

DEPARTMENT OF THE NAVY  
FISCAL YEAR (FY) 2013  
BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES  
FEBRUARY 2012

NAVY WORKING CAPITAL FUND

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## **NAVY WORKING CAPITAL FUND (NWCF)**

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The NWCF is a revolving fund that finances Department of the Navy (DON) activities providing products and services on a reimbursable basis, based on a customer-provider relationship between operating units and NWCF support organizations. Customers send funded orders to the NWCF providers who furnish the services or products, pay for incurred expenses, and bill the customers, who in turn authorize payment. Unlike for-profit commercial businesses, NWCF activities strive to break even over the budget cycle.

NWCF activity groups comprise five primary areas: Supply Management, Depot Maintenance, Research and Development, Base Support and Transportation. The wide range of goods and services provided by NWCF activities are crucial to the DON's conventional and irregular warfare capabilities as well as its ongoing roles in Overseas Contingency Operations (OCO). The value of goods and services provided by NWCF activities in FY 2013 is projected to be approximately \$29 billion.

The FY 2013 budget estimates build on savings initiatives implemented in FY 2012 and incorporate additional business process improvements such as data center consolidation, whereby the Navy will reduce the number of data centers, thereby eliminating redundant and underutilized resources. The cumulative effect of all cost saving reductions through FY 2013 is approximately \$320 million.

### **Supply Management**

Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, repairables, and consumables to a wide variety of customers. A key component of the logistics capability area, Supply Management is the central element assuring DON and Department of Defense (DoD) operating forces and their equipment have the necessary supplies, spare parts, and components to conduct OCO engagements, various types of training, and any potential contingency. Ensuring the right material is provided at the proper place, time, and cost is vital to equipping and sustaining Navy and Marine Corps warfighting units. Supply Management also supports contracting, resale, transportation, food service, and other quality of life programs. Costs



related to supplying material to customers are recouped through stabilized rate recovery elements.

FY 2013 budget estimates reflect the impact of a number of cost and overhead reduction initiatives such as the reduction of supply related information technology and inventory costs through the use of Navy Enterprise Resource Planning (ERP). Further, during this period, changes and emergent requirements in the F/A-18 program necessitated adjustments in the Navy Supply budget estimates. Revised projections are driven primarily by pipeline optimization for high-priority repairables, Flight Control Surface life limit reductions, and Outer Wing Panels' revised inspection criteria for stress corrosion cracking. Both Navy and Marine Corps Supply budget estimates balance cost reduction efforts with global operational requirements, while accounting for lead time and OPTEMPO in support of warfighting units.

### **Depot Maintenance**

The Fleet Readiness Centers (FRCs) and Marine Corps Depots perform depot maintenance functions to ensure repair, overhaul, and timely updates of the right types and quantities of weapons systems and support equipment. As a result, deployed and soon-to-deploy units have the battle-ready items they need to fight and win ongoing OCO engagements and potential confrontations. Forward-deployed individuals perform time-critical repair and upgrade functions in-theater, alongside the service members they support.



The FRCs are essential for mobilization; repair of aircraft, engines, and components; and the manufacture of parts and assemblies. They provide engineering services in the development of hardware design changes and furnish technical and other professional services on maintenance and logistics issues. The FRCs overhaul and repair a wide range of equipment and components. Contractors are used to supplement the organic workforce during workload peaks.

Workload related to the OCO efforts at the Marine Corps Depots includes repairs and upgrades to vehicles in-theater as well as at the depots. Current workload projections include the repair of combat-damaged equipment and weapons

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systems returning from Operation Enduring Freedom (OEF) as well as armor and ballistic protection upgrades and repairs to counterintelligence equipment. A Marine Corps validation of vehicle maintenance requirements resulted in a decrease in projected workload in FY 2013. The impacts of the changing force levels associated with OCO continue to develop and will have an impact on depot maintenance operations.

### **Research and Development**

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



Certain R&D activities support logistics through the repair and maintenance of select items of operating forces weapons and equipment. This is done in those instances in which the work is limited in scope, irregular in schedule and/or very specialized (and therefore not sufficient to warrant fully dedicated depot facilities or commercial source interest). Success in the logistics area is vital to ensuring the necessary mission capabilities of the operating forces. Workload at R&D activities remains robust and relatively constant between FY 2011 and FY 2013, at approximately \$13 billion annually.

- Space and Naval Warfare System Centers (SSCs) provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of systems that connect different platforms.
- Naval Air Warfare Center provides support for carrier and land-based aircraft, engines, avionics, aircraft support systems and ship/shore/air operations.

