Non-ADP Equipment (>\$500K)</u> Replacement (List)	0	0.000	0	0.000	0	0.000	0	0.000
	Productivity (List)								
	New Mission (List)								
	Environmental Compliance (List)								
	Total Non-ADP Equipment (>\$500K)	0	0.000	0	0.000	0	0.000	0	0.000
L07	Total Non-ADP Equipment (>\$100K<\$500K)	0	0.000	1	0.240	0	0.000	0	0.000
	Grand Total Non-ADP Equipment	0	0.000	1	0.240	0	0.000	0	0.000
L08	<u>ADP Equipment & Telecommunications (>\$500K)</u> (List)	0	0.000	0	0.000	0	0.000	0	0.000
	Total ADP Equipment & Telecommunications (>\$500K)	0	0.000	0	0.000	0	0.000	0	0.000
	Total ADP Equipment & Telecommunications (>\$100K<\$500K)	0	0.000	0	0.000	0	0.000	0	0.000
	Grand Total ADP Equipment & Telecommunications	0	0.000	0	0.000	0	0.000	0	0.000
L09 L10 L11 L12	<u>Software Development (>\$500K)</u> (List)	0	0.000	0	0.000	0	0.000	0	0.000
		0	0.000	0	0.000	0	0.000	0	0.000
		0	0.000	0	0.000	0	0.000	0	0.000
		0	0.000	0	0.000	0	0.000	0	0.000
	Total Software Development (>\$500K)	0	0.000	0	0.000	0	0.000	0	0.000
L13	Total Software Development (>\$100K<\$500K)	0	0.000	0	0.000	0	0.000	0	0.000
	Grand Total Software Development	0	0.000	0	0.000	0	0.000	0	0.000
L14	Total Minor Construction (>\$100K<\$500K)	0	0.000	0	0.000	0	0.000	0	0.000
	Total Capital Purchase Program	0	0.000	1	0.240	0	0.000	0	0.000
	Total Capital Outlays		0.408		0.240		0.000		0.000
	Total Depreciation Expense		0.339		0.429		0.215		0.206

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (S000)						A. Fiscal Year (FY) 2004/2005 Biennial Budget Estima			
B. Department of the Navy/Base Support		C. L07 Non-ADP Equipment (>\$100K<\$500K)		D. Naval Facilities Engineering Service Center					
		FY2002		FY 2003			FY 2004		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>\$100K<\$500K)	0	0.00	0	1	240.00	240	0	0.00	0
Narrative Justification:									
<p>The Naval Facilities Engineering Service Center (NFESC) plans to purchase a Heavy Weight Deflectometer (HWD) for assessing the load carrying capacity of airfield and road pavements, as well as piers and wharfs. This equipment is used for pier assessment as well as recently developed for void detection technology. The addition of the void detection technology has placed higher demands on the airfield pavement assessment teams and has increased the workload.</p>									

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
Fiscal Year (FY) 2004/2005 Biennial Budget Estimates
BASE SUPPORT NAVAL FACILITIES ENGINEERING SERVICE CENTER
FY 2003 BUDGET ESTIMATE**

**PROJECTS ON THE FY 2003 PRESIDENT'S BUDGET
(Dollars in Millions)**

FY	Approved Project	PRESIDENT'S BUDGET	CHANGE	APPROVED PROJ COST	REVISED BUDGET	ASSET/ DEFICIENCY	JUSTIFICATION
2003	Equipment except ADPE and TELCOM	0.000	0.240	0.240	0.240	0.000	
	Equipment - ADPE and TELCOM	0.000	0.000	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	0.000	0.000	
	TOTAL FY 2001	0.000	0.240	0.240	0.240	0.000	
	Equipment						
	HEAVY WEIGHT DEFLECTOMETER	0.000	0.240	0.240	0.240		Replacement of old equipment with new void detection technol
	Total Equipment	0.000	0.240	0.240	0.240		
	ADP						
	Total ADP	0.000	0.000	0.000	0.000		
	Software						
	Total Software	0.000	0.000	0.000	0.000		
	Minor Construction						
	Total Minor Construction	0.000	0.000	0.000	0.000		
	Grand Total	0.000	0.240	0.240	0.240		

Supply Management, Navy/Marine Corps

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUPS:
NAVY SUPPLY MANAGEMENT
MARINE CORPS SUPPLY MANAGEMENT
FY2004/FY2005 BIENNIAL BUDGET ESTIMATES

Activity Group Functions:

The Supply Management Activity Groups performs inventory management functions that result in the sale of aviation and shipboard components, fuel, ships store stock, and general use consumables to a wide variety of customers. Major customers include Department of the Navy commands afloat and ashore, Department of the Army, Department of the Air Force, Defense Agencies, and other government agencies and foreign governments. All costs associated with supplying this material to our customers are recouped through stabilized rates which include cost recovery elements that cover expenses relating to inventory management, receipt and issuing of DON managed material, Department owned retail material at distribution depots, as well as depreciation of capital assets.

Activity Group Composition:

Operations costs for the following activities are funded in the Navy Supply Management Activity Group:

- Naval Inventory Control Point, Mechanicsburg/Philadelphia, PA
- Fleet and Industrial Supply Center, Norfolk, VA
- Fleet and Industrial Supply Center, San Diego, CA
- Fleet and Industrial Supply Center, Puget Sound, WA
- Fleet and Industrial Supply Center, Jacksonville, FL
- Fleet and Industrial Supply Center, Pearl Harbor, HI
- Fleet and Industrial Supply Center, Yokosuka, JP
- Fitting Out and Supply Support Assistance Center, Norfolk, VA
- Navy Supply Information Systems Activity, Mechanicsburg, PA

Operations costs for the following activities are funded in Marine Corps Supply Management Activity Group:

- Materiel Management Center, Albany, GA
- Direct Support Stock Control, Albany, GA
- Direct Support Stock Control, Barstow, CA

Business Logistics Support Department, Camp Lejeune, NC
Direct Support Stock Control, Parris Island, SC
Direct Support Stock Control, Quantico, VA
Direct Support Stock Control, Twentynine Palms, CA
Consolidated Material and Service Center, Camp Pendleton, CA
Direct Support Stock Control, Camp Butler, JA

Executive Summary / Significant Changes in the Activity Groups:

Within the Supply Management areas, the Department continues to pursue initiatives that will control costs and improve readiness. Accordingly, this budget continues to fund such initiatives as Serial Number Tracking and ERP. These initiatives will provide the Department better tools to assess program growth and implement cost reducing procedures where appropriate. In that same light, we are continuously looking for opportunities to reduce the cost of operating the Department's supply system. In support of the Chief of Naval Operations Sea Power 21 vision, the Naval Supply Systems Command has identified additional ways to better structure and align their organization to further optimize logistics support and reduce cost. We are optimistic that these continuing transformational efforts will provide additional funds to help reduce weapon system age and thus stem the tide of spare part cost growth as well as allow the Department to provide our Fleet customers improved logistics support at a lower cost.

In the area of inventory management, obligation authority in FY 2003 increased approximately 13% over the FY 2003 President's Budget submission. While increased program requirements have contributed to some of this growth, the preponderance of the increase is associated with an anticipated delay in transferring afloat fuel accounting to the Defense Logistics Agency. The Defense Logistics Agency has been working closely with the Department to develop the necessary software to assume this responsibility as expeditiously as possible. Current projections indicate the transfer will be complete in FY 2004.

This budget submission also reflects continuation of the Department's inventory augmentation efforts. Inventory augmentation allows the Department to procure new system wholesale stock without creating an excessive burden on the customer or negatively impacting the NWCF cash balance. Inventory augmentation also permits the Department to capture total ownership costs more effectively since the funds are clearly tied to the support of the new weapon systems rather than being accounted for in the cost of operations. This budget

includes \$130 million in direct appropriation to pay for the inventory augmentation material that will deliver in FY 2004.

FY04 Annual Price Change (APC): This submission reflects an increase in Navy prices and a decrease in Marine Corps prices. While growth is still occurring for Navy items, it is important to note that the rate is beginning to subside. This change is primarily attributed to the Naval Supply Systems Command alignment with the Chief of Naval Operations Sea Power 21 vision. The Navy composite APC for FY 2004 is 6.1% with an overall cost recovery rate (CRR) of 22.5%. The Marine Corps composite APC for FY 2004 is -18.4% with an overall cost recovery rate (CRR) of 29.3%. This reduction is a result of a FY02 NOR gain as well as the benefit expected when the remainder of Marine Corps supply joins Navy Supply.

Material Cost and Rates:

<u>Navy</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Purchase Inflation	0.8%	0.8%	1.5%	1.5%
Customer Rate Changes	-4.7%	9.6%	6.1%	4.0%
Composite Cost Recovery Rate	17.1%	20.2%	22.5%	24.1%
Cost of Matl Sold (\$M)	3,106.4	3,400.7	3,571.2	3392.4

<u>Marine Corps</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Purchase Inflation	0.8%	0.8%	1.5%	1.5%
Customer Rate Changes	-0.4%	31.3%	-18.4%	4.0%
Composite Cost Recovery Rate	25.7%	61.8%	29.3%	31.6%
Cost of Matl Sold (\$M)	27.2	24.6	23.4	23.6

Material Management:

<u>Navy</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Items Managed	350,142	354,795	359,571	364,473
Supply Material Availability	77.8%	78.3%	78.8%	79.3%

<u>Marine Corps</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Items Managed	3139	3139	3139	3139
Supply Chain Channel	68.0%	80.0%	84.0%	88.0%

The calculation for the Supply Chain Channel Performance is as follows:

Fill Rate x Order Filling Rate x On time shipping x Claims free delivery x On time delivery

Financial Profile:

(Dollars in Millions)

<u>Navy</u>	FY 2002	FY 2003	FY 2004	FY 2005
Revenue	6,226.0	6,028.7	5,536.6	5,169.7
Expenses	6,457.7	6,184.5	5,438.9	5,183.0
Capital Surcharge	12.2	18.4	4.5	-17.8
Other Chgs Affecting NOR	358.6	7.7	-41.9	-4.4
Net Operating Result	114.8	-166.3	51.3	0.0
Other Chgs Affecting AOR				
Accum. Operating Result	115.0	-51.3	0.0	0.0

(Dollars in Millions)

<u>Marine Corps</u>	FY 2002	FY 2003	FY 2004	FY 2005
Revenue	133.0	131.9	122.2	124.2
Expenses	109.0	119.1	116.7	119.7
Other Chgs Affecting NOR	6.5	-8.4	-26.0	-4.5
Net Operating Result	17.5	4.4	-20.5	0.0
Other Chgs Affecting AOR				
Accum. Operating Result	16.1	20.5	0.0	0.0

Revenue: Corporate revenue decreased mainly as a result of transferring fuel accounting to DESC.

Expense: Corporate expenses decreased commensurate with revenue.

War Reserve Material Obligations

(Dollars in Millions)

<u>Marine Corps</u>	FY 2002	FY 2003	FY 2004	FY 2005
Retail	4.0	3.0	1.3	0.4
Wholesale	4.4	4.3	3.2	4.5
Total WRM	8.4	7.3	4.5	4.9

The above chart reflects WRM authority budgeted to meet projected Marine Corps deficits and funding levels required for initial mobilization.

Obligation Authority:

(Dollars in Millions)

Navy Obligations	FY 2002	FY 2003	FY 2004	FY 2005
Wholesale	3,984.9	3,781.1	3,194.6	3,657.1
Retail	1,631.6	1,513.3	1,007.6	930.1
Operating	1,342.8	1,329.7	1,249.1	1,183.8
Total	6,959.3	6,624.1	5,451.2	5,771.0

(Dollars in Millions)

Marine Corps Obligations	FY 2002	FY 2003	FY 2004	FY 2005
Wholesale*	34.2	38.0	46.6	46.3
Retail*	61.4	79.4	76.8	70.3
Operating	7.9	10.0	8.6	8.6
Total	103.5	127.4	132.0	125.2

* WRM obligations are included.

Wholesale: This submission focuses on a continued emphasis to align customer funding and demand to NWCF wholesale production and repair investments. One notable change within the Navy wholesale account is the consolidation of BPs 14 and 81 (ship consumables and repairables). Commencing FY 2003 the two BPs will be incorporated into a single budget project- BP81C. This is being done to align financial and business processes at NAVICP-Mechanicsburg. While this change is relatively minor, it allows NAVICP to segment obligation authority into commodity grouping - a task that is more difficult with multiple BPs.

Retail: This submission continues to reflect the Department's efforts to reduce its retail footprint. By the end of FY 2004, all fuel is expected to be transferred to DESC.

Operations: This submission reflects our continued pursuit of efforts that will improve efficiency and maximize effectiveness. Supply activities are heavily involved in the Department of the Navy's Strategic Sourcing initiatives and expect to produce savings through actions such as A-76 competitions and functionality reviews. Additionally, in support of the Chief of Naval Operations Sea Power 21 vision, the Naval Supply Systems Command has identified additional ways to better structure and align their organization to further optimize logistics support and reduce cost. All these efforts in addition to the Naval Supply Systems Command Enterprise Resource Planning (ERP)

program, will provide customers improved logistics support at the lowest cost possible.

Workload:

(Dollars in Millions)

Navy Gross Sales	FY 2002	FY 2003	FY 2004	FY 2005
Wholesale	4,348.8	4,370.0	4,374.3	4,092.9
Retail	1,614.8	1,480.0	994.5	904.2
Total	5,963.6	5,850.0	5,368.8	4,997.1

(Dollars in Millions)

Marine Corps Gross Sales	FY 2002	FY 2003	FY 2004	FY 2005
Wholesale	52.6	47.1	41.5	51.3
Retail	76.9	77.9	74.6	69.6
Total	129.5	125.0	116.1	120.9

Wholesale: Sales are directly tied to customer funding and the NAVICP's ability to fill orders. The Department's supply system health is very strong today. First pass effectiveness, which is the percent of customer requirements filled from onboard, on station, or supply system inventories, is averaging over 90 percent since the beginning of Operation Enduring Freedom. Additionally, aviation repairable backorders have dropped 10 percent since the beginning of the fiscal year. All of these elements highlight the importance of funding the Department's NWCF-SM requirements as well as incremental outfitting requirements that result from increased OPTEMPO. Since outfitting requirements are built to peacetime OPTEMPO, the importance of supplemental funds during a period of increased OPTEMPO cannot be overstated. The Department must ensure adequate parts are on station as ships are operating in deployed theaters of operations. Without sufficient quantities of outfitting material on station, onboard intermediate repair activities are strained and forced to rely more heavily on NWCF-SM assets arriving from CONUS Distribution Depots. While the NWCF-SM account is positioned to meet the fleet customer's requirements, the extra time it takes to ship material from CONUS Distribution Depots detracts from Deployed readiness. Accordingly, the Department is extremely thankful for the supplemental outfitting funds Congress has approved thus far and requests their continued support as circumstances warrant.

Retail: This submission continues to reflect the Department's efforts to reduce its retail footprint. By the end of FY 2004, all fuel is expected to be transferred to DESC.

Unit Cost:

Navy	FY 2002	FY 2003	FY 2004	FY 2005
Wholesale	1.097	1.055	0.908	1.073
Retail	1.018	1.030	1.025	1.042

Marine Corps	FY 2002	FY 2003	FY 2004	FY 2005
Wholesale**	0.75	0.96	1.28	1.00
Retail**	0.70	0.98	1.02	1.01

** Unit Cost computation does not include WRM obligations or sales.

Staffing:

Navy	FY 2002	FY 2003	FY 2004	FY 2005
Civilian End Strength	6,330	5,788	5,234	5,230
Civilian Work Years	6,402	6,124	5,334	5,230
Military End Strength	430	426	421	417
Military Work Years	417.5	428.0	423.5	419.0

Marine Corps	FY 2002	FY 2003	FY 2004	FY 2005
Civilian End Strength	48	47	26	24
Civilian Work Years	48	47	26	24

Civilian Personnel: FY 2002 numbers reflect actual end strength and work year levels. The decrease in FY 2003 and FY 2004 is a result of our strategic sourcing and workload validation efforts to gain efficiencies throughout the supply management business area.

Capital Budget Authority:

(Dollars in Millions)

Navy	FY 2002	FY 2003	FY2004	FY 2005
Equipment Non-ADPE/Telecom	1.650	1.429	1.799	1.822
ADPE/Telecom Equipment	3.925	2.250	2.076	1.882
Software Development	74.407	66.732	44.613	17.924
Minor Construction	2.250	1.238	1.361	1.497
Total	82.232	71.649	49.849	23.125

Capital Purchases Program (CPP) Budget Authority: CPP authority in the Supply Management Activity Group reflects changes from the FY 2003 President's Budget. The FY 2003 column reflects a net increase of \$19.4M driven by an increase to the ERP effort less the deferral of requirements on other

projects. The FY 2003, FY 2004 and FY 2005 columns reflect the continuation of existing FY 2002 programs and initiatives.

Cost of Goods Sold Breakout:

In FY 2003/2004/2005, the budget continues to reflect methodology applied in previous years for recovering costs associated with transportation, depot washout and obsolescence, LECP management, testing, Serial Number Tracking, and NADEP Transformation. These costs which are directly associated with material are now being recovered through material cost of goods. The breakout for FY 2003, 2004 and 2005, as recovered through pricing, is as follows:

Navy FY 2003	Transportation	Obsolescence	Depot Washout	LECP NRE	TESTING	SNT	
BP 34	13.7	3.4			5.3		
BP 81P	11.7	4.1		1.0			
BP 81R	10.0		18.5				
BP 85P	34.5	27.7			1.8		
BP 85R	68.2		231.5	14.2		25.1	
Total	138.1	35.2	250.0	15.2	7.1	25.1	
FY 2004	Transportation	Obsolescence	Depot Washout	LECP NRE	TESTING	SNT	NADEP Efficiencies
BP 34	15.2	9.3			5.7		
BP 81P	17.6	4.9		1.0			
BP 81R	12.7		23.4				
BP 85P	32.6	6.0			2.4		
BP 85R	107.7		254.1	9.5		15.1	-17.7
Total	185.8	20.2	277.5	10.5	8.1	15.1	-17.7
FY2005	Transportation	Obsolescence	Depot Washout	LECP NRE	TESTING	SNT	NADEP Efficiencies
BP 34	15.5	10.5			5.7		
BP 81P	18.1	4.9		1.0			
BP 81R	12.1		23.6				
BP 85P	23.4	7.0			2.5		
BP 85R	98.7		245.0	9.8		13.5	-20.4
Total	167.8	22.4	268.6	10.8	8.2	13.5	-20.4

In conclusion, the budget presented herein maintains NWCF-SM at a funding level that meets the Department of the Navy's readiness requirements over the budget horizon.

**NAVY CAPITAL WORKING FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
REVENUE AND EXPENSE SUMMARY
FY2004/2005 BIENNIAL BUDGET ESTIMATES-FEBRUARY 2003
(Dollars in Millions)**

Fund-14

	FY2002	FY2003	FY2004	FY2005
REVENUE:	Actuals			
Net Sales				
Operations	5789.4	5627.8	5167.9	4822.7
Capital Surcharge	12.2	18.1	4.5	-17.8
Depreciation except Maj Const	50.6	53.5	45.4	40.9
Major Construction Dep	0.0	0.0	0.0	0.0
Other Income	373.8	329.3	318.8	323.9
Refunds/Discounts (-)				
Total Income:	6226.0	6028.7	5536.6	5169.7
EXPENSES:				
Cost of Materiel Sold from Inventory	5273.1	5018.2	4439.2	4183.1
Salaries and Wages:				
Military Personnel	26.5	27.5	27.6	28.1
Civilian Personnel	395.9	410.7	347.2	341.4
Travel & Transportation of Personnel	12.5	12.2	11.5	11.6
Materials & Supplies	36.9	32.3	32.9	33.4
Equipment	14.7	11.0	11.2	11.4
Other Purchases from Revolving Funds	362.8	346.2	301.1	297.7
Transportation of Things	0.0	0.0	0.0	0.0
Depreciation - Capital	50.6	53.5	45.4	40.9
Printing and Reproduction	0.5	0.2	0.2	0.2
Advisory and Assistance Services	42.4	34.6	27.4	23.9
Rent, Communication, Utilities & Misc	18.6	19.2	18.3	18.6
Other Purchased Services	117.2	116.4	110.7	127.2
Inventory Gains and Losses	105.9	102.4	66.2	65.5
TOTAL EXPENSES	6457.6	6184.5	5438.9	5183.0
Operating Result	-231.6	-155.6	97.7	-13.4
Less Capital Surcharge reservation	12.2	18.4	4.5	-17.8
Plus Appro Affecting NOR/AOR	0.0	0.0	0.0	0.0
Plus Other Changes Affecting NOR	358.6	7.7	-41.9	-4.4
Net Operating Result	114.8	-166.3	51.3	0.0
Other Changes Affecting AOR				
Accumulated Operating Result	115.0	-51.3	0.0	0.0

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SOURCES OF REVENUE
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(\$ in Millions)**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
a. Orders from DoD Components:				
Own Component				
1105 Military Personnel, M.C.	0.0	0.0	0.0	0.0
1106 O&M Marine Corps	9.9	9.2	1.8	0.0
1108 Reserve Personnel, M.C.	0.0	0.0	0.0	0.0
1109 Procurement, M.C.	6.4	4.6	4.1	3.9
1319 RDT & E, Navy	0.1	0.1	0.1	0.1
1405 Reserve Personnel, Navy	0.0	0.5	0.5	0.4
1453 Military Personnel, Navy	23.8	27.4	24.7	23.1
1506 Aircraft Procurement, Navy	683.7	650.7	539.3	371.5
1711 Shipbuilding & Conv. Navy	31.1	33.7	39.7	58.4
1804 O&M, Navy	4,111.4	4,105.3	3,713.8	3,567.6
1806 O&M, Navy Reserve	107.2	159.4	144.2	138.5
1810 Other Procurement, Navy	50.3	20.1	63.6	56.1
4930 Navy Working Capital Fund	<u>587.2</u>	<u>551.9</u>	<u>499.3</u>	<u>479.5</u>
	5,611.2	5,562.8	5,031.0	4,699.1
Orders from other DoD Components				
2100 Army	9.2	12.9	11.6	10.9
5700 Air Force	129.8	147.1	133.1	124.2
9700 Other DoD	<u>(0.0)</u>	<u>0.0</u>	<u>(0.0)</u>	<u>(0.0)</u>
	139.0	159.9	144.6	135.1
b. Orders from other Fund Business Areas:				
Distribution Depots, Navy				
Logistics Support, Navy	0.0	0.0	0.0	0.0
c. Total DoD	5,750.2	5,722.8	5,175.6	4,834.2
d. Other Orders:				
Other Federal Agencies	15.4	8.7	7.9	7.4
Trust Fund	0.0	0.0	0.0	0.0
Non-Federal Agencies	0.0	0.0	0.0	0.0
Foreign Military Sales (FMS)	<u>102.4</u>	<u>106.1</u>	<u>96.0</u>	<u>89.7</u>
	117.9	114.8	103.9	97.0
2. Carry-In Orders	931.6	836.1	823.7	734.4
3. Total Gross Orders	6,799.7	6,673.7	6,103.2	5,665.6
4. Change to Backlog	836.1	823.7	734.4	668.5
5. Total Gross Sales	5,963.6	5,850.0	5,368.8	4,997.1
Reimbursable Orders (BP 91)	373.8	329.3	318.8	323.9

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
 FUEL DATA
 FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003

		FY2002 Estimate			FY2003 Estimate			FY2004 Estimate			FY2005 Estimate		
		BBS	Unit Cost	\$000	BBS	Unit Cost	\$000	BBS	Unit Cost	\$000	BBS	Unit Cost	\$000
Depots													
Aircraft Ops													
	JP-5	3.888	42.84	166.6	4.079	36.12	147.4	0.648	39.06	25.3	0.0	40.32	0.0
	JP-8	0.354	42.00	14.9	0.116	35.28	4.1	0.019	38.22	0.7	0.0	39.48	0.0
Total Air Ops		4.243		181.5	4.195		151.5	0.667		26.0	0.0		0.0
Other													
	Residuals	0.147	29.40	4.3	0.022	29.40	0.6	0.003	32.76	0.1	0.0	34.02	0
	Reclaimed	0.018	21.00	0.4	0.0	24.36	0	0.0	26.04	0	0.0	27.30	0
Total Other		0.165		4.7	0.022		0.6	0.003		0.1	0.0		0
Ship Ops													
	Distillates	12.890	40.32	519.7	13.507	34.02	459.6	2.229	35.28	78.7	0	36.12	0.0
Total Ship Ops		12.890		519.7	13.507		459.6	2.229		78.7	0		0.0
Vehicle Ops													
	MOGAS: Unleaded-Mid	0.045	51.24	2.3	0.0	35.70	0.0	0.0	42.84	0.0	0.0	44.10	0.0
Total Vehicle Ops		0.045		2.3	0		0.0	0		0.0	0		0.0
Total		17.339		708.2	17.724		611.7	2.898		104.8	0		0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY02
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
BP 14										
Approved	812.5	127.2	127.2	128.4	0.0	4.4	132.8	15.0	147.8	1.4
Request	830.8	149.7	149.7	159.7	0.0	6.9	166.6	15.0	181.6	1.3
Delta	18.3	22.5	22.5	31.3	0.0	2.5	33.8	0.0	33.8	(0.1)
BP 15										
Approved	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 21										
Approved	22.1	83.8	83.8	83.9	0.0	0.0	83.9	6.5	90.4	0.0
Request	28.2	115.7	110.0	106.2	0.0	0.0	106.2	0.0	106.2	0.0
Delta	6.1	31.9	26.2	22.3	0.0	0.0	22.3	(6.5)	15.8	0.0
BP 23										
Approved	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	3.8	(0.4)	0.0	0.0	(0.4)	0.0	(0.4)	0.0
Delta	0.0	0.0	3.7	(0.4)	0.0	0.0	(0.4)	0.0	(0.4)	0.0
BP 25										
Approved	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Delta	0.0	0.0	(1.0)	(1.0)	0.0	0.0	(1.0)	0.0	(1.0)	0.0
BP 28										
Approved	1,229.6	645.5	645.5	674.4	0.0	0.0	674.4	60.3	734.7	10.7
Request	1,413.2	750.2	750.2	817.6	0.0	0.0	817.6	59.4	877.0	12.6
Delta	183.6	104.7	104.7	143.2	0.0	0.0	143.2	(0.9)	142.3	1.9
BP 34										
Approved	438.8	377.9	376.0	351.7	0.0	6.1	357.8	82.4	440.2	3.4
Request	520.7	385.5	394.8	444.2	0.0	2.7	446.9	50.0	496.9	0.8
Delta	81.9	7.6	18.8	92.5	0.0	(3.4)	89.1	(32.4)	56.7	(2.6)
BP 38										
Approved	203.4	637.9	637.9	647.4	0.0	0.0	647.4	125.1	772.5	0.0
Request	144.4	738.0	738.0	708.2	0.0	0.0	708.2	115.1	823.3	0.2
Delta	(59.0)	100.1	100.1	60.8	0.0	0.0	60.8	(10.0)	50.8	0.2
BP 81										
Approved	5,459.3	410.7	410.7	360.4	0.0	12.5	372.9	60.0	432.9	27.2
Request	6,401.8	516.1	516.1	454.5	0.0	19.6	474.1	60.0	534.1	27.7
Delta	942.5	105.4	105.4	94.1	0.0	7.1	101.2	0.0	101.2	0.5
BP85										
Approved	26,601.2	2,821.7	3,072.4	2,659.3	0.0	75.5	2,734.8	437.3	3,172.1	49.6
Request	26,770.9	3,087.7	3,189.6	2,828.0	0.0	69.3	2,897.3	370.8	3,268.1	68.8
Delta	169.7	266.0	117.2	168.7	0.0	(6.2)	162.5	(66.5)	96.0	19.2
BP 91										
Approved	0.0	0.0	0.0	1,347.2	0.0	0.0	1,347.2	0.0	1,347.2	0.0
Request	0.0	0.0	0.0	1,342.8	0.0	0.0	1,342.8	0.0	1,342.8	0.0
Delta	0.0	0.0	0.0	(4.4)	0.0	0.0	(4.4)	0.0	(4.4)	0.0
TOTAL										
Approved	34,766.8	5,104.7	5,354.6	6,253.7	0.0	98.5	6,352.2	786.7	7,138.9	92.3
Request	36,110.0	5,742.9	5,852.2	6,860.8	0.0	98.5	6,959.3	670.4	7,629.7	111.4
Delta	1,343.2	638.2	497.6	607.1	0.0	0.0	607.1	(116.3)	490.8	19.1

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY03
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
BP 14										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 15										
Approved	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 21										
Approved	23.3	83.6	83.4	83.5	0.0	0.0	83.5	6.5	90.0	0.0
Request	29.3	83.4	83.5	83.5	0.0	0.0	83.5	6.5	90.0	0.0
Delta	6.0	(0.2)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 23										
Approved	0.3	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	(0.3)	(1.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 25										
Approved	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Request	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	1,239.4	654.6	654.6	675.4	0.0	0.0	675.4	57.5	732.9	10.8
Request	1,464.9	780.7	780.7	817.1	0.0	0.0	817.1	80.0	897.1	11.3
Delta	225.5	126.1	126.1	141.7	0.0	0.0	141.7	22.5	164.2	0.5
BP 34										
Approved	495.6	369.0	380.2	344.5	0.0	18.1	362.6	109.6	472.2	3.4
Request	690.5	371.5	373.3	388.6	0.0	3.9	392.5	109.6	502.1	3.4
Delta	194.9	2.5	(6.9)	44.1	0.0	(14.2)	29.9	0.0	29.9	0.0
BP 38										
Approved	88.0	575.4	140.2	142.7	0.0	0.0	142.7	141.4	284.1	0.0
Request	0.0	603.5	603.5	611.7	0.0	0.0	611.7	121.8	733.5	0.0
Delta	(88.0)	28.1	463.3	469.0	0.0	0.0	469.0	(19.6)	449.4	0.0
BP 81										
Approved	6,041.3	582.3	582.3	494.8	0.0	16.7	511.5	75.0	586.5	28.6
Request	7,652.3	670.6	670.6	566.7	0.0	36.8	603.5	140.0	743.5	31.4
Delta	1,611.0	88.3	88.3	71.9	0.0	20.1	92.0	65.0	157.0	2.8
BP85										
Approved	28,238.0	2,951.6	3,043.8	2,600.4	0.0	104.9	2,705.3	612.0	3,317.3	49.6
Request	30,193.5	3,177.0	3,186.5	2,674.3	0.0	110.8	2,785.1	636.8	3,421.9	104.8
Delta	1,955.5	225.4	142.7	73.9	0.0	5.9	79.8	24.8	104.6	55.2
BP 91										
Approved	0.0	0.0	0.0	1,338.1	0.0	0.0	1,338.1	0.0	1,338.1	0.0
Request	0.0	0.0	0.0	1,329.7	0.0	0.0	1,329.7	0.0	1,329.7	0.0
Delta	0.0	0.0	0.0	(8.4)	0.0	0.0	(8.4)	0.0	(8.4)	0.0
TOTAL										
Approved	36,125.8	5,217.6	4,885.5	5,680.4	0.0	139.7	5,820.1	1,002.1	6,822.2	92.4
Request	40,030.5	5,686.7	5,699.1	6,472.6	0.0	151.5	6,624.1	1,094.8	7,718.9	150.9
Delta	3,904.7	469.1	813.6	792.2	0.0	11.8	804.0	92.7	896.7	58.5

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY04
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET		OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
		CUSTOMER ORDERS	NET SALES							
BP 14										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 15										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	30.5	83.2	83.2	83.2	0.0	0.0	83.2	6.5	89.7	0.0
Delta	30.5	83.2	83.2	83.2	0.0	0.0	83.2	6.5	89.7	0.0
BP 23										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 25										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Delta	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	1,521.3	794.0	794.0	818.6	0.0	0.0	818.6	81.0	899.6	11.5
Delta	1,521.3	794.0	794.0	818.6	0.0	0.0	818.6	81.0	899.6	11.5
BP 34										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	645.8	353.3	353.6	372.6	0.0	0.0	372.6	90.0	462.6	3.4
Delta	645.8	353.3	353.6	372.6	0.0	0.0	372.6	90.0	462.6	3.4
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	104.8	104.8	104.8	0.0	0.0	104.8	400.0	504.8	0.0
Delta	0.0	104.8	104.8	104.8	0.0	0.0	104.8	400.0	504.8	0.0
BP 81										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	7,491.4	667.6	667.6	589.9	0.0	0.0	589.9	140.0	729.9	31.4
Delta	7,491.4	667.6	667.6	589.9	0.0	0.0	589.9	140.0	729.9	31.4
BP85										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	34,253.0	3,125.5	3,213.5	2,232.1	0.0	0.0	2,232.1	584.9	2,816.9	104.8
Delta	34,253.0	3,125.5	3,213.5	2,232.1	0.0	0.0	2,232.1	584.9	2,816.9	104.8
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	1,249.1	0.0	0.0	1,249.1	0.0	1,249.1	0.0
Delta	0.0	0.0	0.0	1,249.1	0.0	0.0	1,249.1	0.0	1,249.1	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	43,942.0	5,128.4	5,217.7	5,451.2	0.0	0.0	5,451.2	1,302.5	6,753.7	151.1
Delta	43,942.0	5,128.4	5,217.7	5,451.2	0.0	0.0	5,451.2	1,302.5	6,753.7	151.1

**NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY05**

FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003

OBLIGATION TARGETS

DIVISION	PEACETIME	NET	NET	OPERATING	MOBILIZATION	INVENTORY	TOTAL	COMMITMENT	TARGET	CREDIT
	INVENTORY	CUSTOMER ORDERS	SALES			AUGMENT	OBLIGATIONS	TARGET	TOTAL	
BP 14										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 15										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	31.7	83.2	83.2	83.2	0.0	0.0	83.2	6.5	89.7	0.0
Delta	31.7	83.2	83.2	83.2	0.0	0.0	83.2	6.5	89.7	0.0
BP 23										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 25										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
Delta	0.0	0.0	1.0	1.0	0.0	0.0	1.0	0.1	1.1	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	1,540.3	808.3	808.3	845.9	0.0	0.0	845.9	82.0	927.9	11.7
Delta	1,540.3	808.3	808.3	845.9	0.0	0.0	845.9	82.0	927.9	11.7
BP 34										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	619.4	370.9	373.7	330.3	0.0	0.0	330.3	70.0	400.3	3.4
Delta	619.4	370.9	373.7	330.3	0.0	0.0	330.3	70.0	400.3	3.4
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	200.0	200.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	200.0	200.0	0.0
BP 81										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	7,288.0	699.1	699.1	623.3	0.0	0.0	623.3	140.0	763.3	31.4
Delta	7,288.0	699.1	699.1	623.3	0.0	0.0	623.3	140.0	763.3	31.4
BP85										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	36,101.1	2,818.4	2,880.5	2,703.5	0.0	0.0	2,703.5	699.1	3,402.6	104.8
Delta	36,101.1	2,818.4	2,880.5	2,703.5	0.0	0.0	2,703.5	699.1	3,402.6	104.8
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	1,183.8	0.0	0.0	1,183.8	0.0	1,183.8	0.0
Delta	0.0	0.0	0.0	1,183.8	0.0	0.0	1,183.8	0.0	1,183.8	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	45,580.6	4,779.9	4,845.8	5,771.0	0.0	0.0	5,771.0	1,197.7	6,968.7	151.3
Delta	45,580.6	4,779.9	4,845.8	5,771.0	0.0	0.0	5,771.0	1,197.7	6,968.7	151.3

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 34
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY2002

<u>Weapon System</u>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>TOTAL</u>
F/A-18	4.2	1.8	3.0	9.0
F/A-18 E/F			0.4	0.4
AV-8B/T-45			3.9	3.9
EA-6B		0.2	0.9	1.1
F-14			1.5	1.5
V-22			0.0	0.0
S-3/C-130			1.0	1.0
P-3		2.8	5.5	8.3
E-2/C-2			1.2	1.2
Common Systems	0.8	2.2	6.0	9.0
Aircraft Engines		118.6	120.7	239.3
Aviation Support Systems	2.4	8.0	20.6	31.0
H-46/H-1		6.7	8.0	14.7
H-53		2.9	3.2	6.1
H-60	1.4		1.5	2.9
Multi-application	0.0	0.0	100.0	100.0
Anticipated Special Programs		0.0	0.0	0.0
Part Number Item Project		4.7	0.0	4.7
Terminations			-1.9	-1.9
PBL			10.4	10.4
 Total	 8.8	 147.8	 285.7	 442.3
 System Stock: Initial/Follow-on				 4.6
 Operating Requirement				 446.9

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 34
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY2003

<u>Weapon System</u>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>TOTAL</u>
F/A-18	7.5		2.7	10.2
F/A-18 E/F			0.4	0.4
AV-8B/T-45	0.8		3.6	4.4
EA-6B		0.5	3.0	3.5
F-14			1.8	1.8
V-22	0.0		0.0	0.0
S-3/C-130			0.7	0.7
P-3		0.9	5.4	6.3
E-2/C-2			1.7	1.7
Common Systems	0.7		4.4	5.1
Aircraft Engines		20.5	118.3	138.8
Aviation Support Systems	2.4	6.0	42.8	51.2
H-46/H-1		5.3	5.7	11.0
H-53			4.0	4.0
H-60	3.1		1.8	4.9
Multi-application	0.0	0.0	105.7	105.7
Anticipated Special Programs		25.0		25.0
Part Number Item Project		4.0		4.0
Termination			-2.0	-2.0
LECP			3.1	3.1
PBL			8.8	8.8
Total	14.5	62.1	311.9	388.6
System Stock: Initial/Follow-on				3.9
Operating Requirement				392.5

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 34
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY2004

<u>Weapon System</u>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>TOTAL</u>
F/A-18	2.2		3.0	5.3
F/A-18 E/F			0.3	0.3
AV-8B/T-45			3.3	3.3
EA-6B		0.3	3.5	3.8
F-14			2.1	2.1
V-22	0.0		0.0	0.0
S-3/C-130			0.5	0.5
P-3		0.8	5.1	5.9
E-2/C-2			1.4	1.4
Common Systems	0.3		4.7	5.0
Aircraft Engines		28.3	123.5	151.8
Aviation Support Systems	1.0		28.1	29.1
H-46/H-1	0.0	2.9	6.1	9.1
H-53			3.5	3.5
H-60	4.9		1.6	6.5
Mult-application			100.6	100.6
Anticipated Special Programs		30.0		30.0
Part Number Item Project		4.0		4.0
Termination			-1.5	-1.5
PBL			8.7	8.7
Total	8.5	66.3	294.5	369.4
System Stock: Initial/Follow-on				3.2
Operating Requirement				372.6

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 34
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY2005

<u>Weapon System</u>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>TOTAL</u>
F/A-18	2.2		2.9	5.1
F/A-18 E/F			0.3	0.3
AV-8B/T-45			3.2	3.2
EA-6B			3.3	3.3
F-14			2.0	2.0
V-22	0.0		0.0	0.0
S-3/C-130	0.0		0.5	0.5
P-3			4.9	4.9
E-2/C-2			1.4	1.4
Common Systems	0.3		4.5	4.8
Aircraft Engines			117.9	117.9
Aviation Support Systems	1.0		26.8	27.8
H-46/H-1	0.0		5.8	5.9
H-53			3.4	3.4
H-60	6.0		1.6	7.6
Multi-application	0.0		96.0	96.0
Anticipated Special Programs		35.0	0.0	35.0
Part Number Item Project			0.0	0.0
Termination			-1.0	-1.0
PBL			8.9	8.9
 Total	 9.6	 35.0	 282.3	 326.9
System Stock: Initial/Follow-on				3.4
Operating Requirement				330.3

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 81C
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY2002