- Naval Surface Warfare Center provides fleet support for hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.
- Naval Undersea Warfare Center provides fleet support for submarines, autonomous underwater systems, and offensive and defensive systems associated with undersea warfare.
- Naval Research Laboratory operates as the DON's full spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems, and ocean, atmospheric, and space sciences and related technologies.

### **Base Support**

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

The FECs provide a broad range of services in the force support area by ensuring that DON and DoD facilities and installations have reliable access to utilities services such as electricity, water, steam and natural gas, vehicle and equipment services, facility support contracting oversight, and building/facilities sustainment and recapitalization services. In order to achieve facility energy and utility distribution system efficiencies and reduce the DON's overall energy consumption levels, the FECs will continue to implement steam plant production and distribution improvements, chiller plant replacements with high efficiency systems, and installation of network wide digital control and monitoring systems. NFESC is a DON-wide technical center delivering quality products and services in energy and utilities, amphibious and expeditionary systems, environment and shore, and ocean and waterfront facilities. In addition, energy efficiency improvements in both buildings and support vehicles are being implemented by Base Support activities in order to conserve DON and DoD resources. Facility-related technology development and environmental testing is also performed by this group.

### **Transportation**

While over-ocean movement of supplies and provisions to the operating forces is a primary focus of this group, it also maintains prepositioned equipment and supplies as well as other special mission services.

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Transportation is the responsibility of the Military Sealift Command (MSC) whose major clients include the fleets, Naval Sea Systems Command, and Space and Naval Warfare Systems Command. The five programs budgeted by MSC through the NWCF are: 1) Combat Logistics Force, which provides support using civilian mariner manned non-combatant ships for underway material support; 2) Service Support, which provides support using civilian mariner manned non-combatant ships with towing, rescue and salvage, submarine support and cable laying and repair services, as well as a command and control platform and floating medical facilities; 3) Special Mission Ships, which provide unique seagoing contract-operated platforms in the areas of oceanographic and hydrographic surveys, underwater surveillance, missile tracking, acoustic surveys, and submarine and special warfare support and contracted harbor tugs; 4) Afloat Prepositioning Force Navy, which deploys advance material for strategic lift in support of the Marine Expeditionary Forces; and 5) Joint High Speed Vessels (JHSV), which is a cooperative effort for a high-speed, shallow draft vessel intended for rapid intra-theater transport of medium sized cargo payloads.



Activation changes in FY 2013 are for three JHSV and one T-AGM.

### **NWCF Cash**

The DON's goal is to maintain the cash balance in the seven to ten day range based on the average daily expenditure rate for two fiscal years plus a six month projection of outlays to procure capital investments. The cash forecast of collections and disbursements considers cyclical timing (e.g., payroll disbursements based on payroll periods, timing of major disbursements including capital purchases, vendor payments within and outside government, long lead contract accruals, and transfers if known). The NWCF cash balance fluctuates primarily from the return of excess accumulated operating results for prior year gains/losses and the transition to Navy ERP.



	(Dollars in millions)		
<u>New Orders</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Supply - Navy	6,715.8	6,008.7	6,130.7
Supply - Marine Corps	172.3	155.4	147.4
Depot Maintenance - Ships	NA	NA	NA
Depot Maintenance - Aircraft	2,332.1	2,093.0	2,113.1
Depot Maintenance - Marine Corps	608.8	318.1	294.2
R&D - Air Warfare Center	4,415.5	4,353.8	4,330.2
R&D - Surface Warfare Center	4,417.2	4,035.0	4,008.1
R&D - Undersea Warfare Center	1,222.2	1,238.0	1,296.7
R&D - SPAWAR Systems Center	2,614.4	2,525.4	2,523.7
R&D - Naval Research Laboratory	727.6	712.6	715.2
Transportation - MSC	2,697.4	2,736.1	2,946.9
Base Support - FECs	2,995.8	2,982.7	3,141.9
Base Support - NFESC	84.8	102.7	106.2
<b>Totals</b>	<b>29,003.8</b>	<b>27,261.6</b>	<b>27,754.3</b>

	(Dollars in millions)		
<u>Revenue</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Supply - Navy	6,349.8	6,554.1	6,626.6
Supply - Marine Corps	158.6	158.1	146.9
Depot Maintenance - Ships	8.8	0.0	0.0
Depot Maintenance - Aircraft	2,169.7	2,204.3	2,161.5
Depot Maintenance - Marine Corps	638.0	512.3	325.0
R&D - Air Warfare Center	4,282.3	4,376.3	4,511.6
R&D - Surface Warfare Center	4,317.2	3,990.2	4,056.9
R&D - Undersea Warfare Center	1,177.1	1,245.6	1,260.2
R&D - SPAWAR Systems Center	2,577.3	2,611.3	2,618.3
R&D - Naval Research Laboratory	703.1	707.2	716.1
Transportation - MSC	2,718.5	2,736.1	2,946.9
Base Support - FECs	2,975.4	2,989.6	3,210.8
Base Support - NFESC	86.5	104.9	105.9
<b>Totals</b>	<b>28,162.3</b>	<b>28,190.1</b>	<b>28,686.7</b>