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL SF-3B</u>
NUCLEAR	21.0	4.8	7.1	9.4	2.8	45.1
SUBSAFE LI/ASDS/DSSP	28.0	0.2	2.9	23.4	23.8	78.3
SUBMARINE SUPPORT	19.4	2.8	2.2	21.6	58.0	104.0
HM&E	11.5	0.2	0.5	84.6	35.1	131.9
END ITEM MGT/CARPER/MSC	2.1			3.9	1.4	7.4
GPETE	2.0	0.4	0.7	20.8	2.8	26.7
AEGIS/LAUNCHERS	8.6	5.8	3.9	9.3	66.3	93.9
CIWS/INTEGRATED SELF-DEFENSE	7.1	3.2	2.0	21.2	46.6	80.1
SATCOM SURVEILLANCE	17.9	11.6	9.2	9.8	39.8	88.3
GROSS REQUIREMENTS	117.6	29.0	28.5	204.0	276.6	655.7
EFFICIENCY MARKS	-4.5	-1.2	-0.1	-3.6		-9.4
PBL SAVINGS				-5.6		-5.6
TOTAL	113.1	27.8	28.4	194.8	276.6	640.7
PROVISIONING SELLDOWN		8.7	-8.7			0.0
NET REQUIREMENTS	113.1	36.5	19.7	194.8	276.6	640.7

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 81C
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY2003

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL SF-3B</u>
AIR TRAFFIC CONTROL	2.5	2.1	1.6	2.7	9.8	18.7
NUCLEAR	19.1	5.0	7.4	9.3	2.8	43.6
SUBSAFE LI/ASDS/DSSP	28.4	0.1	0.7	23.1	27.3	79.6
SUBMARINE SUPPORT	20.7	4.8	1.9	30.1	59.7	117.2
HM&E	12.2	1.1	0.9	56.1	35.2	105.5
END ITEM MGT/CARPER/MSC	2.2		4.2	3.2	1.4	11.0
GPETE	2.1	0.2	0.6	20.9	2.8	26.6
AEGIS/LAUNCHERS	8.7	5.3	1.7	9.7	62.0	87.4
CIWS/INTEGRATED SELF-DEFENSE	11.3	5.4	6.8	16.7	42.5	82.7
SATCOM SURVEILLANCE	13.3	7.7	4.4	4.7	18.7	48.8
GROSS REQUIREMENTS	120.5	31.7	30.2	176.5	262.2	621.1
EFFICIENCY MARKS	-5.5	-1.6	-0.7	-4.0		-11.8
PBL SAVINGS				-5.8		-5.8
TOTAL	115.0	30.1	29.5	166.7	262.2	603.5
PROVISIONING SELLDOWN		9.1	-9.1			0.0
NET REQUIREMENTS	115.0	39.2	20.4	166.7	262.2	603.5

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 81C
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY2004

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL SF-3B</u>
AIR TRAFFIC CONTROL	2.4	4.7	2.9	2.2	8.8	21.0
NUCLEAR	19.1	5.3	7.9	14.3	2.6	49.2
SUBSAFE LI/ASDS/DSSP	28.4	11.8	0.8	17.4	24.7	83.1
SUBMARINE SUPPORT	19.9	7.1	0.9	16.5	44.4	88.8
HM&E	15.7	2.4	2.0	57.6	32.5	110.2
END ITEM MGT/CARPER/MSC	2.1	0.5	3.0	3.0	1.3	9.9
GPETE	2.0	0.0	0.0	22.9	2.6	27.5
AEGIS/LAUNCHERS	8.5	1.3	0.5	6.9	57.2	74.4
CIWS/INTEGRATED SELF-DEFENSE	10.9	10.4	5.5	14.3	39.5	80.6
SATCOM SURVEILLANCE	12.8	9.5	4.3	6.5	18.0	51.1
GROSS REQUIREMENTS	121.8	53.0	27.8	161.6	231.6	595.8
PBL SAVINGS				-5.9		-5.9
TOTAL	121.8	53.0	27.8	155.7	231.6	589.9
PROVISIONING SELLDOWN		8.5	-8.5			0.0
NET REQUIREMENTS	121.8	61.5	19.3	155.7	231.6	589.9

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 81C
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY2005

<u>WEAPON SYSTEM NAME</u>	<u>BASIC REPLEN</u>	<u>OUTFITTING</u>	<u>STOCK</u>	<u>SPECIAL PROGRAMS</u>	<u>REWORK</u>	<u>TOTAL SF-3B</u>
AIR TRAFFIC CONTROL	2.5	2.0	1.9	2.3	8.9	17.6
NUCLEAR	19.2	5.5	7.9	10.8	2.6	46.0
SUBSAFE LI/ASDS/DSSP	29.1	12.2	1.0	18.6	26.7	87.6
SUBMARINE SUPPORT	20.5	20.5	2.1	19.6	44.4	107.1
HM&E	15.4	2.6	1.5	57.8	33.0	110.3
END ITEM MGT/CARPER/MSC	0.2	5.9	3.7	3.1	1.3	14.2
GPETE	4.0	0.0	0.0	23.8	2.6	30.4
AEGIS/LAUNCHERS	8.7	4.4	1.0	7.2	58.2	79.5
CIWS/INTEGRATED SELF-DEFENSE	11.2	12.3	8.0	14.7	40.2	86.4
SATCOM SURVEILLANCE	13.2	8.5	3.7	6.5	18.3	50.2
GROSS REQUIREMENTS	124.0	73.9	30.8	164.4	236.2	629.3
PBL SAVINGS				-6.0		-6.0
TOTAL	124.0	73.9	30.8	158.4	236.2	623.3
PROVISIONING SELLDOWN		9.5	-9.5			0.0
NET REQUIREMENTS	124.0	83.4	21.3	158.4	236.2	623.3

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 85
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY 2002

Weapon System	Buy In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	49.2	67.7	59.4	181.6	357.9
F/A-18 E/ F				7.7	7.7
F/A-18 E/ F -FIRST	102.5				102.5
AV-8B/T-45			8.2	20.6	28.8
EA-6B	27.4	30.6	12.0	34.2	104.2
F-14		8.5	32.9	60.9	102.3
V-22					0.0
S-3/C-130	9.5		17.7	35.2	62.4
P-3	15.4	1.9	23.0	55.9	96.2
E-2/C-2	4.1	1.4	13.4	34.2	53.1
Common	32.3	3.0	28.8	46.3	110.4
Engines	4.8	45.9	85.0	305.7	441.4
Aviation Support	10.2	4.0	10.0	28.9	53.1
H-46/H-1	6.4	17.5	33.7	124.9	182.5
H-53			26.3	138.9	165.2
H-60	51.9	12.5	23.1	97.4	184.9
Multi-application			201.1	631.3	832.4
Terminations	-5.0		-0.5		-5.5
Anticipated Special Programs					0.0
NAVAUD Marks/Inv Expense			-39.4		-39.4
Reductions for Efficiencies	-108.2				-108.2
CP3-3				6.1	6.1
Reverse Auctions/Contracting Efficiencies			-4.4		-4.4
Serial Number Tracking			1.0		1.0
NIS PBL			27.1	85.3	112.4
PBL Savings				-9.2	-9.2
LECP Investment/Savings			35.9	-33.5	2.4
Total	200.5	193.0	594.3	1,852.4	2,840.2
System Stock: Initial/Follow-on					57.1
Operating Requirement					2,897.3

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 85
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY 2003

Weapon System	Buy In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	15.7	94.0	39.5	195.7	344.9
F/A-18 E/ F	6.9		0.1	10.3	17.3
F/A-18 E/ F -FIRST	132.8				132.8
AV-8B/T-45	5.8		6.6	22.7	35.1
EA-6B		4.7	8.4	34.0	47.1
F-14		1.2	22.4	78.9	102.5
V-22					0.0
S-3/C-130	8.0		12.5	45.9	66.4
P-3	24.7	2.3	17.0	87.3	131.3
E-2/C-2	26.5	4.8	7.9	37.3	76.5
Common	15.5	3.5	20.9	77.0	116.9
Engines	19.6	4.7	59.6	239.1	323.0
Aviation Support	8.1		7.0	32.9	48.0
H-46/H-1		5.9	25.6	105.1	136.6
H-53		17.3	17.6	106.9	141.8
H-60	51.8		16.6	97.0	165.4
Multi-application			140.9	630.0	770.9
Terminations	-0.6		-5.2		-5.8
Anticipated Special Programs					0.0
NAVAUD Marks/Inv Expense			-55.6		-55.6
Reductions for Efficiencies	-14.7				-14.7
CP3-3				6.6	6.6
Reverse Auctions/Contracting Efficiencies			-2.0		-2.0
CARES Parameter Increase/SNT			70.5		70.5
NIS PBL			11.0	95.1	106.1
PBL Savings				-9.4	-9.4
LECP Investment/Savings			28.1	-32.2	-4.1
Total	300.1	138.4	449.4	1,860.2	2,748.1
System Stock: Initial/Follow-on					37.0
Operating Requirement					2,785.1

SM-3b

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 85
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY 2004

Weapon System	Buy In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	31.8	102.0	25.9	138.3	298.0
F/A-18 E/ F	63.0		0.0	13.5	76.5
AV-8B/T-45			4.1	16.0	20.1
EA-6B			5.5	23.8	29.3
F-14			14.3	58.8	73.1
V-22					0.0
S-3/C-130	5.2		8.2	35.9	49.3
P-3	0.4	0.8	11.2	61.8	74.2
E-2/C-2	11.6		5.2	27.0	43.8
Common	10.9	0.5	13.7	55.9	81.0
Engines	19.1	2.2	38.7	163.9	223.9
Aviation Support	13.8	1.0	4.6	24.7	44.1
H-46/H-1	0.5	0.0	16.9	72.7	90.1
H-53	0.3	5.1	11.8	73.0	90.2
H-60	42.9	0.2	11.0	65.7	119.8
Multi-application		0.0	92.1	447.6	539.7
Terminations	-0.6		-4.2		-4.8
Anticipated Special Programs		60.0			60.0
CP3-3				6.6	6.6
Reductions for Efficiencies	-52.0				-52.0
CARES Parameter Increases			57.0		57.0
Contracting Efficiencies/SNT			13.3		13.3
NIS PBL			185.3	94.6	279.9
PBL Savings				-9.6	-9.6
LECP Investment/Savings			31.0	-25.7	5.3
Total	146.9	171.8	545.6	1,344.5	2,208.8
System Stock: Initial/Follow-on					23.3
Operating Requirement					2,232.1

SM-3b

**DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 85
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003**

(DOLLARS IN MILLIONS)

FY 2005

Weapon System	Buy In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	37.8	100.0	39.5	176.5	353.8
F/A-18 E/ F	51.7		0.1	16.6	68.4
AV-8B/T-45	4.3		6.3	20.4	31.0
EA-6B	5.2		8.4	30.4	44.0
F-14			21.8	74.9	96.7
V-22			0.0	0.0	0.0
S-3/C-130	7.7		12.5	45.8	66.0
P-3	0.5		17.1	78.9	96.5
E-2/C-2	17.2		7.9	34.5	59.6
Common	15.9	0.5	20.8	71.3	108.5
Engines	17.0		58.9	209.0	284.9
Aviation Support	9.2		7.0	31.6	47.8
H-46/H-1			25.7	92.9	118.6
H-53			17.9	93.1	111.0
H-60	51.5	0.4	16.7	83.9	152.5
Multi-application			140.4	570.6	711.0
Terminations	-0.6		-4.2		-4.8
Anticipated Special Programs		60.0			60.0
CP3-3				6.6	6.6
Reductions for Efficiencies	-49.9				-49.9
Contracting Efficiencies			-1.8		-1.8
SNT			13.5		13.5
NIS PBL			213.4	94.1	307.5
PBL Savings				-9.7	-9.7
LECP Investment/Savings			32.9	-28.3	4.6
Total	167.5	160.9	654.8	1,693.1	2,676.3
System Stock: Initial/Follow-on					27.2
Operating Requirement					2,703.5

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---Peacetime---	
			Operating	Other
1. INVENTORY BOP	37,744.6	236.2	16,003.6	21,504.7
2. BOP INVENTORY ADJUSTMENTS	(2,083.0)	4.3	2,117.7	(4,205.0)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2,996.9	(2,996.9)
B. PRICE CHANGE AMOUNT (memo)	(2,083.0)	4.3	(879.2)	(1,208.1)
C. INVENTORY RECLASSIFIED AND REPRICED	35,661.6	240.5	18,121.3	17,299.7
3. RECEIPTS AT STANDARD	4,034.6	2.8	3,875.0	156.8
4. SALES AT STANDARD	5,963.6	0.0	5,963.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	653.6	0.0	751.6	(98.0)
B. RETURNS FROM CUSTOMERS FOR CREDIT	111.4	0.0	92.3	19.1
C. RETURNS FROM CUSTOMERS, NO CREDIT	14,380.8	0.0	6,433.3	7,947.5
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,561.0)	0.0	(22.4)	(1,538.6)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(545.4)	0.0	(50.2)	(495.2)
G. OTHER (listed in Section 9)	(10,424.8)	(6.2)	(8,044.3)	(2,374.3)
H. TOTAL ADJUSTMENTS	2,614.5	(6.2)	(839.8)	3,460.5
6. INVENTORY EOP	36,347.1	237.1	15,193.0	20,917.0
7. INVENTORY EOP (REVALUED)	19,405.6	229.6	9,211.8	9,964.2
A. APPROVED ACQUISITION OBJECTIVE (memo)				8,444.8
B. ECONOMIC RETENTION (memo)				743.6
C. CONTINGENCY RETENTION (memo)				741.9
D. POTENTIAL DOD REUTILIZATION (memo)				33.8
8. INVENTORY ON ORDER EOP (memo)	1,782.9	0.0	1,777.1	15.6
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(1,753.6)	0.0	(1,557.7)	(195.9)
Strata Transfers	0.0	(6.2)	2,184.6	(2,178.4)
Net/Standard Difference	(8,671.2)	0.0	(8,671.2)	0.0
Total	(10,424.8)	(6.2)	(8,044.3)	(2,374.3)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	---Peacetime---	
			Operating	Other
1. INVENTORY BOP	36,347.1	237.1	15,193.0	20,917.0
2. BOP INVENTORY ADJUSTMENTS	2,808.8	10.2	5,383.5	(2,584.9)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	4,197.6	(4,197.6)
B. PRICE CHANGE AMOUNT (memo)	2,808.8	10.2	1,185.9	1,612.7
C. INVENTORY RECLASSIFIED AND REPRICED	39,155.9	247.3	20,576.5	18,332.1
3. RECEIPTS AT STANDARD	3,918.8	0.1	3,942.2	(23.5)
4. SALES AT STANDARD	5,850.0	0.0	5,850.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(160.0)	0.0	(208.4)	48.4
B. RETURNS FROM CUSTOMERS FOR CREDIT	150.9	0.0	44.5	106.4
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(94.5)	0.0	(38.7)	(55.8)
G. OTHER (listed in Section 9)	(9,627.7)	0.1	(9,144.6)	(483.2)
H. TOTAL ADJUSTMENTS	3,053.5	0.3	(1,773.0)	4,826.2
6. INVENTORY EOP	40,278.2	247.7	16,895.7	23,134.8
7. INVENTORY EOP (REVALUED)	36,357.0	241.2	15,442.9	20,672.9
A. APPROVED ACQUISITION OBJECTIVE (memo)				8,151.2
B. ECONOMIC RETENTION (memo)				738.1
C. CONTINGENCY RETENTION (memo)				724.6
D. POTENTIAL DOD REUTILIZATION (memo)				32.8
8. INVENTORY ON ORDER EOP (memo)	1,829.7	0.0	1,823.5	6.2
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(185.1)	0.0	(224.6)	39.4
Strata Transfers	0.0	0.0	522.6	(522.6)
Net/Standard Difference	(9,442.6)	0.0	(9,442.6)	0.0
Total	(9,627.7)	0.1	(9,144.6)	(483.2)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	---Peacetime---			
	Total	Mobilization	Operating	Other
1. INVENTORY BOP	40,278.2	247.7	16,895.7	23,134.8
2. BOP INVENTORY ADJUSTMENTS	2,711.6	5.4	4,672.9	(1,966.7)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2,945.9	(2,945.9)
B. PRICE CHANGE AMOUNT (memo)	2,711.6	5.4	1,727.0	979.2
C. INVENTORY RECLASSIFIED AND REPRICED	42,989.8	253.1	21,568.6	21,168.1
3. RECEIPTS AT STANDARD	3,299.8	0.0	3,333.5	(33.7)
4. SALES AT STANDARD	5,368.8	0.0	5,368.8	0.0
5. INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. CAPITALIZATIONS + or (-)	64.5	0.0	17.5	47.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	151.1	0.0	44.5	106.6
C. RETURNS FROM CUSTOMERS, NO CREDIT	15,551.9	0.0	7,865.3	7,686.6
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,636.4)	0.0	0.0	(1,636.4)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(100.6)	0.0	(40.6)	(60.0)
G. OTHER (listed in Section 9)	(10,756.1)	0.0	(10,162.5)	(593.6)
	3,524.3	0.0	(2,309.4)	5,833.7
H. TOTAL ADJUSTMENTS	3,274.4	0.0	(2,275.7)	5,550.2
6. INVENTORY EOP	44,195.2	253.1	17,257.5	26,684.5
7. INVENTORY EOP (REVALUED)	16,874.4	243.4	7,734.6	8,896.4
				0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				7,492.4
B. ECONOMIC RETENTION (memo)				690.1
C. CONTINGENCY RETENTION (memo)				683.3
D. POTENTIAL DOD REUTILIZATION (memo)				30.7
8. INVENTORY ON ORDER EOP (memo)	1,989.4	0.0	1,989.4	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(152.3)	0.0	(209.0)	56.7
Strata Transfers	0.0	0.0	650.3	(650.3)
Net/Standard Difference	(10,603.8)	0.0	(10,603.8)	0.0
Total	(10,756.1)	0.0	(10,162.5)	(593.6)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---Peacetime---	
			Operating	Other
1. INVENTORY BOP	44,195.1	253.1	17,257.5	26,684.5
2. BOP INVENTORY ADJUSTMENTS	(88.3)	4.3	3,671.6	(3,764.1)
A. RECLASSIFICATION CHANGE (memo)	21.9	0.0	3,749.3	(3,749.3)
B. PRICE CHANGE AMOUNT (memo)	(88.3)	4.3	(77.8)	(14.8)
C. INVENTORY RECLASSIFIED AND REPRICED	44,106.8	257.4	20,929.1	22,920.4
3. RECEIPTS AT STANDARD	3,305.4	0.0	3,335.3	(29.9)
4. SALES AT STANDARD	4,997.1	0.0	4,997.1	0.0
5. INVENTORY ADJUSTMENTS				
	0.0	0.0	0.0	0.0
A. CAPITALIZATIONS + or (-)	62.2	0.0	16.8	45.4
B. RETURNS FROM CUSTOMERS FOR CREDIT	151.3	0.0	44.6	106.7
C. RETURNS FROM CUSTOMERS, NO CREDIT	14,787.8	0.0	8,137.8	6,650.1
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,308.5)	0.0	0.0	(1,308.5)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(97.0)	0.0	(43.3)	(53.7)
G. OTHER (listed in Section 9)	(10,172.9)	0.1	(9,500.6)	(672.4)
H. TOTAL ADJUSTMENTS	3,422.9	0.1	(1,344.8)	4,767.6
6. INVENTORY EOP	45,838.0	257.5	17,922.5	27,658.1
7. INVENTORY EOP (REVALUED)	17,604.0	247.7	8,113.1	9,243.2
A. APPROVED ACQUISITION OBJECTIVE (memo)				7,847.1
B. ECONOMIC RETENTION (memo)				684.7
C. CONTINGENCY RETENTION (memo)				680.5
D. POTENTIAL DOD REUTILIZATION (memo)				30.9
8. INVENTORY ON ORDER EOP (memo)	2,149.3	0.0	2,149.3	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(223.0)	0.1	(238.6)	15.4
Strata Transfers	0.0	0.0	687.8	(687.8)
Net/Standard Difference	(9,949.8)	0.0	(9,949.8)	0.0
Total	(10,172.9)	0.1	(9,500.6)	(672.4)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 14
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	965.9	0.1	304.4	661.4
2. BOP INVENTORY ADJUSTMENTS	(117.4)	0.0	(21.0)	(96.4)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2.6	(2.6)
B. PRICE CHANGE AMOUNT (memo)	(117.4)	0.0	(23.6)	(93.8)
C. INVENTORY RECLASSIFIED AND REPRICED	848.5	0.1	283.4	565.0
3. RECEIPTS AT STANDARD	141.5	0.0	144.1	(2.6)
4. SALES AT STANDARD	151.0	0.0	151.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	2.2	0.0	0.7	1.5
B. RETURNS FROM CUSTOMERS FOR CREDIT	1.3	0.0	1.2	0.1
C. RETURNS FROM CUSTOMERS, NO CREDIT	42.3	0.0	0.8	41.5
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(23.4)	0.0	0.0	(23.4)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(19.8)	0.0	(6.1)	(13.7)
G. OTHER (listed in Section 9)	(10.7)	0.0	19.3	(30.0)
H. TOTAL ADJUSTMENTS	(8.1)	0.0	15.9	(24.0)
6. INVENTORY EOP	830.9	0.1	292.4	538.4
7. INVENTORY EOP (REVALUED)	536.3	0.1	232.4	303.8
A. APPROVED ACQUISITION OBJECTIVE (memo)				172.8
B. ECONOMIC RETENTION (memo)				49.4
C. CONTINGENCY RETENTION (memo)				79.3
D. POTENTIAL DOD REUTILIZATION (memo)				2.3
8. INVENTORY ON ORDER EOP (memo)	103.0	0.0	103.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(10.7)	0.0	(3.3)	(7.4)
Strata Transfers	0.0	0.0	22.6	(22.6)
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(10.7)	0.0	19.3	(30.0)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 14
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 14
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 14
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 15
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 15
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 15
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0			
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 15
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0		0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 21
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	21.0	0.0	21.0	0.0
2. BOP INVENTORY ADJUSTMENTS	1.5	0.0	1.5	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	1.5		1.5	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	22.5	0.0	22.5	0.0
3. RECEIPTS AT STANDARD	115.7	0.0	115.7	0.0
4. SALES AT STANDARD	110.0	0.0	110.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	28.2	0.0	28.2	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 21
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	28.2	0.0	28.2	0.0
2. BOP INVENTORY ADJUSTMENTS	1.2	0.0	1.2	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	1.2	0.0	1.2	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	29.4	0.0	29.4	0.0
3. RECEIPTS AT STANDARD	83.4	0.0	83.4	0.0
4. SALES AT STANDARD	83.5	0.0	83.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	29.3	0.0	29.3	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 21
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	29.3	0.0	29.3	0.0
2. BOP INVENTORY ADJUSTMENTS	1.2	0.0	1.2	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	1.2	0.0	1.2	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	30.5	0.0	30.5	0.0
3. RECEIPTS AT STANDARD	83.2	0.0	83.2	0.0
4. SALES AT STANDARD	83.2	0.0	83.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	30.5	0.0	30.5	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 21
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	30.5	0.0	30.5	0.0
2. BOP INVENTORY ADJUSTMENTS	1.2	0.0	1.2	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	1.2	0.0	1.2	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	31.7	0.0	31.7	0.0
3. RECEIPTS AT STANDARD	83.2	0.0	83.2	0.0
4. SALES AT STANDARD	83.2	0.0	83.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	31.7	0.0	31.7	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 23
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	32.9	0.0	26.2	6.7
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0			
C. INVENTORY RECLASSIFIED AND REPRICED	32.9	0.0	26.2	6.7
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	3.8	0.0	3.8	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(29.1)	0.0	(22.4)	(6.7)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	(29.1)	0.0	(22.4)	(6.7)
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 23
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

			---- Peacetime ----	
	Total	Mobilization	Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 23
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				
B. ECONOMIC RETENTION (memo)				
C. CONTINGENCY RETENTION (memo)				
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0			
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 23
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 25
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 25
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	1.0	0.0	1.0	0.0
4. SALES AT STANDARD	1.0	0.0	1.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 25
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	1.0	0.0	1.0	0.0
4. SALES AT STANDARD	1.0	0.0	1.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 25
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	1.0	0.0	1.0	0.0
4. SALES AT STANDARD	1.0	0.0	1.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 28
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	1,561.9	214.0	1,087.0	260.9
2. BOP INVENTORY ADJUSTMENTS	41.0	5.6	66.0	(30.6)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	37.8	(37.8)
B. PRICE CHANGE AMOUNT (memo)	41.0	5.6	28.2	7.2
C. INVENTORY RECLASSIFIED AND REPRICED	1,602.9	219.6	1,153.0	230.3
3. RECEIPTS AT STANDARD	922.0	0.0	958.9	(36.9)
4. SALES AT STANDARD	762.8	0.0	762.8	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	62.5	0.0	15.7	46.8
B. RETURNS FROM CUSTOMERS FOR CREDIT	12.6	0.0	12.6	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	95.4	0.0	14.3	81.1
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(109.2)	0.0	0.0	(109.2)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(91.3)	0.0	(37.4)	(53.9)
G. OTHER (listed in Section 9)	(99.3)	0.0	(200.7)	101.4
H. TOTAL ADJUSTMENTS	(129.3)	0.0	(195.5)	66.2
6. INVENTORY EOP	1,632.8	219.6	1,153.6	259.6
7. INVENTORY EOP (REVALUED)	1,484.1	219.6	1,153.6	110.9
A. APPROVED ACQUISITION OBJECTIVE (memo)				110.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.8
8. INVENTORY ON ORDER EOP (memo)	56.4		56.4	
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(99.3)	0.0	(200.7)	101.4
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(99.3)	0.0	(200.7)	101.4

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 28
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	1,632.8	219.6	1,153.6	259.6
2. BOP INVENTORY ADJUSTMENTS	57.1	7.7	71.9	(22.5)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	32.0	(32.0)
B. PRICE CHANGE AMOUNT (memo)	57.1	7.7	39.9	9.5
C. INVENTORY RECLASSIFIED AND REPRICED	1,689.9	227.3	1,225.5	237.1
3. RECEIPTS AT STANDARD	888.8	0.0	927.0	(38.2)
4. SALES AT STANDARD	792.0	0.0	792.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	64.6	0.0	16.2	48.4
B. RETURNS FROM CUSTOMERS FOR CREDIT	11.3	0.0	11.3	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	98.6	0.0	14.8	83.8
D. RETURNS TO SUPPLIERS (-)	0.0			
E. TRANSFERS TO PROP. DISPOSAL (-)	(113.0)	0.0	0.0	(113.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(94.5)	0.0	(38.7)	(55.8)
G. OTHER (listed in Section 9)	(61.5)	0.0	(171.9)	110.4
H. TOTAL ADJUSTMENTS	(94.5)	0.0	(168.3)	73.8
6. INVENTORY EOP	1,692.2	227.3	1,192.2	272.7
7. INVENTORY EOP (REVALUED)	1,539.7	227.3	1,192.3	120.1
A. APPROVED ACQUISITION OBJECTIVE (memo)				119.2
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.9
8. INVENTORY ON ORDER EOP (memo)	57.4		57.4	
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(61.5)	0.0	(171.9)	110.4
Strata Transfers	0.0			
Net/Standard Difference	0.0			
Total	(61.5)	0.0	(171.9)	110.4

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 28
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	1,692.2	227.3	1,192.2	272.7
2. BOP INVENTORY ADJUSTMENTS	31.0	4.2	50.6	(23.8)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	29.0	(29.0)
B. PRICE CHANGE AMOUNT (memo)	31.0	4.2	21.6	5.2
C. INVENTORY RECLASSIFIED AND REPRICED	1,723.2	231.5	1,242.8	248.9
3. RECEIPTS AT STANDARD	915.4	0.0	954.9	(39.5)
4. SALES AT STANDARD	805.5	0.0	805.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	64.5	0.0	17.5	47.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	11.5	0.0	11.5	
C. RETURNS FROM CUSTOMERS, NO CREDIT	101.0	0.0	16.0	85.0
D. RETURNS TO SUPPLIERS (-)	0.0			
E. TRANSFERS TO PROP. DISPOSAL (-)	(115.0)	0.0	0.0	(115.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(100.6)	0.0	(40.6)	(60.0)
G. OTHER (listed in Section 9)	(41.7)	0.0	(168.5)	126.8
H. TOTAL ADJUSTMENTS	(80.3)	0.0	(164.1)	83.8
6. INVENTORY EOP	1,752.8	231.5	1,228.1	293.2
7. INVENTORY EOP (REVALUED)	1,568.3	231.2	1,212.0	125.1
A. APPROVED ACQUISITION OBJECTIVE (memo)				124.2
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				1.0
8. INVENTORY ON ORDER EOP (memo)	59.5		59.5	
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(41.7)	0.0	(168.5)	126.8
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(41.7)	0.0	(168.5)	126.8

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INVENTORY STATUS
BUDGET PROJECT 28
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	1,752.8	231.5	1,228.1	293.2
2. BOP INVENTORY ADJUSTMENTS	28.9	4.2	49.3	(24.6)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	29.0	(29.0)
B. PRICE CHANGE AMOUNT (memo)	28.9	4.2	20.3	4.4
C. INVENTORY RECLASSIFIED AND REPRICED	1,781.7	235.7	1,277.4	268.6
3. RECEIPTS AT STANDARD	930.2	0.0	960.1	(29.9)
4. SALES AT STANDARD	820.0	0.0	820.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	62.2	0.0	16.8	45.4
B. RETURNS FROM CUSTOMERS FOR CREDIT	11.7	0.0	11.7	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	106.5	0.0	8.6	97.9
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(83.5)	0.0	0.0	(83.5)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(97.0)	0.0	(43.3)	(53.7)
G. OTHER (listed in Section 9)	(115.8)	0.0	(162.9)	47.1
H. TOTAL ADJUSTMENTS	(115.9)	0.0	(169.1)	53.2
6. INVENTORY EOP	1,776.0	235.7	1,248.4	291.9
7. INVENTORY EOP (REVALUED)	1,607.1	235.3	1,233.6	138.2
A. APPROVED ACQUISITION OBJECTIVE (memo)				137.1
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				1.1
8. INVENTORY ON ORDER EOP (memo)	54.2	0.0	54.2	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(115.8)	0.0	(162.9)	47.1
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(115.8)	0.0	(162.9)	47.1

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INVENTORY STATUS
BUDGET PROJECT 34
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	---- Peacetime ----			
	Total	Mobilization	Operating	Other
1. INVENTORY BOP	584.7	3.2	292.6	288.9
2. BOP INVENTORY ADJUSTMENTS	(76.0)	(0.4)	73.9	(149.5)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	117.7	(117.7)
B. PRICE CHANGE AMOUNT (memo)	(76.0)	(0.4)	(43.8)	(31.8)
C. INVENTORY RECLASSIFIED AND REPRICED	508.7	2.8	366.5	139.4
3. RECEIPTS AT STANDARD	422.8	2.1	281.9	138.8
4. SALES AT STANDARD	395.6	0.0	395.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	27.3	0.0	13.0	14.3
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.8	0.0	0.7	0.1
C. RETURNS FROM CUSTOMERS, NO CREDIT	44.0	0.0	2.2	41.8
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(25.2)	0.0	0.0	(25.2)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(28.2)	0.0	0.7	(28.9)
G. OTHER (listed in Section 9)	(32.3)	(3.3)	(102.1)	73.1
H. TOTAL ADJUSTMENTS	(13.6)	(3.3)	(85.5)	75.2
6. INVENTORY EOP	522.3	1.6	167.3	353.4
7. INVENTORY EOP (REVALUED)	353.4	1.2	117.2	235.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				183.1
B. ECONOMIC RETENTION (memo)				39.2
C. CONTINGENCY RETENTION (memo)				12.1
D. POTENTIAL DOD REUTILIZATION (memo)				0.6
8. INVENTORY ON ORDER EOP (memo)	110.2	0.0	115.5	(5.3)
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(32.3)	0.0	(58.2)	25.9
Strata Transfers	0.0	(3.3)	(43.9)	47.2
Net/Standard Difference	0.0			
Total	(32.3)	(3.3)	(102.1)	73.1

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INVENTORY STATUS
BUDGET PROJECT 34
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	522.3	1.6	167.3	353.4
2. BOP INVENTORY ADJUSTMENTS	12.4	0.1	40.3	(28.0)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	35.4	(35.4)
B. PRICE CHANGE AMOUNT (memo)	12.4	0.1	4.9	7.4
C. INVENTORY RECLASSIFIED AND REPRICED	534.7	1.7	207.6	325.4
3. RECEIPTS AT STANDARD	542.8	0.1	535.9	6.8
4. SALES AT STANDARD	376.7	0.0	376.7	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.4	0.0	3.4	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	27.2	0.0	1.3	25.9
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(39.1)	0.0	0.0	(39.1)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	(8.5)	0.0	4.7	(13.2)
6. INVENTORY EOP	692.3	1.8	371.5	319.0
7. INVENTORY EOP (REVALUED)	506.9	1.3	267.8	237.8
A. APPROVED ACQUISITION OBJECTIVE (memo)				185.8
B. ECONOMIC RETENTION (memo)				39.5
C. CONTINGENCY RETENTION (memo)				11.9
D. POTENTIAL DOD REUTILIZATION (memo)				0.6
8. INVENTORY ON ORDER EOP (memo)	103.7	0.0	101.0	2.7
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

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INVENTORY STATUS
BUDGET PROJECT 34
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	692.3	1.8	371.5	319.0
2. BOP INVENTORY ADJUSTMENTS	40.0	0.1	41.1	(1.2)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	18.0	(18.0)
B. PRICE CHANGE AMOUNT (memo)	40.0	0.1	23.1	16.8
C. INVENTORY RECLASSIFIED AND REPRICED	732.3	1.9	412.6	317.8
3. RECEIPTS AT STANDARD	309.1	0.0	305.4	3.7
4. SALES AT STANDARD	357.0	0.0	357.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.4	0.0	3.4	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	15.6	0.0	0.8	14.8
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(55.6)	0.0	0.0	(55.6)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	(36.6)	0.0	4.2	(40.8)
6. INVENTORY EOP	647.8	1.9	365.2	280.6
7. INVENTORY EOP (REVALUED)	421.9	1.3	241.2	179.4
A. APPROVED ACQUISITION OBJECTIVE (memo)				136.0
B. ECONOMIC RETENTION (memo)				31.3
C. CONTINGENCY RETENTION (memo)				11.6
D. POTENTIAL DOD REUTILIZATION (memo)				0.5
8. INVENTORY ON ORDER EOP (memo)	193.2	0.0	193.2	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

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INVENTORY STATUS
BUDGET PROJECT 34
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	647.7	1.9	365.2	280.6
2. BOP INVENTORY ADJUSTMENTS	12.5	0.1	14.1	(1.7)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	6.8	(6.8)
B. PRICE CHANGE AMOUNT (memo)	12.5	0.1	7.3	5.1
C. INVENTORY RECLASSIFIED AND REPRICED	660.2	2.0	379.3	278.9
3. RECEIPTS AT STANDARD	377.9	0.0	377.9	0.0
4. SALES AT STANDARD	377.1	0.0	377.1	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.4	0.0	3.4	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	13.8	0.0	0.7	13.1
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(56.8)	0.0	0.0	(56.8)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	(39.6)	0.0	4.1	(43.7)
6. INVENTORY EOP	621.4	2.0	384.2	235.2
7. INVENTORY EOP (REVALUED)	423.9	1.4	266.4	156.1
A. APPROVED ACQUISITION OBJECTIVE (memo)				118.0
B. ECONOMIC RETENTION (memo)				27.4
C. CONTINGENCY RETENTION (memo)				10.3
D. POTENTIAL DOD REUTILIZATION (memo)				0.4
8. INVENTORY ON ORDER EOP (memo)	182.7	0.0	182.7	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0			
Total	0.0	0.0	0.0	0.0

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INVENTORY STATUS
BUDGET PROJECT 38
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	292.6	0.0	261.6	30.9
2. BOP INVENTORY ADJUSTMENTS	(11.4)	0.0	(11.4)	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	(11.4)	0.0	(11.4)	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	281.2	0.0	250.2	30.9
3. RECEIPTS AT STANDARD	654.4	0.0	654.4	0.0
4. SALES AT STANDARD	738.2	0.0	738.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(65.5)	0.0	(65.5)	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	18.0	0.0	18.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(0.3)	0.0	(0.3)	0.0
G. OTHER (listed in Section 9)	(5.3)	0.0	25.6	(30.9)
H. TOTAL ADJUSTMENTS	(53.0)	0.0	(22.1)	(30.9)
6. INVENTORY EOP	144.4	0.0	144.4	0.0
7. INVENTORY EOP (REVALUED)	132.4	0.0	132.4	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(5.3)	0.0	(5.3)	0.0
Strata Transfers	0.0	0.0	30.9	(30.9)
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(5.3)	0.0	25.6	(30.9)

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INVENTORY STATUS
BUDGET PROJECT 38
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	144.4	0.0	144.4	0.0
2. BOP INVENTORY ADJUSTMENTS	(22.4)	0.0	(22.4)	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	(22.4)	0.0	(22.4)	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	122.0	0.0	122.0	0.0
3. RECEIPTS AT STANDARD	701.2	0.0	701.2	0.0
4. SALES AT STANDARD	603.5	0.0	603.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(224.6)	0.0	(224.6)	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	17.0	0.0	17.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0		0.0	
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(12.1)	0.0	(12.1)	0.0
H. TOTAL ADJUSTMENTS	(219.7)	0.0	(219.7)	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(12.1)	0.0	(12.1)	0.0
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	(12.1)	0.0	(12.1)	0.0

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INVENTORY STATUS
BUDGET PROJECT 38
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	104.8	0.0	104.8	0.0
4. SALES AT STANDARD	104.8	0.0	104.8	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0			
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0			
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0			
Net/Standard Difference	0.0	0.0	0.0	0.0
Inventory Decapitalized	0.0			
Total	0.0	0.0	0.0	0.0