**Cost of Goods Sold:** (Operating)

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

<b><u>Operating Costs</u></b>	<b>(Dollars in millions)</b>		
	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Supply - Navy	6,528.5	6,910.6	6,806.6
Supply - Marine Corps	158.5	147.3	144.1
Depot Maintenance - Ships	6.6	0.0	0.0
Depot Maintenance - Aircraft	2,126.1	2,217.1	2,154.3
Depot Maintenance - Marine Corps	623.0	501.8	345.7
R&D - Air Warfare Center	4,258.8	4,430.3	4,510.4
R&D - Surface Warfare Center	4,289.6	4,114.6	4,091.7
R&D - Undersea Warfare Center	1,175.5	1,260.9	1,260.4
R&D - SPAWAR Systems Center	2,617.4	2,609.5	2,625.5
R&D - Naval Research Laboratory	689.8	721.2	727.9
Transportation - MSC	2,764.9	2,910.9	2,827.4
Base Support - FECs	2,987.7	3,021.2	3,065.3
Base Support - NFESC	85.9	105.1	105.6
<b>Totals</b>	<b>28,312.2</b>	<b>28,950.5</b>	<b>28,664.9</b>

**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)		
<b><u>Net Operating Results</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Supply - Navy	208.5	15.2	-60.8
Supply - Marine Corps	9.1	4.4	1.4
Depot Maintenance - Ships	2.2	0.0	0.0
Depot Maintenance - Aircraft	43.6	-12.8	7.2
Depot Maintenance - Marine Corps	9.1	4.5	-23.3
R&D - Air Warfare Center	23.5	-54.0	1.3
R&D - Surface Warfare Center	27.6	-124.4	-34.8
R&D - Undersea Warfare Center	1.6	-15.3	-0.1
R&D - SPAWAR Systems Center	-46.1	-3.0	-8.9
R&D - Naval Research Laboratory	11.2	-13.9	-11.8
Transportation - MSC	-46.4	-174.7	103.2
Base Support - FECs	-12.3	-31.6	145.5
Base Support - NFESC	0.6	-0.3	0.3
<b>Totals</b>	<b>232.1</b>	<b>-405.9</b>	<b>119.0</b>

	(Dollars in millions)		
<b><u>Accumulated Operating Results</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Supply - Navy	45.7	60.8	0.0
Supply - Marine Corps	7.1	11.5	0.0
Depot Maintenance - Ships	36.7	0.0	0.0
Depot Maintenance - Aircraft	5.5	-7.2	0.0
Depot Maintenance - Marine Corps	18.8	23.3	0.0
R&D - Air Warfare Center	52.7	-1.3	0.0
R&D - Surface Warfare Center	159.2	34.8	0.0
R&D - Undersea Warfare Center	15.4	0.1	0.0
R&D - SPAWAR Systems Center	11.9	8.9	0.0
R&D - Naval Research Laboratory	25.8	11.8	0.0
Transportation - MSC	71.6	-103.2	0.0
Base Support - FECs	-113.8	-145.5	0.0
Base Support - NFESC	0.0	-0.3	0.0
<b>Totals</b>	<b>336.6</b>	<b>-106.3</b>	<b>0.0</b>

**Workload:**

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

<b><u>Workload</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Supply - Navy	2.9%	2.2%
Supply - Marine Corps	-10.5%	-6.6%
Depot Maintenance - Ships	na	na
Depot Maintenance - Aircraft	-3.2%	-1.4%
Depot Maintenance - Marine Corps	-18.7%	-36.9%
R&D - Air Warfare Center	0.3%	0.2%
R&D - Surface Warfare Center	-1.7%	-0.9%
R&D - Undersea Warfare Center	10.8%	0.1%
R&D - SPAWAR Systems Center	0.0%	1.1%
R&D - Naval Research Laboratory	-1.4%	2.2%
Transportation - MSC	-21.6%	-4.7%
Base Support - FECs	1.1%	1.5%
Base Support - NFESC	-5.9%	0.5%



(Dollars in millions)