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INVENTORY STATUS
BUDGET PROJECT 38
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	0.0	0.0	0.0	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.0	0.0	0.0	0.0
3. RECEIPTS AT STANDARD	0.0	0.0	0.0	0.0
4. SALES AT STANDARD	0.0	0.0	0.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	0.0	0.0	0.0	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	0.0	0.0	0.0	0.0
7. INVENTORY EOP (REVALUED)	0.0	0.0	0.0	0.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.0
B. ECONOMIC RETENTION (memo)				0.0
C. CONTINGENCY RETENTION (memo)				0.0
D. POTENTIAL DOD REUTILIZATION (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.0	0.0	0.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Net/Standard Difference	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 81
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	6,293.0	16.9	2,544.5	3,731.6
2. BOP INVENTORY ADJUSTMENTS	(211.7)	(0.6)	48.9	(260.0)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	130.8	(130.8)
B. PRICE CHANGE AMOUNT (memo)	(211.7)	(0.6)	(81.9)	(129.2)
C. INVENTORY RECLASSIFIED AND REPRICED	6,081.3	16.3	2,593.4	3,471.6
3. RECEIPTS AT STANDARD	183.1	0.0	188.3	(5.2)
4. SALES AT STANDARD	543.8	0.0	543.8	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	12.2	0.0	5.3	6.9
B. RETURNS FROM CUSTOMERS FOR CREDIT	27.7	0.0	12.5	15.2
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,810.0	0.0	645.2	1,164.8
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(260.4)	0.0	0.0	(260.4)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(16.5)	0.0	(7.1)	(9.4)
G. OTHER (listed in Section 9)	(878.4)	(2.9)	(257.0)	(618.5)
H. TOTAL ADJUSTMENTS	694.6	(2.9)	398.9	298.6
6. INVENTORY EOP	6,415.2	13.4	2,636.8	3,765.0
7. INVENTORY EOP (REVALUED)	2,999.7	7.2	1,417.9	1,574.6
A. APPROVED ACQUISITION OBJECTIVE (memo)				1,082.6
B. ECONOMIC RETENTION (memo)				248.2
C. CONTINGENCY RETENTION (memo)				234.6
D. POTENTIAL DOD REUTILIZATION (memo)				9.2
8. INVENTORY ON ORDER EOP (memo)	158.3	0.0	158.3	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(139.3)	0.0	28.8	(168.1)
Strata Transfers	0.0	(2.9)	453.3	(450.4)
Net/Standard Difference	(739.1)	0.0	(739.1)	0.0
Total	(878.4)	(2.9)	(257.0)	(618.5)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 81C
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	--- Peacetime ---	
			Operating	Other
1. INVENTORY BOP	7,246.1	13.5	2,929.2	4,303.4
2. BOP INVENTORY ADJUSTMENTS	781.0	2.4	373.9	404.7
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	152.8	(152.8)
B. PRICE CHANGE AMOUNT (memo)	781.0	2.4	221.1	557.5
C. INVENTORY RECLASSIFIED AND REPRICED	8,027.1	15.9	3,303.1	4,708.1
3. RECEIPTS AT STANDARD	438.2	0.0	438.2	0.0
4. SALES AT STANDARD	702.0	0.0	702.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	31.4	0.0	6.9	24.5
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,397.7	0.0	599.6	798.1
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(679.9)	0.0	0.0	(679.9)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(844.3)	0.0	(159.8)	(684.5)
H. TOTAL ADJUSTMENTS	(95.1)	0.0	446.7	(541.8)
6. INVENTORY EOP	7,668.2	15.9	3,486.0	4,166.3
7. INVENTORY EOP (REVALUED)	3,928.8	9.4	2,062.4	1,857.0
A. APPROVED ACQUISITION OBJECTIVE (memo)				1,253.1
B. ECONOMIC RETENTION (memo)				293.7
C. CONTINGENCY RETENTION (memo)				299.1
D. POTENTIAL DOD REUTILIZATION (memo)				11.1
8. INVENTORY ON ORDER EOP (memo)	243.0	0.0	243.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(51.2)		(21.4)	(29.8)
Strata Transfers	0.0		654.7	(654.7)
Net/Standard Difference	(793.1)		(793.1)	
Total	(844.3)	0.0	(159.8)	(684.5)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 81C
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	--- Peacetime ---	
			Operating	Other
1. INVENTORY BOP	7,668.2	15.9	3,486.0	4,166.3
2. BOP INVENTORY ADJUSTMENTS	167.5	0.9	213.5	(46.9)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	145.9	(145.9)
B. PRICE CHANGE AMOUNT (memo)	167.5	0.9	67.6	99.0
C. INVENTORY RECLASSIFIED AND REPRICED	7,835.7	16.8	3,699.5	4,119.4
3. RECEIPTS AT STANDARD	504.5	0.0	504.5	0.0
4. SALES AT STANDARD	699.0	0.0	699.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	31.4	0.0	7.1	24.3
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,224.2	0.0	428.6	795.6
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(665.8)	0.0	0.0	(665.8)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(722.8)	0.0	(242.2)	(480.6)
H. TOTAL ADJUSTMENTS	(133.0)	0.0	193.5	(326.5)
6. INVENTORY EOP	7,508.2	16.8	3,698.5	3,792.9
7. INVENTORY EOP (REVALUED)	3,761.9	9.8	2,086.7	1,665.4
A. APPROVED ACQUISITION OBJECTIVE (memo)				1,123.6
B. ECONOMIC RETENTION (memo)				263.4
C. CONTINGENCY RETENTION (memo)				268.3
D. POTENTIAL DOD REUTILIZATION (memo)				10.1
8. INVENTORY ON ORDER EOP (memo)	280.3	0.0	280.3	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(53.2)		(22.2)	(31.0)
Strata Transfers	0.0		449.6	(449.6)
Net/Standard Difference	(669.6)		(669.6)	
Total	(722.8)	0.0	(242.2)	(480.6)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 81C
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	7,508.2	16.8	3,698.5	3,792.9
2. BOP INVENTORY ADJUSTMENTS	21.9	0.1	176.1	(154.2)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	164.8	(164.8)
B. PRICE CHANGE AMOUNT (memo)	21.9	0.1	11.2	10.6
C. INVENTORY RECLASSIFIED AND REPRICED	7,530.1	16.9	3,874.6	3,638.7
3. RECEIPTS AT STANDARD	441.2	0.0	441.2	0.0
4. SALES AT STANDARD	730.5	0.0	730.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	31.4	0.0	7.1	24.3
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,218.8	0.0	418.1	800.7
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(468.2)	0.0	0.0	(468.2)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(717.9)	0.0	(110.4)	(607.5)
H. TOTAL ADJUSTMENTS	64.1	0.0	314.7	(250.7)
6. INVENTORY EOP	7,304.9	16.9	3,900.0	3,388.0
7. INVENTORY EOP (REVALUED)	3,739.8	9.9	2,226.4	1,503.5
A. APPROVED ACQUISITION OBJECTIVE (memo)				1,014.4
B. ECONOMIC RETENTION (memo)				237.9
C. CONTINGENCY RETENTION (memo)				242.2
D. POTENTIAL DOD REUTILIZATION (memo)				9.0
8. INVENTORY ON ORDER EOP (memo)	327.4	0.0	327.4	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(54.3)	0.0	(22.8)	(31.6)
Strata Transfers	0.0	0.0	575.9	(575.9)
Net/Standard Difference	(663.5)		(663.5)	
Total	(717.9)	0.0	(110.4)	(607.5)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 85
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2002

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	27,992.6	2.0	11,466.3	16,524.3
2. BOP INVENTORY ADJUSTMENTS	(1,709.0)	(0.3)	1,959.8	(3,668.5)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2,708.0	(2,708.0)
B. PRICE CHANGE AMOUNT (memo)	(1,709.0)	(0.3)	(748.2)	(960.5)
C. INVENTORY RECLASSIFIED AND REPRICED	26,283.6	1.7	13,426.1	12,855.8
3. RECEIPTS AT STANDARD	1,595.1	0.7	1,531.7	62.7
4. SALES AT STANDARD	3,258.4		3,258.4	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	614.9	0.0	782.4	(167.5)
B. RETURNS FROM CUSTOMERS FOR CREDIT	68.8	0.0	65.1	3.7
C. RETURNS FROM CUSTOMERS, NO CREDIT	12,371.1	0.0	5,752.8	6,618.3
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,113.7)	0.0	0.0	(1,113.7)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(389.3)	0.0	0.0	(389.3)
G. OTHER (listed in Section 9)	(9,398.8)	0.0	(7,529.4)	(1,869.4)
H. TOTAL ADJUSTMENTS	2,153.0	0.0	(929.1)	3,082.1
6. INVENTORY EOP	26,773.3	2.4	10,770.3	16,000.6
7. INVENTORY EOP (REVALUED)	13,899.7	1.5	6,158.3	7,739.9
A. APPROVED ACQUISITION OBJECTIVE (memo)				6,896.3
B. ECONOMIC RETENTION (memo)				406.8
C. CONTINGENCY RETENTION (memo)				415.9
D. POTENTIAL DOD REUTILIZATION (memo)				20.9
8. INVENTORY ON ORDER EOP (memo)	1,355.0	0.0	1,343.9	11.1
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(1,466.7)	0.0	(1,319.0)	(147.7)
Strata Transfers	0.0	0.0	1,721.7	(1,721.7)
Net/Standard Difference	(7,932.1)	0.0	(7,932.1)	0.0
Total	(9,398.8)	0.0	(7,529.4)	(1,869.4)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 85
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2003

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	26,773.3	2.4	10,770.3	16,000.6
2. BOP INVENTORY ADJUSTMENTS	1,979.5	0.1	4,918.5	(2,939.1)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	3,977.4	(3,977.4)
B. PRICE CHANGE AMOUNT (memo)	1,979.5	0.1	941.1	1,038.3
C. INVENTORY RECLASSIFIED AND REPRICED	28,752.8	2.5	15,688.8	13,061.5
3. RECEIPTS AT STANDARD	1,263.5	0.1	1,255.6	7.8
4. SALES AT STANDARD	3,291.3	0.0	3,291.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	104.8	0.0	22.9	81.9
C. RETURNS FROM CUSTOMERS, NO CREDIT	12,976.2	0.0	6,941.5	6,034.7
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(900.0)	0.0	0.0	(900.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(8,709.8)	0.1	(8,800.8)	90.9
H. TOTAL ADJUSTMENTS	3,471.2	0.1	(1,836.4)	5,307.5
6. INVENTORY EOP	30,196.2	2.7	11,816.7	18,376.8
7. INVENTORY EOP (REVALUED)	12,989.4	1.3	5,556.3	7,431.8
A. APPROVED ACQUISITION OBJECTIVE (memo)				6,593.1
B. ECONOMIC RETENTION (memo)				404.9
C. CONTINGENCY RETENTION (memo)				413.6
D. POTENTIAL DOD REUTILIZATION (memo)				20.2
8. INVENTORY ON ORDER EOP (memo)	1,425.6	0.0	1,422.1	3.5
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(60.3)	0.1	(19.2)	(41.2)
Strata Transfers	0.0	0.0	(132.1)	132.1
Net/Standard Difference	(8,649.5)	0.0	(8,649.5)	0.0
Total	(8,709.8)	0.1	(8,800.8)	90.9

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 85
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2004

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	30,196.2	2.7	11,816.7	18,376.8
2. BOP INVENTORY ADJUSTMENTS	2,471.9	0.2	4,366.5	(1,894.8)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	2,753.0	(2,753.0)
B. PRICE CHANGE AMOUNT (memo)	2,471.9	0.2	1,613.5	858.2
C. INVENTORY RECLASSIFIED AND REPRICED	32,668.1	2.9	16,183.2	16,482.0
3. RECEIPTS AT STANDARD	1,381.8	0.0	1,379.7	2.1
4. SALES AT STANDARD	3,318.3	0.0	3,318.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	104.8	0.0	22.5	82.3
C. RETURNS FROM CUSTOMERS, NO CREDIT	14,211.1	0.0	7,419.9	6,791.2
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(800.0)	0.0	0.0	(800.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(9,991.6)	0.0	(9,751.8)	(239.8)
H. TOTAL ADJUSTMENTS	3,524.3	0.0	(2,309.4)	5,833.7
6. INVENTORY EOP	34,255.9	2.9	11,935.2	22,317.8
7. INVENTORY EOP (REVALUED)	11,122.3	1.1	4,194.7	6,926.5
A. APPROVED ACQUISITION OBJECTIVE (memo)				6,108.6
B. ECONOMIC RETENTION (memo)				395.4
C. CONTINGENCY RETENTION (memo)				403.4
D. POTENTIAL DOD REUTILIZATION (memo)				19.1
8. INVENTORY ON ORDER EOP (memo)	1,456.4	0.0	1,456.4	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(57.4)	0.0	(18.3)	(39.1)
Strata Transfers	0.0	0.0	200.7	(200.7)
Net/Standard Difference	(9,934.2)	0.0	(9,934.2)	0.0
Total	(9,991.6)	0.0	(9,751.8)	(239.8)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 85
FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY2005

	Total	Mobilization	---- Peacetime ----	
			Operating	Other
1. INVENTORY BOP	34,255.9	2.9	11,935.2	22,317.8
2. BOP INVENTORY ADJUSTMENTS	(152.8)	(0.1)	3,430.9	(3,583.6)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	3,548.7	(3,548.7)
B. PRICE CHANGE AMOUNT (memo)	(152.8)	(0.1)	(117.8)	(34.9)
C. INVENTORY RECLASSIFIED AND REPRICED	34,103.1	2.8	15,366.1	18,734.2
3. RECEIPTS AT STANDARD	1,471.9	0.0	1,471.9	0.0
4. SALES AT STANDARD	2,985.3	0.0	2,985.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	104.8	0.0	22.4	82.4
C. RETURNS FROM CUSTOMERS, NO CREDIT	13,448.7	0.0	7,710.4	5,738.3
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(700.0)	0.0	0.0	(700.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (listed in Section 9)	(9,339.2)	0.1	(9,227.3)	(112.0)
H. TOTAL ADJUSTMENTS	3,514.3	0.1	(1,494.5)	5,008.7
6. INVENTORY EOP	36,104.0	2.9	12,358.2	23,742.9
7. INVENTORY EOP (REVALUED)	11,833.2	1.1	4,386.7	7,445.4
A. APPROVED ACQUISITION OBJECTIVE (memo)				6,577.6
B. ECONOMIC RETENTION (memo)				419.4
C. CONTINGENCY RETENTION (memo)				428.0
D. POTENTIAL DOD REUTILIZATION (memo)				20.4
8. INVENTORY ON ORDER EOP (memo)	1,585.0	0.0	1,585.0	0.0
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(52.9)	0.1	(52.9)	(0.1)
Strata Transfers	0.0	0.0	111.9	(111.9)
Net/Standard Difference	(9,286.3)	0.0	(9,286.3)	0.0
Total	(9,339.2)	0.1	(9,227.3)	(112.0)

SUPPLY MANAGEMENT ACTIVITY GROUP
WHOLESALE COST RECOVERY RATE CALCULATION
FY2004/2005 BIENNIAL BUDGET ESTIMATES
(DOLLARS IN MILLIONS)

FEBRUARY 2003
SM-5B

SHIPS/AVIATION	FY02	FY03	FY04	FY05
1. Net sales at Cost	3106.4	3400.7	3571.2	3392.4
2. Less: Material Inflation Adj	44.3	193.1	167.6	54.4
3. Revised Net Sales at Cost	3062.1	3207.6	3403.6	3338.0
4. Surcharge (\$)	530.4	686.9	803.1	820.3
5. Change to Customers				
a. Previous Year's Surcharge (%)	0.246	0.163	0.202	0.225
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.188	0.274	0.285	0.262
c. Percent change to customer	-4.7%	9.6%	6.1%	4.0%

SUPPLY MANAGEMENT ACTIVITY GROUP
WHOLESALE COST RECOVERY RATE CALCULATION
FY2004/2005 BIENNIAL BUDGET ESTIMATES
(DOLLARS IN MILLIONS)

FEBRUARY 2003
SM-5B

BP34 - AVIATION CONSUMABLES	FY02	FY03	FY04	FY05
1. Net sales at Cost	250.8	324.7	298.8	322.5
2. Less: Material Inflation Adj	8.4	-21.3	18.8	4.5
3. Revised Net Sales at Cost	242.4	346.0	280.0	318.0
4. Surcharge (\$)	20.5	58.9	58.1	66.7
5. Change to Customers				
a. Previous Year's Surcharge (%)	0.264	0.082	0.181	0.195
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.119	0.109	0.275	0.224
c. Percent change to customer	-11.5%	2.5%	7.9%	2.4%

SUPPLY MANAGEMENT ACTIVITY GROUP
 WHOLESALE COST RECOVERY RATE CALCULATION
 FY2004/2005 BIENNIAL BUDGET ESTIMATES
 (DOLLARS IN MILLIONS)

FEBRUARY 2003
 SM-5B

BP81 - SHIPS	FY02	FY03	FY04	FY05
1. Net sales at Cost	500.2	487.0	560.6	585.4
2. Less: Material Inflation Adj	12.6	30.5	36.1	8.5
3. Revised Net Sales at Cost	487.6	456.5	524.5	576.9
4. Surcharge (\$)	91.7	123.7	138.4	165.8
5. Change to Customers				
a. Previous Year's Surcharge (%)	0.283	0.183	0.254	0.247
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.214	0.338	0.333	0.302
c. Percent change to customer	-5.4%	13.7%	5.4%	4.3%

SUPPLY MANAGEMENT ACTIVITY GROUP
 WHOLESALE COST RECOVERY RATE CALCULATION
 FY2004/2005 BIENNIAL BUDGET ESTIMATES
 (DOLLARS IN MILLIONS)

FEBRUARY 2003
 SM-5B

BP85 - AVIATION REPAIRABLES	FY02	FY03	FY04	FY05
1. Net sales at Cost	2355.5	2588.9	2711.8	2484.6
2. Less: Material Inflation Adj	23.3	183.9	112.7	41.4
3. Revised Net Sales at Cost	2332.3	2405.0	2599.1	2443.2
4. Surcharge (\$)	418.0	504.2	606.2	587.9
5. Change to Customers				
a. Previous Year's Surcharge (%)	0.237	0.177	0.195	0.224
b. This year's Surcharge and material inflation divided by line 3 above (\$)	0.189	0.286	0.277	0.258
c. Percent change to customer	-3.8%	9.7%	6.0%	3.8%

**NAVY SUPPLY MANAGEMENT
WAR RESERVE MATERIAL (WRM)
STOCKPILE**

FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY 2002

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	236.2	236.2	
2. Price Change	4.3	4.3	
3. Reclassification	0.0	0.0	
4. Inventory Changes	(3.4)	(3.4)	0.0
a. Receipts @ std	2.8	2.8	0.0
(1). Purchases	2.8	2.8	
(2). Returns from customers	0.0	0.0	
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	
(2). Returns to suppliers	0.0	0.0	
(3). Disposals	0.0	0.0	
(4). Issues/receipts w/o ADJs	0.0	0.0	
c. Adjustments @ std	(6.2)	(6.2)	0.0
(1). Capitalizations	0.0	0.0	
(2). Gains and losses	0.0	0.0	
(3). Other	(6.2)	(6.2)	
5. Inventory EOP	237.1	237.1	0.0

STOCKPILE COSTS

1. Storage	0.4
2. Management	0.0
3. Maintenance/Other	0.0
Total Cost	0.4

WRM BUDGET REQUEST

1. Obligations @ cost	0.2
a. Additional WRM	0.2
b. Replen. WRM	0.0
c. Repair WRM	0.0
d. Assemble/Disassemble	0.0
e. Other	0.0
Total Request	0.2

**NAVY SUPPLY MANAGEMENT
WAR RESERVE MATERIAL (WRM)
STOCKPILE**

FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY 2003

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	237.1	237.1	
2. Price Change	10.3	10.3	
3. Reclassification	0.0	0.0	
4. Inventory Changes	0.3	0.3	0.0
a. Receipts @ std	0.2	0.2	0.0
(1). Purchases	0.2	0.2	
(2). Returns from customers	0.0	0.0	
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	
(2). Returns to suppliers	0.0	0.0	
(3). Disposals	0.0	0.0	
(4). Issues/receipts w/o ADJs	0.0	0.0	
c. Adjustments @ std	0.1	0.1	0.0
(1). Capitalizations	0.0	0.0	
(2). Gains and losses	0.0	0.0	
(3). Other	0.1	0.1	
5. Inventory EOP	247.7	247.7	0.0

STOCKPILE COSTS

1. Storage	0.3
2. Management	0.0
3. Maintenance/Other	0.0
Total Cost	0.3

WRM BUDGET REQUEST

1. Obligations @ cost	0.3
a. Additional WRM	0.3
b. Replen. WRM	0.0
c. Repair WRM	0.0
d. Assemble/Disassemble	0.0
e. Other	0.0
Total Request	0.3

**NAVY SUPPLY MANAGEMENT
WAR RESERVE MATERIAL (WRM)
STOCKPILE**

FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY 2004

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	247.7	247.7	
2. Price Change	5.4	5.4	
3. Reclassification	0.0	0.0	
4. Inventory Changes	0.0	0.0	0.0
a. Receipts @ std	0.0	0.0	0.0
(1). Purchases	0.0	0.0	
(2). Returns from customers	0.0	0.0	
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	
(2). Returns to suppliers	0.0	0.0	
(3). Disposals	0.0	0.0	
(4). Issues/receipts w/o ADJs	0.0	0.0	
c. Adjustments @ std	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	
(2). Gains and losses	0.0	0.0	
(3). Other	0.0	0.0	
5. Inventory EOP	253.1	253.1	0.0

STOCKPILE COSTS

1. Storage	0.3
2. Management	0.0
3. Maintenance/Other	0.0
Total Cost	0.3

WRM BUDGET REQUEST

1. Obligations @ cost	0.3
a. Additional WRM	0.3
b. Replen. WRM	0.0
c. Repair WRM	0.0
d. Assemble/Disassemble	0.0
e. Other	0.0
Total Request	0.3

**NAVY SUPPLY MANAGEMENT
WAR RESERVE MATERIAL (WRM)
STOCKPILE**

FY 2004/2005 BIENNIAL BUDGET ESTIMATES - FEBRUARY 2003
(Dollars in Millions)
FY 2005

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	253.1	253.1	
2. Price Change	4.3	4.3	
3. Reclassification	0.0	0.0	
4. Inventory Changes	0.1	0.1	0.0
a. Receipts @ std	0.0	0.0	0.0
(1). Purchases	0.0	0.0	
(2). Returns from customers	0.0	0.0	
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	
(2). Returns to suppliers	0.0	0.0	
(3). Disposals	0.0	0.0	
(4). Issues/receipts w/o ADJs	0.0	0.0	
c. Adjustments @ std	0.1	0.1	0.0
(1). Capitalizations	0.0	0.0	
(2). Gains and losses	0.1	0.1	
(3). Other	0.0	0.0	
5. Inventory EOP	257.5	257.5	0.0

STOCKPILE COSTS

1. Storage	0.3
2. Management	0.0
3. Maintenance/Other	0.0
Total Cost	0.3

WRM BUDGET REQUEST

1. Obligations @ cost	0.3
a. Additional WRM	0.3
b. Replen. WRM	0.0
c. Repair WRM	0.0
d. Assemble/Disassemble	0.0
e. Other	0.0
Total Request	0.3

Activity Group Capital Investment Summary
Component: Navy
Activity Group: Supply Management
FY2004/2005 BIENNIAL BUDGET ESTIMATES - February 2003
(\$ IN MILLIONS)

LINE NUMBER	ITEM DESCRIPTION	FY 2002		FY 2003		FY 2004		FY 2005	
		QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST
	Equipment		1.650		1.429		1.799		1.822
	Replacement		1.650		1.429		1.799		1.822
	\$1,000,000 and over								
0001	Material Handling Equipment (Forklifts)	VAR	0.900	VAR	1.039	VAR	1.006	VAR	1.015
0002	\$500,000 to \$999,999	VAR	0.750	VAR	0.390	VAR	0.793	VAR	0.807
0003	\$100,000 to \$499,999		0.000		0.000		0.000		0.000
0004	Productivity		0.000		0.000		0.000		0.000
0005	New Mission		0.000		0.000		0.000		0.000
0006	Environmental		0.000		0.000		0.000		0.000
	ADPE & Telecommunications Equipment		3.925		2.250		2.076		1.882
	\$1,000,000 and over								
0007	Information Technology Support/BLC	VAR	3.425	VAR	2.000	VAR	1.576	VAR	1.382
0008	\$500,000 to \$999,999	VAR	0.500	VAR	0.250	VAR	0.500	VAR	0.500
0009	\$100,000 to \$499,999		0.000		0.000		0.000		0.000
	Software Development		74.407		66.732		44.613		17.924
	Internally Developed		16.040		7.187		11.246		9.967
	\$1,000,000 and over								
0010	Asset Visibility Initiatives	VAR	2.333	VAR	1.003	VAR	1.588	VAR	1.270
0011	Financial Initiatives	VAR	2.809	VAR	1.264	VAR	1.234	VAR	0.720
0012	Inform-21	VAR	2.136	VAR	0.964	VAR	1.653	VAR	1.704
0013	Integrated Data Environment	VAR	2.285	VAR	1.330	VAR	1.504	VAR	1.532
0014	One Touch v3.0	VAR	6.477	VAR	2.626	VAR	5.267	VAR	4.740
0015	\$500,000 to \$999,999		0.000				0.000		0.000
0016	\$100,000 to \$499,999		0.000		0.000		0.000		0.000
	Externally Development		58.367		59.545		33.367		7.958
	\$1,000,000 and over								
0017	Enterprise Resource Planning	VAR	57.941	VAR	59.207	VAR	33.367	VAR	7.958
0018	\$500,000 to \$999,999		0.000		0.000		0.000		0.000
0019	\$100,000 to \$499,999	VAR	0.425	VAR	0.338		0.000		0.000
0020	Minor Construction	VAR	2.250	VAR	1.238	VAR	1.361	VAR	1.497
	TOTAL		82.232		71.649		49.849		23.125
	Total Capital Outlays		59.433		75.321		69.048		44.784
	Total Depreciation Expense		50.625		53.520		45.355		40.902

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 01 MATERIAL HANDLING EQUIPMENT (FORLIFTS)			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
01 MATERIAL HANDLING EQUIPMENT (FORLIFTS)	VAR	VAR	900	VAR	VAR	1,039	VAR	VAR	1,006	VAR	VAR	1,015
Narrative Justification:												
<p>This program funds the procurement of new/initial outfitting and replacement of Material Handling Equipment (MHE) and Automated Material Handling Systems (AMHS) to satisfy operational requirements within the Navy Supply System. Replacement MHE is for overaged non-repairable equipment used in material handling operations at various activities. With a large inventory of equipment at the various FISCs there will always be units eligible for replacement through procurement. If fully supported, this funding will allow the Navy to develop the right mix of new procurements, resulting in overall requirement reductions, and resolving the problem of trying to maintain old equipment at high maintenance cost and reduced state of readiness. MHE funding limitations in past years has precluded the purchase of required MHE planned for issue. We can not emphasize enough that this is a continuing program and one year builds on the next. Delaying any funding only postpones the inevitable requirement to procure a new unit at a higher cost. Supply readiness and logistical support are dependent upon the availability of reliable MHE. In the past we have been able to make up any shortfalls in funding by utilizing surplus equipment, however, this avenue is slowly drying up. Non-repairable equipment is not cost effective to maintain for continued operation, and repair parts are difficult to obtain. Replacement of non-repairable equipment with new and more efficient models will reduce excessive costs attributed to repair/overhaul, downtime and maintenance. New equipment will enhance productivity and enable users to meet handling and logistics requirements in an efficient and effective manner. For these reasons it is essential to maintain a funding to cover procurement of new equipment as required.</p>												

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 02 CIVIL ENGINEERING SUPPORT EQUIPMENT			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
02 CIVIL ENGINEERING SUPPORT EQUIPMENT	VAR	VAR	750	VAR	VAR	390	VAR	VAR	793	VAR	VAR	807

Narrative Justification:

NAVSUP is responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for fuel depot operations throughout the claimancy. This equipment is necessary to maintain and improve the working conditions and assist NAVSUP employees operating the fuel depots. Safety, reliability, maintenance cost and customer support are directly impacted by age and condition of this equipment. Examples: 20 ton Semi trailer stake 2 axle, 20 ton Semi trailer van 2 axle.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 07 INFORMATION TECHNOLOGY (BLC)			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
07 INFORMATION TECHNOLOGY (BLC)	VAR	VAR	3,425	VAR	VAR	2,000	VAR	VAR	1,576	VAR	VAR	1,382

Narrative Justification:

Information Technology (IT) provides the tools and related services that are required to support the Non-NMCI NAVSUP corporate IT infrastructure, consisting of various components and support services. IT pays support of corporate licenses having wide applicability across the claimancy which is deemed to be more efficient if managed centrally. IT contracts for technical consulting support and software development/modification support.

Related efforts include:

Web Services: which allows corporations to interoperate with business partners, reuse the same business capability in multiple business transactions, and respond quickly to business changes by linking to existing services. Web Services supports changes to the development process, how COTS are evaluated, registry usage and tools, protocol security; the cost benefits to be realized in using web services; and conformance with the various regulations for using this technology in support of TFW and ERP.

XML Standards Technology: identifies and exploits potential process re-engineering and data transformation opportunities to optimize business operations, support turnaround times and more effectively support the war-fighter by applying XML technology. XML schemas allow system and data reconciliation processes, Legacy Systems interoperability and integration efforts, enterprise interoperability and interoperability with vendor based data.

Portfolio Management: supports "a process that will help decision makers link Information Technology (IT) investments directly to their organization's mission, to achieve measurable improvements to their mission outcomes. The process should not only give decision makers a view of a particular system or investment but provide a view of systems and investments that are interdependent or codependent on each other. This process includes the resources, management and related investments that are required to accomplish a mission-related or administrative outcomes."

Service Oriented Technical Architecture: supports a conceptual framework to describe a logical structure or set of guidelines intended to provide a comprehensive, integrated representation of the standard NAVSUP technical architecture. this system assists the enterprise in identifying the methodologies, tools, standards, and policies to follow in providing an integrated service to our customers. The system creates a business IT strategy, translates that strategy into planned IT services, develops and deploys the IT infrastructure to support the designated services, operates the IT environment/infrastructure, and supports on-going configuration and change management.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 08 NAVSISA EQUIPMENT			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
08 NAVSISA EQUIPMENT	VAR	VAR	500	VAR	VAR	250	VAR	VAR	500	VAR	VAR	500

Narrative Justification:

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

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 10 ASSET VISIBILITY INITIATIVES			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
10 ASSET VISIBILITY INITIATIVES	VAR	VAR	2,333	VAR	VAR	1,003	VAR	VAR	1,588	VAR	VAR	1,270

Narrative Justification:

MIT/SIT: MIT/SIT Reengineering - Reengineer the Stock-In-Transit Process to ensure accountability and visibility of in-transit material from Proof-of-Issue to Proof-of-Receipt. This includes substantial reprogramming of the PM-76 program for accessing various legacy systems for validation data and development of the Supply Discrepancy Reporting (SDR) System. The PM-76 program will age records, and "gate" or segment the process to track in-transit inventory. This program has Congressional interest. Associated functionality is primarily the new AUTORODs and Material In-Transit (MIT) capability. The Reengineering Effort also includes budget requirements for "Brute Force" support and causative research and analysis of SIT and MIT write-offs.

RRAM: The Reengineered Residual Asset Management (RRAM) program was launched to provide real time visibility of residual end use material for redistribution to Fleet units and selected Naval Sea Systems Command (NAVSEA) activities. RRAM has proven a great success in its short existence, processing 180 thousand plus requisitions, worth \$305M. Additionally, RRAM has provided \$65M in inventory to NAVICP/DLA item managers and \$36.2M in MTIS Credits have been granted to the inventory owners. RRAM is currently a mainframe application. The mainframe-based application is a production system currently installed at TYCOM/NAVSEA residual warehouse sites, by personnel from the Navy Inventory Control Point, who is responsible for RRAM software interfaces with CPEN/VSMIR.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 11 FINANCIAL INTIATIVES			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
11 FINANCIAL INTIATIVES	VAR	VAR	2,809	VAR	VAR	1,264	VAR	VAR	1,234	VAR	VAR	720

Narrative Justification:

The MFCS Program consists of several individual projects: Retail Ashore; Retail Afloat; and PX02/04/06. The system is jointly owned by NAVSUP (51%) and DFAS (49%). The MFCS Program seeks to accomplish several goals to include: meeting Congressional CFO compliance standards; standardize financial business practices for NWCF material ashore and afloat, retail and wholesale; replace legacy accounting systems; centralize accounting processes at NAVICP; support Total Asset Visibility initiatives; and provide a stepping stone for ERP financials. Future development efforts include moving the afloat community into PX02/04 for Allotment Accounting/Expenditure Processing, several large projects deferred at PX02/04 implementation, and smaller PX02/04 projects to enhance both Retail and Wholesale functionality. End state - MFCS supports the NAVSUP ERP initiative by consolidating accounting/financial systems into something that is easier to convert to SAP. As such, PX06 is planned to be retired in FY04/05, while PX02/04 will be replaced in FY05 because of it's tight integration with ITIMP. Benefits of centralized accounting under MFCS include: eliminating redundant systems; improving retail in-transit tracking; reduced ops cost; better metrics/control; and early detection of supply/financial disconnects.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 12 INFORM-21			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
12 INFORM-21	VAR	VAR	2,136	VAR	VAR	964	VAR	VAR	1,653	VAR	VAR	1,704

Narrative Justification:

InforM-21 provides the Information Technology (IT) decision support data warehouse infrastructure to support the NAVSUP claimancy. The Data Warehouse will include data from both Mechanicsburg and Philadelphia operational systems, as well as RSupply and other stock point systems when it is fully populated. It will include the infrastructure to support FISCMS and TLOD. Eventually, this effort will replace the existing decision support systems distributed throughout the claimancy, since the current decision support systems cannot and do not consider the impact of their decision recommendations on other functional areas within the enterprise. The InforM-21 data warehouse effort will support process improvements and new business processes obtained through the purchase of commercial-off-the-shelf (COTS) software.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 13 INTEGRATED DATA ENVIRONMENT			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
13 INTEGRATED DATA ENVIRONMENT	VAR	VAR	2,285	VAR	VAR	1,330	VAR	VAR	1,504	VAR	VAR	1,532

Narrative Justification:

The Integrated Data Environment (IDE) provides the corporate Information Technology (IT) data infrastructure to support the Naval Supply (NAVSUP) day-to-day business. It will bring together the pieces of data we collect and compute in our IT systems to create information. Additionally, it will create the standards by which we will share data outside the command. Standard documented data views and exchange procedures will be used for current and future interfaces.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 14 ONE TOUCH V3.2			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
14 ONE TOUCH V3.2	VAR	VAR	6,477	VAR	VAR	2,626	VAR	VAR	5,267	VAR	VAR	4,740

Narrative Justification:

Enables a customer to use internet technology to access the broad scope of the Navy/DOD supply system to locate available stock, enter requisitions, perform technical screening functions and check on requisition status. Through One Touch, the user has virtual access to all Navy-authorized supply sources using a single Password using commercially-available PKI technology. Integration of the Regional One Touch site will improve system security and make access seamless to all Region-unique functions, e.g., direct sales from local vendors and service providers.

In support of the mandated transition of the Navy's supply chain from an inventory based, batch processing system to a velocity-based, electronic commerce system, we must implement modern state of the art business to business (B2B), and business to customer (B2C) tools which provide us with the capability to track requirements for our customers from generation to fulfillment and eliminate some of the corporate infrastructure which currently sits between out customers and our suppliers. We anticipate standing up a corporate web-based order fulfillment system which will enable our customers to communicate directly with any required suppliers, providing us with increased corporate knowledge of the customer requirements and facilitating the collaborative forecasting and procurement for common needs across a widely divergent customer base. This commercially developed and commercially hosted application will allow us to build and maintain a state of the art fully automated electronic supply chain for US Navy customers and suppliers. With an extended supply chain which reaches into the customer's and supplier's information systems, a business environment capable of true data sharing is imperative.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 17 ENTERPRISE RESOURCE PLANNING			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
17 ENTERPRISE RESOURCE PLANNING	VAR	VAR	57,941	VAR	VAR	59,207	VAR	VAR	33,367	VAR	VAR	7,958

Narrative Justification:

The Navy has completed an initial examination of its logistics infrastructure and associated processes to ascertain ways to improve and reduce costs while maintaining/improving support to the warfighter. We have found that commercially available Enterprise Resource Planning (ERP) programs have potential applicability for the Navy. The Navy needs to further examine private sector capabilities to determine/demonstrate their feasibility and applicability to its logistics, supply and maintenance chains. The purpose of this project is to acquire the commercial expertise and to demonstrate the feasibility and applicability of ERP programs to the Navy aviation supply chain and maintenance areas by conducting a study and pilot project. To best support the war-fighter and make optimum use of limited support resources, the Navy logistics community intends to identify changes that: (1) Best integrate and coordinate Navy supply chain and maintenance management processes, (2) Enhance and integrate the Navy's ability to manage and control supply chain processes, products, services and information from end to end, and (3) Optimize inventory levels to provide effective readiness at the best value.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 19 CORPORATE DATA MANAGEMENT			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
19 CORPORATE DATA MANAGEMENT	VAR	VAR	425	VAR	VAR	338	VAR	VAR	-	VAR	VAR	-

Narrative Justification:

Corporate Data Management (CDM) provides the data administration infrastructure to support NAVSUP Corporate Re-engineering and day-to-day business. The effort provides a web-enabled and accessible logical data model and data dictionary, and a Metadata Repository to support NAVSUP's information requirements, including a repository of accesses to those data stores which NAVSUP does not own, but in which we have an interest, resulting in customer access to comprehensive, integrated, quality data from dispersed sources.

Related efforts include:

Corporate Informations System: supports executive information used to provide decision support capabilities for Key Indicator briefings which provide metric information to the corporate board monthly. Collecting information from nearly all supply related data bases in order to determine DLA and ICP effectiveness, material availability and supply readiness. The effort provides extensive on-line help available to assist users with any questions they may have on the various indicators or system usage and provides a common interface and standard set of metrics for NAVSUP and the Navy Logistics community.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY 2004/2005 Biennial Budget Estimates					
B. Component/Business Area/Date Navy/Supply Management/February 2003				C. Line No. & Item Description 20 MINOR CONSTRUCTION			D. Activity Identification NWCF					
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
20 MINOR CONSTRUCTION	VAR	VAR	2,250	VAR	VAR	1,238	VAR	VAR	1,361	VAR	VAR	1,497

Narrative Justification:

NAVSUP, as the maintenance UIC for all facilities occupied and operated by NAVSUP employees, is responsible for Real Property Maintenance (Minor Construction portion) of facilities occupied and operated by NAVSUP. These projects are necessary to maintain and improve the working conditions for NAVSUP claimancy employees. Projects include Minor Construction requirements of facilities maintenance as well as Quality of Life and correction of Safety deficiencies. Minor Construction funding requested supports the overall RPM objectives of the NAVFAC recommended maintenance spending limits of between 2% to 4% annually based on the associated property values. Each minor construction project must be less than \$500,000.