<u>Treasury Cash</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<b>Beginning Cash Balance</b>	<b>992.7</b>	<b>1,247.8</b>	<b>1,171.8</b>
Collections	28,555.3	28,556.2	28,438.9
Disbursements	28,300.2	28,697.4	28,406.7
Fuel Supplemental	0.0	0.0	0.0
Consumable Item Transfer	0.0	65.2	0.0
<b>Ending Cash Balance</b>	<b>1,247.8</b>	<b>1,171.8</b>	<b>1,204.0</b>



**Customer Rate Changes:**

Approved composite rate changes from FY 2010 to FY 2011 and from FY 2011 to FY 2012 are displayed below. Composite rate changes from FY 2012 to FY 2013 (designed to achieve an accumulated operating result of zero) are as follows:

<u>Customer Rate Change</u>	<u>(Percent Change)</u>		
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Supply:			
Navy - Aviation Consumables	-2.6%	3.6%	-4.2%
Navy - Shipboard Consumables	4.2%	-2.2%	1.0%
Navy - Aviation Repairables	3.7%	1.0%	3.4%
Navy - Shipboard Repairables	4.2%	-2.2%	1.0%
MARCORPS Repairables	5.6%	-4.6%	-2.9%
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	0.4%	0.0%	0.2%
Depot Maintenance - Marine Corps	-3.1%	-5.4%	3.1%
R&D - Air Warfare Center	1.3%	-2.0%	2.5%
R&D - Surface Warfare Center	2.4%	-3.6%	2.8%
R&D - Undersea Warfare Center	3.2%	-2.9%	1.3%
R&D - SPAWAR Systems Center	-2.1%	2.0%	1.6%
R&D - Naval Research Laboratory	3.9%	0.6%	0.4%
Transportation - MSC			
Fleet Auxiliary	7.5%	3.1%	11.7%
Special Mission Ships	6.0%	91.1%	17.2%
Afloat Prepositioning Ships	8.6%	17.2%	-17.5%
Joint High Speed Vessels	na	na	-6.4%
Base Support - FECs			
East Coast Utilities	8.5%	-0.8%	10.4%
East Coast - Other	2.0%	1.8%	1.8%
West Coast Utilities	12.1%	1.8%	13.8%
West Coast - Other	1.2%	1.8%	1.8%
Base Support - NFESC	1.8%	-0.3%	1.3%

**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.

<b>Unit Cost</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Supply - Navy (cost per unit of sales <sup>1</sup> ):			
Wholesale	\$1.050	\$1.070	\$1.034
Retail	\$0.954	\$1.001	\$1.001
Supply - Marine Corps (cost per unit of sales <sup>1</sup> ):			
Wholesale	\$0.985	\$0.909	\$0.971
Retail	\$0.978	\$0.959	\$0.978
Depot Maintenance - Ships (\$/Direct Labor Hour <sup>2</sup> )	na	na	na
Depot Maintenance - Aircraft (\$/Direct Labor Hour)	\$184.17	\$198.87	\$194.18
Depot Maintenance - Marine Corps (\$/Direct Labor Hour)	\$121.39	\$119.59	\$130.60
R&D - Air Warfare Center (\$/Direct Labor Hour <sup>2</sup> )	\$97.93	\$92.16	\$92.86
R&D - Surface Warfare Center (\$/Direct Labor Hour <sup>2</sup> )	\$101.25	\$100.39	\$99.85
R&D - Undersea Warfare Center (\$/Direct Labor Hour <sup>2</sup> )	\$104.81	\$100.77	\$99.43
R&D - SPAWAR Systems Center (\$/Direct Labor Hour <sup>2</sup> )	\$104.75	\$104.03	\$105.25
R&D - Naval Research Laboratory (\$/Direct Labor Hour <sup>2</sup> )	\$140.61	\$149.31	\$146.65
Transportation - MSC			
Fleet Auxiliary (\$/day)	\$107,755	\$114,782	\$111,267
Special Mission Ships (\$/day)	\$26,537	\$53,972	\$57,576
Afloat Prepositioning Ships (\$/day)	\$67,460	\$77,893	\$65,374
Joint High Speed Vehicles	na	na	\$59,452
Base Support - FECs Cost of Services	Various	Various	Various
Base Support - NFESC (\$/direct Labor Hour <sup>2</sup> )	\$98.19	\$103.36	\$97.98

<sup>1</sup> excludes inventory augmentation and war reserve material obligations