Department of Navy
Activity Group: Supply Management
FY 2002
FY 2004/2005 Biennial Budget Estimates - February 2003

(Dollars in Millions)							
<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Actual Obs</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
02	Non-ADP Equipment	.000	1.650	1.650	1.650	.000	
02	ADP Equipment	.000	3.925	3.925	3.925	.000	
02	Software Development	.000	74.406	74.406	74.407	.000	
02	Minor Construction	.000	1.976	1.976	2.250	.000	
	Total Capital Investment	.000	81.957	81.957	82.232	.000	

Department of Navy
Activity Group: Supply Management
FY 2003
FY 2004/2005 Biennial Budget Estimates - February 2003

(Dollars in Millions)						
<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
03	Non-ADP Equipment	-.331	1.760	1.429	.000	Adjusted requirements
03	ADP Equipment	-.250	2.500	2.250	.000	Adjusted requirements
03	Software Development	19.876	46.856	66.732	.000	Increased ERP requirements Adjusted requirements
03	Minor Construction	.113	1.125	1.238	.000	Adjusted requirements
	Total Capital Investment	19.408	52.241	71.649	.000	

Department of Navy
Activity Group: Supply Management
FY 2004
FY 2004/2005 Biennial Budget Estimates - February 2003

(Dollars in Millions)						
<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
04	Non-ADP Equipment	.000	1.799	1.799	.000	
04	ADP Equipment	.000	2.076	2.076	.000	
04	Software Development	.000	44.613	44.613	.000	
04	Minor Construction	.000	1.361	1.361	.000	
	Total Capital Investment	.000	49.849	49.849	.000	

Department of Navy
Activity Group: Supply Management
FY 2005
FY 2004/2005 Biennial Budget Estimates - February 2003

(Dollars in Millions)						
<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
05	Non-ADP Equipment	.000	1.822	1.822	.000	
05	ADP Equipment	.000	1.882	1.882	.000	
05	Software Development	.000	17.924	17.924	.000	
05	Minor Construction	.000	1.497	1.497	.000	
	Total Capital Investment	.000	23.125	23.125	.000	

FY 04/05 BIENNIAL BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
(Dollars in Millions)
SUMMARY

	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
	Actuals			
Revenue				
Operations (Gross Sales)	129.2	125.0	116.1	120.9
Capital Surcharge	0.0	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0	0.0
Other Income (Revenue from War Reserve)	6.5	8.4	7.3	4.5
Refunds/Discounts	(2.1)	(1.5)	(1.2)	(1.2)
Total Income:	133.7	131.9	122.2	124.2
Expenses				
Cost of Materiel Sold from Inventory	101.8	109.1	108.1	111.1
Salaries and Wages:				
Military Personnel Compensation & Benefits	0.0	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	2.8	2.9	1.5	1.5
Travel & Transportation of Personnel	(0.0)	0.1	0.1	0.1
Materials & Supplies (For internal Operations)	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Other Purchases from Revolving Funds	1.7	3.8	3.8	3.8
Transportation of Things	0.0	0.1	0.1	0.1
Depreciation - Capital	0.0	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.3	0.2	0.2	0.2
Other Purchased Services	3.1	2.9	2.7	2.8
Total Expenses:	109.7	119.1	116.7	119.7
Operating Result:	24.0	12.8	5.5	4.5
Less Capital Surcharge Reservation	0.0	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - WRM	(6.5)	(8.4)	(7.3)	(4.5)
Other Changes Affecting NOR/AOR	0.0	0.0	(18.7)	0.0
Navy Cash Recovery	0.0	0.0	0.0	0.0
Net Operating Result:	17.5	4.4	(20.5)	0.0
Other Changes Affecting AOR				
Prior Year AOR	(1.4)	16.1	20.5	(0.0)
AOR Redistribution	0.0	0.0	0.0	0.0
Cash Factor	0.0	0.0	0.0	0.0
Accumulated Operating Result:	16.1	20.5	(0.0)	0.0

Source of Revenue
Summary
(Dollars in Millions)

Marine Corps/Supply Management	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
1. New Orders				
1a. Orders from DoD Components:				
Own Component				
Military Personnel, M.C.	0.0	0.0	1.1	1.1
O & M, M.C.	94.9	78.0	69.1	65.7
O & M, M.C. Reserve	1.0	1.0	1.1	0.9
Reserve Personnel, M.C.	0.0	0.0	0.0	0.0
Procurement, M.C.	12.1	12.3	14.9	24.8
Other Services (O&M)				
Army	5.2	6.1	3.8	3.5
Air Force	0.4	0.4	0.4	0.4
Navy	2.0	1.7	1.7	1.3
All Other DOD	1.3	2.5	5.0	5.7
Subtotal	116.9	102.0	97.0	103.5
1b. Orders from other Fund Business Areas:				
Navy Supply Management	0.0	0.0	0.0	0.0
M.C. Depot Maintenance	6.4	9.4	9.6	9.5
Subtotal	6.4	9.4	9.6	9.5
1c. Total DoD	123.3	111.3	106.6	112.9
1d. Other Orders:				
Other Federal Agencies	5.7	5.2	5.4	5.1
Foreign Military Sales	0.3	0.3	0.2	0.0
Non Federal Agencies	3.5	3.5	3.3	2.4
Subtotal	9.5	9.1	8.9	7.4
1. Total New Orders	132.8	120.4	115.5	120.4
2. Carry-In Orders	20.0	23.5	18.9	18.4
3. Total Gross Orders:	152.8	144.0	134.4	138.8
4. Funded Carry-over:	23.5	18.9	18.4	17.9
5. Total Gross Sales:	129.3	125.0	116.0	120.9

MARINE CORPS
BUDGET PROJECT 38
 (DOLLARS IN MILLIONS)
FY2002

PRODUCT	Barrels	-----PROCURED FROM DFSC-----			Ext Cost	PBD 602 Cost	PRODUCT	-----PROCURED BY SERVICE-----			STABILIZED PRICE
		U/P	PBD 602 Rates	Difference				Barrels	U/P	Ext Cost	
JP4	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Propane	7340.0	\$1.28	\$9,395.20	\$0.00
JP5	1700.0	\$42.84	\$0.00	(\$42.84)	\$72,828.00	\$0.00	Kerosene	36311.0	\$1.10	\$39,942.10	\$42.84
JP-8	43878.0	\$42.00	\$0.00	(\$42.00)	\$1,842,876.00	\$0.00	Other	151687.0	\$1.02	\$154,720.74	\$42.00
Propane	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Coal	15979.0	\$67.64	\$1,080,819.56	\$0.00
Distillates	45451.0	\$40.32	\$0.00	(\$40.32)	\$1,832,584.32	\$0.00		0.0	\$0.00	\$0.00	\$40.32
MOGAS Lead	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Propane	1579.0	\$23.10	\$36,474.90	\$0.00
MOGAS Unlead	12056.0	\$52.92	\$0.00	(\$52.92)	\$638,003.52	\$0.00	Kerosene	3.0	\$142.80	\$428.40	\$52.92
Residual	8645.0	\$29.40	\$0.00	(\$29.40)	\$254,163.00	\$0.00	Other	1019.0	\$28.98	\$29,530.62	\$29.40
Kerosene	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Other	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Coal	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Diesel	18263.0	\$48.30	\$0.00	(\$48.30)	\$882,102.90	\$0.00		0.0	\$0.00	\$0.00	\$48.30
Unleaded - Mid	16033.0	\$51.24	\$0.00	(\$51.24)	\$821,530.92	\$0.00		0.0	\$0.00	\$0.00	\$51.24
Unleaded - Reg	23203.0	\$44.94	\$0.00	(\$44.94)	\$1,042,742.82	\$0.00		0.0	\$0.00	\$0.00	\$44.94
TOTAL	169229.0				\$7,386,831.48	\$0.00	TOTAL	213,918.0		\$1,351,311.52	

MARINE CORPS
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY2003

PRODUCT	Barrels	-----PROCURED FROM DFSC-----			Ext Cost	PBD 602 Cost	PRODUCT	-----PROCURED BY SERVICE----			STABILIZED PRICE
		U/P	PBD 602 Rates	Difference				Barrels	U/P	Ext Cost	
JP4	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Propane	7354.0	\$1.28	\$9,413.12	\$0.00
JP5	2350.0	\$36.12	\$0.00	(\$36.12)	\$84,882.00	\$0.00	Kerosene	36318.0	\$1.10	\$39,949.80	\$36.12
JP-8	65635.0	\$35.28	\$0.00	(\$35.28)	\$2,315,602.80	\$0.00	Other	203685.0	\$1.02	\$207,758.70	\$35.28
Propane	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Coal	31937.0	\$67.64	\$2,160,218.68	\$0.00
Distillates	95212.0	\$34.02	\$0.00	(\$34.02)	\$3,239,112.24	\$0.00		0.0	\$0.00	\$0.00	\$34.02
MOGAS Lead	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Propane	1857.0	\$23.10	\$42,896.70	\$0.00
MOGAS Unlead	14125.0	\$36.12	\$0.00	(\$36.12)	\$510,195.00	\$0.00	Kerosene	4.0	\$142.80	\$571.20	\$36.12
Residual	6830.0	\$29.40	\$0.00	(\$29.40)	\$200,802.00	\$0.00	Other	1321.0	\$31.87	\$42,100.27	\$29.40
Kerosene	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Other	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Coal	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Diesel	49254.0	\$37.80	\$0.00	(\$37.80)	\$1,861,801.20	\$0.00		0.0	\$0.00	\$0.00	\$37.80
Unleaded - Mid	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Unleaded - Reg	47189.0	\$31.50	\$0.00	(\$31.50)	\$1,486,453.50	\$0.00		0.0	\$0.00	\$0.00	\$31.50
TOTAL	280595.0				\$9,698,848.74	\$0.00	TOTAL	282,476.0		\$2,502,908.47	

MARINE CORPS
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY2004

PRODUCT	Barrels	-----PROCURED FROM DFSC-----			Ext Cost	PBD 602 Cost	PRODUCT	-----PROCURED BY SERVICE-----			STABILIZED PRICE
		U/P	PBD 602 Rates	Difference				Barrels	U/P	Ext Cost	
JP4	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Propane	7354.0	\$1.28	\$9,413.12	\$0.00
JP5	2400.0	\$39.06	\$0.00	(\$39.06)	\$93,744.00	\$0.00	Kerosene	36318.0	\$1.10	\$39,949.80	\$39.06
JP-8	66135.0	\$38.22	\$0.00	(\$38.22)	\$2,527,679.70	\$0.00	Other	203685.0	\$1.02	\$207,758.70	\$38.22
Propane	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Coal	31922.0	\$67.64	\$2,159,204.08	\$0.00
Distillates	74925.0	\$35.28	\$0.00	(\$35.28)	\$2,643,354.00	\$0.00		0.0	\$0.00	\$0.00	\$35.28
MOGAS Lead	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Propane	1857.0	\$23.51	\$43,658.07	\$0.00
MOGAS Unlead	14251.0	\$46.20	\$0.00	(\$46.20)	\$658,396.20	\$0.00	Kerosene	4.0	\$117.57	\$470.28	\$46.20
Residual	6975.0	\$32.76	\$0.00	(\$32.76)	\$228,501.00	\$0.00	Other	1321.0	\$31.87	\$42,100.27	\$32.76
Kerosene	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Other	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Coal	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Diesel	45651.0	\$40.74	\$0.00	(\$40.74)	\$1,859,821.74	\$0.00		0.0	\$0.00	\$0.00	\$40.74
Unleaded - Mid	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Unleaded - Reg	43170.0	\$40.74	\$0.00	(\$40.74)	\$1,758,745.80	\$0.00		0.0	\$0.00	\$0.00	\$40.74
TOTAL	253507.0				\$9,770,242.44	\$0.00	TOTAL	282,461.0		\$2,502,554.32	

MARINE CORPS
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY2005

PRODUCT	Barrels	-----PROCURED FROM DFSC-----			Ext Cost	PBD 602 Cost	PRODUCT	-----PROCURED BY SERVICE-----			STABILIZED PRICE
		U/P	PBD 602 Rates	Difference				Barrels	U/P	Ext Cost	
JP4	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Propane	0.0	\$1.28	\$0.00	\$0.00
JP5	0.0	\$40.32	\$0.00	(\$40.32)	\$0.00	\$0.00	Kerosene	0.0	\$1.10	\$0.00	\$40.32
JP-8	0.0	\$39.48	\$0.00	(\$39.48)	\$0.00	\$0.00	Other	0.0	\$1.02	\$0.00	\$39.48
Propane	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Coal	0.0	\$67.64	\$0.00	\$0.00
Distillates	0.0	\$36.12	\$0.00	(\$36.12)	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$36.12
MOGAS Lead	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Propane	0.0	\$23.51	\$0.00	\$0.00
MOGAS Unlead	0.0	\$47.88	\$0.00	(\$47.88)	\$0.00	\$0.00	Kerosene	0.0	\$117.57	\$0.00	\$47.88
Residual	0.0	\$34.02	\$0.00	(\$34.02)	\$0.00	\$0.00	Other	0.0	\$31.87	\$0.00	\$34.02
Kerosene	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Other	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Coal	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Diesel	0.0	\$42.00	\$0.00	(\$42.00)	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$42.00
Unleaded - Mid	0.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$0.00
Unleaded - Reg	0.0	\$42.00	\$0.00	(\$42.00)	\$0.00	\$0.00		0.0	\$0.00	\$0.00	\$42.00
TOTAL	0.0				\$0.00	\$0.00	TOTAL	0.0		\$0.00	

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
(DOLLARS IN MILLIONS)
TOTAL PROGRAM SUMMARY

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY2002										
Approved	491.6	122.9	123.6	137.1	8.4	0.0	145.5	42.7	188.2	2.1
Actual	528.7	130.4	127.2	95.1	8.4	0.0	103.5	42.7	146.2	2.1
Delta	37.2	7.5	3.6	(42.1)	(0.0)	0.0	(42.1)	0.0	(42.1)	(0.1)
FY2003										
Approved	480.4	127.3	127.7	124.8	7.3	0.0	132.1	22.4	154.5	1.7
Request	473.1	122.9	123.5	120.1	7.3	0.0	127.4	22.4	149.8	1.5
Delta	(7.3)	(4.4)	(4.2)	(4.8)	0.0	0.0	(4.8)	0.0	(4.8)	(0.2)
FY2004										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	477.1	114.4	114.9	127.5	4.5	0.0	132.0	28.6	160.6	1.2
Delta	477.1	114.4	114.9	127.5	4.5	0.0	132.0	28.6	160.6	1.2
FY2005										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	465.5	119.1	119.7	120.3	4.9	0.0	125.2	50.2	175.4	1.2
Delta	465.5	119.1	119.7	120.3	4.9	0.0	125.2	50.2	175.4	1.2

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
FY2002
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Actual	0.0	1.1	1.1	(1.5)	0.0	0.0	(1.5)	0.0	(1.5)	0.0
Delta	0.0	1.1	1.1	(1.5)	0.0	0.0	(1.5)	0.0	(1.5)	0.0
BP 28										
Approved	99.9	70.0	70.0	69.6	4.0	0.0	73.6	33.1	106.7	0.4
Request	121.5	63.5	63.5	50.2	4.0	0.0	54.2	33.1	87.3	0.6
Delta	21.6	(6.5)	(6.5)	(19.4)	(0.0)	0.0	(19.4)	0.0	(19.4)	0.1
BP 38										
Approved	1.3	14.9	14.9	14.9	0.0	0.0	14.9	2.6	17.5	0.0
Actual	0.7	11.7	11.7	8.7	0.0	0.0	8.7	2.6	11.3	0.0
Delta	(0.6)	(3.2)	(3.2)	(6.2)	0.0	0.0	(6.2)	0.0	(6.2)	0.0
BP 84										
Approved	390.4	38.0	38.7	43.6	4.4	0.0	48.0	7.0	55.0	1.7
Actual	406.6	54.1	50.9	29.8	4.4	0.0	34.2	7.0	41.2	1.5
Delta	16.2	16.1	12.2	(13.8)	0.0	0.0	(13.8)	0.0	(13.8)	(0.2)
BP 91										
Approved	0.0	0.0	0.0	9.0	0.0	0.0	9.0	0.0	9.0	0.0
Actual	0.0	0.0	0.0	7.9	0.0	0.0	7.9	0.0	7.9	0.0
Delta	0.0	0.0	0.0	(1.1)	0.0	0.0	(1.1)	0.0	(1.1)	0.0
TOTAL										
Approved	491.6	122.9	123.6	137.1	8.4	0.0	145.5	42.7	188.2	2.1
Actual	528.7	130.4	127.2	95.1	8.4	0.0	103.5	42.7	146.2	2.1
Delta	37.2	7.5	3.6	(42.1)	(0.0)	0.0	(42.1)	0.0	(42.1)	(0.1)

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
FY2003
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	93.8	64.6	64.6	64.2	3.0	0.0	67.2	13.0	80.2	0.4
Request	102.3	65.5	65.5	64.2	3.0	0.0	67.2	13.0	80.2	0.2
Delta	8.5	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)
BP 38										
Approved	1.4	12.2	12.2	12.2	0.0	0.0	12.2	2.5	14.7	0.0
Request	0.9	12.2	12.2	12.2	0.0	0.0	12.2	2.5	14.7	0.0
Delta	(0.5)	(0.0)	(0.0)	(0.0)	0.0	0.0	(0.0)	0.0	(0.0)	0.0
BP 84										
Approved	385.2	50.5	50.9	38.2	4.3	0.0	42.5	6.9	49.4	1.3
Request	369.9	45.3	45.8	33.7	4.3	0.0	38.0	6.9	44.9	1.3
Delta	(15.3)	(5.2)	(5.1)	(4.5)	0.0	0.0	(4.5)	0.0	(4.5)	0.0
BP 91										
Approved	0.0	0.0	0.0	10.2	0.0	0.0	10.2	0.0	10.2	0.0
Request	0.0	0.0	0.0	10.0	0.0	0.0	10.0	0.0	10.0	0.0
Delta	0.0	0.0	0.0	(0.2)	0.0	0.0	(0.2)	0.0	(0.2)	0.0
TOTAL										
Approved	480.4	127.3	127.7	124.8	7.3	0.0	132.1	22.4	154.5	1.7
Request	473.1	122.9	123.5	120.1	7.3	0.0	127.4	22.4	149.8	1.5
Delta	(7.3)	(4.4)	(4.2)	(4.8)	0.0	0.0	(4.8)	0.0	(4.8)	(0.2)

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
FY2004
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	94.3	62.1	62.1	63.2	1.3	0.0	64.5	16.3	80.8	0.2
Delta	94.3	62.1	62.1	63.2	1.3	0.0	64.5	16.3	80.8	0.2
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	(0.0)	12.3	12.3	12.3	0.0	0.0	12.3	2.6	14.9	0.0
Delta	(0.0)	12.3	12.3	12.3	0.0	0.0	12.3	2.6	14.9	0.0
BP 84										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	382.8	40.0	40.5	43.4	3.2	0.0	46.6	9.7	56.3	1.0
Delta	382.8	40.0	40.5	43.4	3.2	0.0	46.6	9.7	56.3	1.0
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	8.6	0.0	0.0	8.6	0.0	8.6	0.0
Delta	0.0	0.0	0.0	8.6	0.0	0.0	8.6	0.0	8.6	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	477.1	114.4	114.9	127.5	4.5	0.0	132.0	28.6	160.6	1.2
Delta	477.1	114.4	114.9	127.5	4.5	0.0	132.0	28.6	160.6	1.2

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
FY2005
(Dollars in Millions)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	89.5	69.3	69.4	69.9	0.4	0.0	70.3	25.8	96.1	0.2
Delta	89.5	69.3	69.4	69.9	0.4	0.0	70.3	25.8	96.1	0.2
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	14.8	14.8	0.0
Delta	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	14.8	14.8	0.0
BP 84										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	376.0	49.8	50.3	41.8	4.5	0.0	46.3	9.6	55.9	1.0
Delta	376.0	49.8	50.3	41.8	4.5	0.0	46.3	9.6	55.9	1.0
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	8.6	0.0	0.0	8.6	0.0	8.6	0.0
Delta	0.0	0.0	0.0	8.6	0.0	0.0	8.6	0.0	8.6	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	465.5	119.1	119.7	120.3	4.9	0.0	125.2	50.2	175.4	1.2
Delta	465.5	119.1	119.7	120.3	4.9	0.0	125.2	50.2	175.4	1.2

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY2002
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL	MCRS
LAV		0.1			0.1	
Truck Cargo		0.4			0.4	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	0.5	0.0	0.0	0.5	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.0	0.0	0.0	0.0	
Radio Systems		0.2			0.2	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL COMMUNICATION AND ELECTRONICS	0.1	0.2	0.0	0.0	0.3	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.0	0.0	0.0	0.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0	
TOTAL PROCUREMENT	0.1	0.7	0.0	0.0	0.8	
WAR RESERVE			4.0		4.0	
TOTAL COST	0.1	0.7	4.0	0.0	4.8	

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY2003
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL	MCRS
AAV RAM/RS		0.1			0.1	
LAV/SLEP		1.0			1.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL AUTOMATIVE	0.0	1.1	0.0	0.0	1.1	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.0	0.0	0.0	0.0	
Night Vision Equipment		0.1			0.1	
GPETE		0.1			0.1	
Air Operations C2 Systems		0.1			0.1	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK	0.1				0.1	
TOTAL COMMUNICATION AND ELECTRONICS	0.1	0.3	0.0	0.0	0.4	
HMMWVA2		0.1			0.1	
					0.0	
					0.0	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.1	0.0	0.0	0.1	
					0.0	
					0.0	
					0.0	
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0	
TOTAL PROCUREMENT	0.1	1.5	0.0	0.0	1.6	
WAR RESERVE			3.0		3.0	
TOTAL COST	0.1	1.5	3.0	0.0	4.6	

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY2004
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL	MCRS
LTWT 155 Towed Howitzer		1.3			1.3	
Mod Kits Trk Veh		0.7			0.7	
Mod ULAR WSP Sys		0.3			0.3	
LAV/SLEP		1.3			1.3	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	3.6	0.0	0.0	3.6	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.0	0.0	0.0	0.0	
Command Post Systems		0.3			0.3	
Night Vision Equipment		0.2			0.2	
Air Operations C2 system		0.2			0.2	
Auto Test Equipment		0.2			0.2	
BASIC REPLEN/BASIC REWORK	0.1	0.0			0.1	
TOTAL COMMUNICATION AND ELECTRONICS	0.1	0.9	0.0	0.0	1.0	
HMMWVA2		0.2			0.2	
					0.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.2	0.0	0.0	0.2	
					0.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0	
					0.0	
TOTAL PROCUREMENT	0.1	4.7	0.0	0.0	4.8	
WAR RESERVE			1.3		1.3	
TOTAL COST	0.1	4.7	1.3	0.0	6.1	