<sup>2</sup> includes direct labor plus overhead costs

**Staffing:**

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

<b><u>Civilian End Strength</u></b>	<b>(Strength in Whole Numbers)</b>		
	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Supply - Navy	6,750	6,984	7,009
Supply - Marine Corps	22	27	27
Depot Maintenance - Ships	NA	NA	NA
Depot Maintenance - Aircraft	8,901	8,850	8,849
Depot Maintenance - Marine Corps	2,313	2,280	1,803
R&D - Air Warfare Center	13,065	13,044	13,044
R&D - Surface Warfare Center	16,181	15,473	15,485
R&D - Undersea Warfare Center	4,290	4,726	4,727
R&D - SPAWAR Systems Center	7,240	7,326	7,375
R&D - Naval Research Laboratory	2,513	2,550	2,550
Transportation - MSC	6,617	6,374	6,513
Base Support - FECs	9,901	9,989	10,044
Base Support - NFESC	402	402	402
<b>Totals</b>	<b>78,195</b>	<b>78,025</b>	<b>77,828</b>

<b><u>Civilian Workyears</u></b>	<b>(Workyears in Whole Numbers)</b>		
	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Supply - Navy	6,799	6,962	6,984
Supply - Marine Corps	24	27	27
Depot Maintenance - Ships	NA	NA	NA
Depot Maintenance - Aircraft	8,964	8,907	8,854
Depot Maintenance - Marine Corps	2,360	2,290	1,854
R&D - Air Warfare Center	12,927	12,974	12,976
R&D - Surface Warfare Center	15,772	15,550	15,317
R&D - Undersea Warfare Center	4,246	4,675	4,653
R&D - SPAWAR Systems Center	7,119	7,181	7,249
R&D - Naval Research Laboratory	2,410	2,440	2,440
Transportation - MSC	8,839	8,460	8,499
Base Support - FECs	9,734	9,852	9,879
Base Support - NFESC	404	399	399
<b>Totals</b>	<b>79,598</b>	<b>79,717</b>	<b>79,131</b>



## (Strength in Whole Numbers)

<b><u>Military End Strength</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Supply - Navy	364	364	364
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	NA	NA	NA
Depot Maintenance - Aircraft	111	120	121
Depot Maintenance - Marine Corps	13	12	13
R&D - Air Warfare Center	198	241	235
R&D - Surface Warfare Center	226	178	176
R&D - Undersea Warfare Center	40	39	39
R&D - SPAWAR Systems Center	79	77	76
R&D - Naval Research Laboratory	61	58	59
Transportation - MSC	385	365	181
Base Support - FECs	78	78	78
Base Support - NFESC	3	3	3
<b>Totals</b>	<b>1,558</b>	<b>1,535</b>	<b>1,345</b>

## (Workyears in Whole Numbers)

<b><u>Military Workyears</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Supply - Navy	364	364	364
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	NA	NA	NA
Depot Maintenance - Aircraft	102	120	120
Depot Maintenance - Marine Corps	5	12	13
R&D - Air Warfare Center	177	167	162
R&D - Surface Warfare Center	205	181	176
R&D - Undersea Warfare Center	38	37	37
R&D - SPAWAR Systems Center	74	77	76
R&D - Naval Research Laboratory	63	58	59
Transportation - MSC	397	354	181
Base Support - FECs	78	78	78
Base Support - NFESC	3	3	3
<b>Totals</b>	<b>1,506</b>	<b>1,451</b>	<b>1,269</b>





**Performance Budgeting.** The NWCF utilizes a wide range of cascading performance information in support of a broad spectrum of financial and program performance metrics employed in the Department of Defense. By its very nature as a revolving fund, the NWCF budget can be viewed as a performance budget that routinely identifies the full cost of specific business activity (such as Fleet Readiness Centers or Supply Management) including identification of all financing sources to meet customer driven workload. As such, performance indicators (financial and programmatic) listed throughout the NWCF justification book, as well as the myriad of performance information contained in the various appropriation justification books, support DoD strategic goals and performance measures. Key financial/program indicators include: Net Operating Results (NOR), Accumulated Operating Results (AOR), Sources of Revenue, NWCF Cash, Manpower Staffing, Unit Cost, Cost of Goods Sold, and Capital Investment Program.

Department of Defense Strategic goals					
	#1: Prevail in today's wars	#2: Prevent and deter conflict	#3: Prepare to defeat adversaries and succeed in a wide range of contingencies	#4: Preserve and enhance the all volunteer force	#5: Reform the business and support functions of the defense enterprise
Depot Maintenance	Repair, overhaul, and maintain: aircraft, engines, components, combat vehicles, and other equipment primarily for DoN, DOD, and other federal customers.				
Research & Development	Provide full spectrum Research, Development, Acquisition, Test, and Evaluation support primarily for DoN, DOD, and other federal customers. Includes in-service engineering for and technical support of: aircraft & weapons systems; surface and undersea warfare combat systems; ordnance / mine systems; energetics systems; sonar systems; and command, control, and communications systems. Provide test range assessments and conduct scientific research and development projects.				
Transportation	Provide sealift services and support primarily to DoN, DoD, and other federal customers.				
Base Support	Provide quality public works services and technical support primarily to DoN, DoD, and other federal customers. Includes: utilities services, facilities sustainment, transportation support, engineering/design/construction support, and environmental services.				
Supply	Perform inventory management functions resulting in the sale of aviation and shipboard components as well as other consumable items primarily to DoN, DOD, and other federal customers.				



(Dollars in Millions)

<u>Capital Purchase Program</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Supply - Navy	6.9	6.3	4.3
Supply - Marine Corps	0.0	0.0	0.0
Depot Maintenance - Ships	NA	NA	NA
Depot Maintenance - Aircraft	40.6	45.5	41.6
Depot Maintenance - Marine Corps	10.5	10.9	10.4
R&D - Air Warfare Center	38.0	42.2	45.3
R&D - Surface Warfare Center	40.6	35.3	34.1
R&D - Undersea Warfare Center	17.9	17.0	15.9
R&D - SPAWAR Systems Center	16.5	13.5	10.8
R&D - Naval Research Laboratory	12.9	13.7	16.4
Transportation - MSC	12.1	20.2	22.5
Base Support - FECs	16.4	21.9	17.5
Base Support - NFESC	0.0	0.0	0.0
<b>Totals</b>	<b>212.5</b>	<b>226.5</b>	<b>219.0</b>
Equipment (Non-ADPE/Telecom)	110.1	104.4	121.7
ADPE and Telecommunications Equi	34.6	38.5	45.7
Software Development	18.0	16.7	16.4
Minor Construction	49.8	66.9	35.1
<b>Totals</b>	<b>212.5</b>	<b>226.5</b>	<b>219.0</b>



**Six Percent Capital Investment Plan**  
**Department of the Navy**  
**Navy Working Capital Fund**  
**Fiscal Year (FY) 2013 Budget Estimate**  
**February 2012**  
**\$ in Millions**

	<u>Revenue 3-Year Average</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	08-10	09-11	10-12	FY 2011	FY 2012	FY 2013	FY 2011	FY 2012	FY 2013
<b>Revenue</b>							6%	6%	6%
<b>Working Capital Fund</b>	2,707.0	2,769.6	2,758.4	105.3	184.3	108.9			
Appropriations	0.0	0.0	0.0						
<b>Total Revenue</b>	2,707.0	2,769.6	2,758.4				162.4	166.1	165.5
<b>Working Capital Fund Depot Maintenance Investment</b>									
<b>Facilities Restoration, and Modernization</b>				38.7	21.2	17.1			
<b>Equipment</b>				12.2	15.6	12.5			
Equip purchase by Depots < Exp/Invest Threshold				12.2	15.6	12.5			
Equip purchase by Other Orgs < Exp/Invest Threshold				0.0	0.0	0.0			
Equip purchase by Other Orgs >Exp/Invest Threshold				0.0	0.0	0.0			
<b>Capital Investment Program</b>				51.1	56.4	52.0			
<b>Productivity Enhancements</b>				<u>0.0</u>	<u>0.0</u>	<u>0.0</u>			
<b>Total WCF Investment</b>				102.0	93.2	81.6			
<b>Appropriated Funding</b>									
<b>Facilities Restoration and Modernization</b>				0.0	0.0	0.0			
<b>Equipment</b>				3.3	3.3	27.3			
Equip purchase by Depots < Exp/Invest Threshold				0.0	0.0	0.0			
Equip purchase by Other Orgs < Exp/Invest Threshold				3.3	3.3	3.3			
Equip purchase by Other Orgs >Exp/Invest Threshold				0.0	0.0	24.0			
<b>Capital Investment Program</b>				0.0	0.0	0.0			
<b>Productivity Enhancements</b>				0.0	0.0	0.0			
<b>Military Construction (MILCON)</b>				0.0	87.8	0.0			
<b>Total Appropriated Funding</b>				<u>3.3</u>	<u>91.1</u>	<u>27.3</u>			
<b>Component Total</b>				105.3	184.3	108.9			
							<b>Budget Minus Six Percent of</b>		
							<b><u>Revenue Difference</u></b>		
							-57.1	18.2	-56.6

The table above reflects data for two NWCF activity groups: the Fleet Readiness Centers and the Marine Corps Depots. The six percent threshold is applicable at the Department of the Navy level, to include both NWCF and appropriated fund (shipyard) activities. This exhibit has been modified to conform with the provisions of 10 USC 2476 as it was amended by Section 325 of the FY 2012 National Defense Authorization Act (NDAA) to remove sustainment costs for facilities, infrastructure and equipment (10 USC 2476 (b)). The Department was unable to modify other elements of the Fund-6 exhibit or alter the depot investment levels in the FY 2013 President's Budget to reflect the impact of other provisions of Section 325 on 10 USC 2476 because of the timeframe for enactment of the NDAA.