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY2005
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL	MCRS
LW 155 Towed Howitzer		3.0			3.0	
Mod Kits Trk Veh		0.4			0.4	
LAV		1.3			1.3	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	4.7	0.0	0.0	4.7	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.0	0.0	0.0	0.0	
Command Post System		1.3			1.3	
Air Ops C2 System		0.5			0.5	
Night Vision Equipment		0.2			0.2	
Comm Switch & Control		0.6			0.6	
BASIC REPLEN/BASIC REWORK	0.1				0.1	
TOTAL COMMUNICATION AND ELECTRONICS	0.1	2.6	0.0	0.0	2.7	
HMMWVA2		0.3			0.3	
					0.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.3	0.0	0.0	0.3	
EROWPU		0.5			0.5	
Assault Breacher Vehicle		0.3			0.3	
					0.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL GENERAL PROPERTY	0.0	0.8	0.0	0.0	0.8	
TOTAL PROCUREMENT	0.1	8.4	0.0	0.0	8.5	
WAR RESERVE			0.4		0.4	
TOTAL COST	0.1	8.4	0.4	0.0	8.9	

NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY2002
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL	MCRS
Mod Kits		0.3		0.0	0.3	
Improved Recovery Vehicle		0.5			0.5	
					0.0	
BASIC REPLEN/BASIC REWORK	1.0			2.8	3.8	
TOTAL ORDNANCE TANK AUTOMOTIVE	1.0	0.8	0.0	2.8	4.6	
Radio Systems		0.7			0.7	
Mod Kits Intel		0.3			0.3	
Intell Support Equipment		0.7			0.7	
GPETE		1.2			1.2	
Air Ops C2		0.4			0.4	
BASIC REPLEN/BASIC REWORK	0.0			1.8	1.8	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	3.3	0.0	1.8	5.1	
					0.0	
					0.0	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK	7.1			0.0	7.1	
TOTAL COMMUNICATION AND ELECTRONICS	7.1	0.0	0.0	0.0	7.1	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK	3.2			8.7	11.9	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	3.2	0.0	0.0	8.7	11.9	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK	1.0			0.1	1.1	
TOTAL GENERAL PROPERTY	1.0	0.0	0.0	0.1	1.1	
TOTAL PROCUREMENT	12.3	4.1	0.0	13.4	29.8	
War Reserve			4.4		4.4	
TOTAL COST	12.3	4.1	4.4	13.4	34.2	

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY2003
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL	MCRS
Light Armored Vehicle		1.9			1.9	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK	1.4			1.8	3.2	
TOTAL ORDNANCE TANK AUTOMOTIVE	1.4	1.9	0.0	1.8	5.1	
					0.0	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK	0.5			2.1	2.6	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.5	0.0	0.0	2.1	2.6	
Command Post System		0.7			0.7	
AN/TPS-59 Radar System		1.1			1.1	
Air Ops C2 System		1.1			1.1	
Intel Support Equipment		1.2			1.2	
Mod Kit (Intel)		0.9			0.9	
General Purpose Electronic Test Equipment (GPETE)		0.5			0.5	
BASIC REPLEN/BASIC REWORK	6.8	0.0		12.1	18.9	
TOTAL COMMUNICATION AND ELECTRONICS	6.8	5.5	0.0	12.1	24.4	
Amphibious Raid Equipment		0.2			0.2	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK					0.0	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.2	0.0	0.0	0.2	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK	0.1			1.3	1.4	
TOTAL GENERAL PROPERTY	0.1	0.0	0.0	1.3	1.4	
TOTAL PROCUREMENT	8.8	7.6	0.0	17.3	33.7	
War Reserve			4.3		4.3	
TOTAL COST	8.8	7.6	4.3	17.3	38.0	

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NAVY WORKING CAPITAL FUND
MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY2004
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL	MCRS
LTWT 155 Howitzer		1.6			1.6	
M1A1 Firepower Enhancement		3.4			3.4	
LAV		1.3			1.3	
BASIC REPLEN/BASIC REWORK	1.4			1.8	3.2	
TOTAL ORDNANCE TANK AUTOMOTIVE	1.4	6.3	0.0	1.8	9.5	
					0.0	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK	0.5			3.2	3.7	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.5	0.0	0.0	3.2	3.7	
COMMAND POST SYSTEMS		1.7			1.7	
Air Operations C2 System		3.4			3.4	
Mod Kits MAGTF C4I		2.2			2.2	
Mod Kits Intel		1.6			1.6	
Night Vision Equip		0.5			0.5	
General Purpose Electronic Test Equipment (GPETE)		0.2			0.2	
Gen Purpose Mechanical, TMDE		0.3			0.3	
Fire Support systems		1.7			1.7	
Intelligence Support Equipment		1.5			1.5	
BASIC REPLEN/BASIC REWORK	3.9			10.5	14.4	
TOTAL COMMUNICATION AND ELECTRONICS	3.9	13.1	0.0	10.5	27.5	
					0.0	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK				2.0	2.0	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.0	0.0	2.0	2.0	
Bulk Liquid Equipment		0.2			0.2	
Amphibious Raid Equipment		0.2			0.2	
					0.0	
BASIC REPLEN/BASIC REWORK	0.1			0.2	0.3	
TOTAL GENERAL PROPERTY	0.1	0.4	0.0	0.2	0.7	
TOTAL PROCUREMENT	5.9	19.8	0.0	17.7	43.4	
War Reserve			3.2		3.2	
TOTAL COST	5.9	19.8	3.2	17.7	46.6	

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MARINE CORPS SUPPLY MANAGEMENT
BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY2005
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL	MCRS
LW 155 Towed Howitzer		1.5			1.5	
Firepower Enhanced M1A1		1.7			1.7	
BASIC REPLEN/BASIC REWORK	1.4			1.8	3.2	
TOTAL ORDNANCE TANK AUTOMOTIVE	1.4	3.2	0.0	1.8	6.4	
					0.0	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK	0.5			3.2	3.7	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.5	0.0	0.0	3.2	3.7	
Third Echelon Test Set		0.8			0.8	
Command Post System		2.4			2.4	
General Purpose Electronic Test Equipment (GPETE)		0.2			0.2	
Gen Purpose Mechanical, TMDE		0.3			0.3	
Air Ops C2 System		4.2			4.2	
Intelligence Support Equipment		0.5			0.5	
Modification Kits (Intel)		1.0			1.0	
Night Vision Equipment		0.5			0.5	
Comm Switch & Control		2.6			2.6	
Radio Systems		0.5			0.5	
Fire Support Systems		0.6			0.6	
BASIC REPLEN/BASIC REWORK	4.1			10.9	15.0	
TOTAL COMMUNICATION AND ELECTRONICS	4.1	13.6	0.0	10.9	28.6	
					0.0	
					0.0	
					0.0	
BASIC REPLEN/BASIC REWORK				2.0	2.0	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.0	0.0	2.0	2.0	
Assault Beacher Veh		0.2			0.2	
Bulk Liquid Equipment		0.6			0.6	
Amphibious Raid Equipment		0.1			0.1	
BASIC REPLEN/BASIC REWORK	0.1			0.1	0.2	
TOTAL GENERAL PROPERTY	0.1	0.9	0.0	0.1	1.1	
TOTAL PROCUREMENT	6.1	17.7	0.0	18.0	41.8	
War Reserve			4.5		4.5	
TOTAL COST	6.1	17.7	4.5	18.0	46.3	

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FY2002

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
			---- Peacetime ----	
1. INVENTORY BOP	604.9	78.9	414.9	111.1
2. BOP INVENTORY ADJUSTMENTS	5.4	0.7	3.8	0.9
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	5.4	0.7	3.8	0.9
C. INVENTORY RECLASSIFIED AND REPRICED	610.4	79.6	418.8	112.0
3. RECEIPTS AT STANDARD	102.3	5.0	97.3	0.0
4. SALES AT STANDARD	142.4	1.1	141.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(2.7)	0.0	3.2	(5.9)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	2.1	0.0	2.1	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	68.9	1.1	17.8	50.0
D. RETURNS TO SUPPLIERS (-)	6.9	0.0	(0.6)	7.5
E. TRANSFERS TO PROP. DISPOSAL (-)	(28.6)	0.0	(0.7)	(27.9)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(15.1)	0.0	(8.3)	(6.8)
G. OTHER (list/explain)	(3.7)	(15.3)	50.6	(39.0)
H. TOTAL ADJUSTMENTS	27.9	(14.2)	64.2	(22.1)
6. INVENTORY EOP	598.1	69.3	438.9	89.9
7. INVENTORY EOP, REVALUED	157.5	49.7	77.0	30.8
A. ECONOMIC RETENTION (memo)				26.5
B. CONTINGENCY RETENTION (memo)				12.4
C. POTENTIAL DOD EXCESS (memo)				33.8
8. INVENTORY ON ORDER EOP (memo)	66.9	5.7	57.8	3.4
9. NARRATIVE:				
Other adjustments (line 5g):				
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(3.7)	(15.3)	50.6	(39.0)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total	(3.7)	(15.3)	50.6	(39.0)

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FY2003

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
			---- Peacetime ----	
1. INVENTORY BOP	598.1	69.3	438.9	89.9
2. BOP INVENTORY ADJUSTMENTS	5.9	0.9	4.2	0.8
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	5.9	0.9	4.2	0.8
C. INVENTORY RECLASSIFIED AND REPRICED	604.0	70.2	443.1	90.7
3. RECEIPTS AT STANDARD	120.5	8.0	112.5	0.0
4. SALES AT STANDARD	139.1	0.0	139.1	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(1.6)	(1.7)	0.1	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT +	1.5	0.0	1.5	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	74.2	0.0	18.7	55.5
D. RETURNS TO SUPPLIERS (-)	(17.9)	0.0	(0.0)	(17.9)
E. TRANSFERS TO PROP. DISPOSAL (-)	(26.2)	0.0	(0.0)	(26.2)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(27.4)	0.0	0.0	(27.4)
G. OTHER (list/explain)	(38.6)	(0.2)	(58.9)	20.5
H. TOTAL ADJUSTMENTS	(36.0)	(1.9)	(38.6)	4.5
6. INVENTORY EOP	549.4	76.3	377.9	95.2
7. INVENTORY EOP, REVALUED	410.0	69.1	268.7	72.2
A. ECONOMIC RETENTION (memo)				10.6
B. CONTINGENCY RETENTION (memo)				26.6
C. POTENTIAL DOD EXCESS (memo)				31.1
8. INVENTORY ON ORDER EOP (memo)	71.2	6.6	61.2	3.4
9. NARRATIVE:				
Other adjustments (line 5g):				
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(38.6)	(0.2)	(58.9)	20.5
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total	(38.6)	(0.2)	(58.9)	20.5

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FY2004

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	549.4	76.3	377.9	95.2
2. BOP INVENTORY ADJUSTMENTS	15.8	1.9	11.8	2.1
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	15.7	1.9	11.7	2.1
C. INVENTORY RECLASSIFIED AND REPRICED	565.2	78.2	389.7	97.3
3. RECEIPTS AT STANDARD	126.8	12.2	114.6	0.0
4. SALES AT STANDARD	128.8	0.0	128.8	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(1.0)	0.0	(1.0)	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT +	1.5	0.0	1.5	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	74.2	0.0	18.7	55.5
D. RETURNS TO SUPPLIERS (-)	(17.2)	0.0	(0.1)	(17.1)
E. TRANSFERS TO PROP. DISPOSAL (-)	(26.1)	0.0	(0.1)	(26.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(22.6)	0.0	0.0	(22.6)
G. OTHER (list/explain)	(4.7)	(0.2)	(10.7)	6.2
H. TOTAL ADJUSTMENTS	4.1	(0.2)	8.3	(4.0)
6. INVENTORY EOP	567.3	90.2	383.8	93.3
7. INVENTORY EOP, REVALUED	421.7	79.8	271.8	70.1
A. ECONOMIC RETENTION (memo)				9.7
B. CONTINGENCY RETENTION (memo)				25.5
C. POTENTIAL DOD EXCESS (memo)				30.8
8. INVENTORY ON ORDER EOP (memo)	74.5	5.3	65.8	3.4
9. NARRATIVE:				
Other adjustments (line 5f):				
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(4.7)	(0.2)	(10.7)	6.2
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total	(4.7)	(0.2)	(10.7)	6.2

NAVY WORKING CAPITAL FUND
INVENTORY STATUS
SUMMARY
(DOLLARS IN MILLIONS)
FY2005

	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	567.3	90.2	383.8	93.3
2. BOP INVENTORY ADJUSTMENTS	15.6	1.9	11.7	2.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	15.5	1.9	11.6	2.0
C. INVENTORY RECLASSIFIED AND REPRICED	582.8	92.1	395.4	95.3
3. RECEIPTS AT STANDARD	103.7	5.8	97.9	0.0
4. SALES AT STANDARD	132.7	0.0	132.7	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.1	0.0	0.1	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT +	1.5	0.0	1.5	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	74.3	0.0	18.8	55.5
D. RETURNS TO SUPPLIERS (-)	(17.2)	0.0	(0.1)	(17.1)
E. TRANSFERS TO PROP. DISPOSAL (-)	(27.0)	0.0	(0.1)	(26.9)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(21.2)	0.0	0.0	(21.2)
G. OTHER (list/explain)	(1.1)	(0.2)	(12.4)	11.5
H. TOTAL ADJUSTMENTS	9.4	(0.2)	7.8	1.8
6. INVENTORY EOP	563.2	97.7	368.4	97.1
7. INVENTORY EOP, REVALUED	418.7	85.7	260.1	72.9
A. ECONOMIC RETENTION (memo)				10.2
B. CONTINGENCY RETENTION (memo)				26.6
C. POTENTIAL DOD EXCESS (memo)				32.1
8. INVENTORY ON ORDER EOP (memo)	82.7	4.9	74.4	3.4
9. NARRATIVE:				
Other adjustments (line 5f):				
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(1.1)	(0.2)	(12.4)	11.5
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total	(1.1)	(0.2)	(12.4)	11.5

FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES
 NAVY WORKING CAPITAL FUND
 MARINE CORPS SUPPLY MANAGEMENT
Wholesale Only (BP 84 MC Managed)
 Customer Price Change
 (\$ IN MILLIONS)

Composite (BP 84)

	<u>FY2002</u>		<u>FY2003</u>		<u>FY2004</u>		<u>FY2005</u>
1. Net Sales at Cost	27.2		24.6		23.4		23.6
2. Less: Mat'l Inflation Adj.	0.4		0.5		0.5		0.5
3. Revised Net Sales	26.8		24.1		22.9		23.1
4. Surcharge (\$)	7.0		15.2		6.9		7.5
5. Change to Customers							
a. Previous Year's Surcharge (%)	27.11%		25.74%		61.79%		29.27%
b. This year's Surcharge and Material Inflation divided by line 3 above (\$)	27.61%		65.15%		32.10%		34.45%
c. Percent change to customer	0.39%		31.34%		-18.35%		4.00%

**Note: This file is linked to source files in which data is portrayed in thousands, not millions.
 Rounding differences may occur as a result.**

War Reserve Material (WRM)

Stockpile

FY2002

(\$ in millions)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	78.9	78.9	0.0
2. Price Change	0.7	0.7	0.0
3. Reclassification	79.6	79.6	0.0
Inventory Changes			
a. Receipts @ std	6.1	6.1	0.0
(1). Purchases	5.0	5.0	0.0
(2). Returns from customers	1.1	1.1	0.0
b. Issues @ std	1.1	1.1	0.0
(1). Sales	1.1	1.1	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	-15.3	-15.3	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	-15.3	-15.3	0.0
Inventory EOP	69.3	69.3	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	8.4	8.4	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	8.4	8.4	0.0

War Reserve Material (WRM)

Stockpile

FY2003

(\$ in millions)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	69.3	69.3	0.0
2. Price Change	0.9	0.9	0.0
3. Reclassification	70.2	70.2	0.0
Inventory Changes			
a. Receipts @ std	8.0	8.0	0.0
(1). Purchases	8.0	8.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	-1.9	-1.9	0.0
(1). Capitalizations	-1.7	-1.7	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	-0.2	-0.2	0.0
Inventory EOP	76.3	76.3	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	7.3	7.3	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	7.3	7.3	0.0

War Reserve Material (WRM)

Stockpile

FY2004

(\$ in millions)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	76.3	76.3	0.0
2. Price Change	1.9	1.9	0.0
3. Reclassification	78.2	78.2	0.0
Inventory Changes			
a. Receipts @ std	12.2	12.2	0.0
(1). Purchases	12.2	12.2	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	-0.2	-0.2	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	-0.2	-0.2	0.0
Inventory EOP	90.2	90.2	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	4.5	4.5	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	4.5	4.5	0.0

War Reserve Material (WRM)

Stockpile

FY2005

(\$ in millions)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	90.2	90.2	0.0
2. Price Change	1.9	1.9	0.0
3. Reclassification	92.1	92.1	0.0
Inventory Changes			
a. Receipts @ std	5.8	5.8	0.0
(1). Purchases	5.8	5.8	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	-0.2	-0.2	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	-0.2	-0.2	0.0
Inventory EOP	97.7	97.7	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	4.9	4.9	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	4.9	4.9	0.0

Fund-9a		Activity Group Capital Investment Summary Marine Corps Supply Management Activity Group February 2003 (\$ in Millions)				February 2003	
Line Number	Item Description	FY2003		FY2004		FY2005	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1a	Non-ADP Equipment <i>(List here)</i>						
	Subtotal Equipment	0.0	0.0	0.0	0.0	0.0	0.0
1b	Non-ADP Equipment <i>(List here)</i>						
	Subtotal Equipment	0.0	0.0	0.0	0.0	0.0	0.0
2a	Minor Construction <i>(List here)</i>						
	Subtotal Minor Const	0.0	0.0	0.0	0.0	0.0	0.0
3a	ADP Equipment <i>(List here)</i>						
	Subtotal ADP Equipment	0.0	0.0	0.0	0.0	0.0	0.0
3b	ADP Equipment <i>(List here)</i>						
	Subtotal ADP Equipment	0.0	0.0	0.0	0.0	0.0	0.0
4a	Telecommunications Equip <i>(List here)</i>						
	Subtotal Telecomm Equip	0.0	0.0	0.0	0.0	0.0	0.0
4b	Off the Shelf Software <i>(List here)</i>						
	Subtotal Off the Shelf	0.0	0.0	0.0	0.0	0.0	0.0
6c	Central Design Activity <i>(List here)</i>						
	Subtotal CDA	0.0	0.0	0.0	0.0	0.0	0.0
GRAND TOTAL CAPITAL PURCHASE PROGRAM		0.0	0.0	0.0	0.0	0.0	0.0

MARINE CORPS SUPPLY MANAGEMENT ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES					
B. Marine Corps Supply Management				C. Line No.			D. MC Supply					
Element of Cost	FY2002			FY2003			FY2004			FY2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL			0.0			0.0			0.0			0.0

Narrative Justification:

CAPITAL INVESTMENT AND FINANCING SUMMARY
Marine Corps Supply Management ACTIVITY GROUP
FISCAL YEAR (FY) 2004/2005 BIENNIAL BUDGET ESTIMATES
(\$ in Thousands)

Category: SUMMARY

	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>Outyears</u>	<u>TOTAL PROGRAM</u>
Program Year Authority					0
Program Year Obs (\$/%)					
FY2003					0
FY2004					0
FY2005					0
Outyears					0
Total by FY	0	0	0	0	0
Program Year Outlays (\$/%)					
FY2003					0
FY2004					0
FY2005					0
Outyears					0
Total by FY	0	0	0	0	0
Program Year Unobligated Balance					
FY2003					0
FY2004					0
FY2005					0
Total by FY	0	0	0	0	0
Program Year Unexpended Obligations					
FY2003					0
FY2004					0
FY2005					0
Total by FY	0	0	0	0	0