**Six Percent Capital Investment Plan with Sustainment**  
**Department of the Navy**  
**Navy Working Capital Fund**  
**Fiscal Year (FY) 2013 Budget Estimate**  
**February 2012**  
**\$ in Millions**

	<u>Revenue 3-Year Average</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	08-10	09-11	10-12	FY 2011	FY 2012	FY 2013	FY 2011	FY 2012	FY 2013
<b>Revenue</b>							6%	6%	6%
<b>Working Capital Fund</b>	2,707.0	2,769.6	2,758.4	125.7	207.6	128.9			
Appropriations	0.0	0.0	0.0						
<b>Total Revenue</b>	2,707.0	2,769.6	2,758.4				162.4	166.1	165.5
<b>Working Capital Fund Depot Maintenance Investment</b>									
<b>Facilities Sustainment, Restoration and Modernization</b>				59.1	44.5	37.1			
<b>Equipment</b>				12.2	15.6	12.5			
Equip purchase by Depots < Exp/Invest Threshold				12.2	15.6	12.5			
Equip purchase by Other Orgs < Exp/Invest Threshold				0.0	0.0	0.0			
Equip purchase by Other Orgs >Exp/Invest Threshold				0.0	0.0	0.0			
<b>Capital Investment Program</b>				51.1	56.4	52.0			
<b>Productivity Enhancements</b>				<u>0.0</u>	<u>0.0</u>	<u>0.0</u>			
<b>Total WCF Investment</b>				122.4	116.5	101.6			
<b>Appropriated Funding</b>									
<b>Facilities Sustainment, Restoration, and Modernization</b>				0.0	0.0	0.0			
<b>Equipment</b>				3.3	3.3	27.3			
Equip purchase by Depots < Exp/Invest Threshold				0.0	0.0	0.0			
Equip purchase by Other Orgs < Exp/Invest Threshold				3.3	3.3	3.3			
Equip purchase by Other Orgs >Exp/Invest Threshold				0.0	0.0	24.0			
<b>Capital Investment Program</b>				0.0	0.0	0.0			
<b>Productivity Enhancements</b>				0.0	0.0	0.0			
<b>Military Construction (MILCON)</b>				0.0	87.8	0.0			
<b>Total Appropriated Funding</b>				<u>3.3</u>	<u>91.1</u>	<u>27.3</u>			
<b>Component Total</b>				125.7	207.6	128.9			
							<b>Budget Minus Six Percent of</b>		
							<b><u>Revenue Difference</u></b>		
							-36.7	41.5	-36.6

The table above reflects data for two NWCF activity groups: the Fleet Readiness Centers and the Marine Corps Depots. The six percent threshold is applicable at the Department of the Navy level, to include both NWCF and appropriated fund (shipyard) activities. This exhibit has been prepared in conformance with the provisions of 10 USC 2476 prior to the enactment of the FY 2012 National Defense Authorization Act and is meant to show the Department's intention was to fund depot investments at or above the levels required in that statute during development of the FY 2013 President's Budget.

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**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
DEPOT MAINTENANCE  
FLEET READINESS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**ACTIVITY GROUP FUNCTION**

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

**ACTIVITY GROUP COMPOSITION**

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

**BUDGET HIGHLIGHTS**

**Significant Changes Since the FY 2012 President's Budget:**

There are no significant changes within the activity group composition since the FY 2012 President's Budget.

**Cost Reductions**

The FRCs' FY 2013 budget estimates reflect the impact of a number of efforts to reduce overhead costs and other cost reductions to include: enhancing current production management system to further synchronize production efforts with critical production schedule; streamlining project and resource management structures; IT data and process standardization. The impact of these efforts on current budget estimates is an annual cost reduction of approximately \$25M in FY 2013.

**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**DEPOT MAINTENANCE**  
**FLEET READINESS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

**Summary of Operations – Fleet Readiness Centers**

(\$ in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Orders	2,332.1	2,093.0	2,113.1
Revenue	2,169.7	2,204.3	2,161.5
Cost of Goods and Services	2,126.1	2,217.1	2,154.3
Other Changes Affecting NOR	0	0	0
Net Operating Result (NOR)	43.6	-12.8	7.2
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result (AOR)	5.5	-7.2	0

**Orders-** New Reimbursable Orders for FY 2011 were higher than expected due to significant crash damaged aircraft repair inductions and additional receipt of Overseas Contingency Operations related workload. FY 2012 and FY2013 new reimbursable orders estimates are relatively stable.

**Revenue-** Revenue for FY 2011, FY 2012, and FY 2013 is relatively stable and consistent with updated estimates of new reimbursable orders.

**Cost of Goods & Services Sold-** Cost of Goods and Services Sold in FY 2011, FY 2012, and FY 2013 is relatively stable and is consistent with updated estimates of new reimbursable orders and revenue.

**Net Operating Results-** Revenue less cost of goods and services sold for FY 2011, FY 2012, and FY 2013 is \$43.6M, -\$12.8M, and \$7.2M, respectively. FY 2011 NOR is positively impacted by Airframes and Engines OCO workload and F414 material pricing recovery of prior year losses. FY 2012 NOR is impacted by workload reductions in Other Support, Logistics/Engineering, and Modifications.

**Treasury Cash-** Net outlays are -\$35.8M in FY 2011, \$4.4M in FY 2012, and -\$26.8M in FY 2013.

(\$ in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Disbursements	\$2,135.7	\$2,199.6	\$2,125.7
Collections	\$2,171.5	\$2,195.2	\$2,152.5
Net Outlays	-\$35.8	\$4.4	-\$26.8



**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
DEPOT MAINTENANCE  
FLEET READINESS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Stabilized Customer Rates-**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Composite Hourly Rate	\$192.93	\$192.92	\$193.26
Percent Year to Year Change		-0.0%	0.2%

The FY 2013 Composite Hourly Rate reflects an increase of \$0.34 from FY 2012. The rate changes incorporate adjustments in direct workload, as well as overhead adjustments in support of cost reductions and direct efforts.

**Unit Cost Goals.** The budget reflects the following FY 2011-2013 unit cost goals:  
(\$ and DLHs in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Total Operating Cost	\$2,121.45	\$2,218.43	\$2,136.36
Direct Labor Hours (DLH)	11.519	11.155	11.002
Unit Cost	\$184.17	\$198.87	\$194.18
% Change Workload/DLHs		-3.2%	-1.4%
% Change Unit Cost		8.0%	-2.4%

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

**SUMMARY OF PERSONNEL RESOURCES**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Civilian Personnel:			
End Strength	8,901	8,850	8,849
Full Time Equivalent (FTE) Workyears	8,964	8,906	8,853
Military Personnel:			
End Strength	111	120	121
Workyears	102	120	120
Contractor Personnel:			
Workyears	979	1,323	1,339

The FRC budget reflects civilian workforce levels necessary to accommodate firm workload requirements without the use of excessive overtime. Contractor personnel are used by the FRCs to support perturbations in workload. This submission reflects reductions in civilian end strength commensurate with the cost reduction measures being taken by the FRCs. The military workforce levels are projected to be stable.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
DEPOT MAINTENANCE  
FLEET READINESS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**SUMMARY OF WORKLOAD INDICATORS:**

(Inducted Units)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<b>AIRFRAMES</b>	<b>524</b>	<b>418</b>	<b>404</b>
O&M,N	464	357	357
O&M,NR	44	34	17
RDT&E	10	16	19
Other	6	11	11
<b>ENGINES</b>	<b>1,788</b>	<b>1,767</b>	<b>1,718</b>
O&M,N	1,694	1,681	1,692
O&M,NR	19	12	9
RDT&E	13	12	12
Other	62	62	5

**PERFORMANCE INDICATORS:**

(Units)

	<u>Goal</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Aircraft Completed		537	444	442
Aircraft Completed on Time		483	400	398
% Scheduled Work Completed on Time	90%	90%	90%	90%
Components Completed		46,604	45,967	45,967
Components Completed on Time		44,274	43,669	43,669
% Scheduled Work Completed on Time	95%	95%	95%	95%
Engines Completed		1,691	1,542	1,731
Engines Completed on Time		1,556	1,419	1,593
% Scheduled Work Completed on Time	92%	92%	92%	92%

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
DEPOT MAINTENANCE  
FLEET READINESS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**CARRYOVER:**

The FRCs' FY 2011 carryover level exceeded the carryover ceiling by \$120.9M primarily due to the impact of crash damaged aircraft which require significantly more time to complete than normal workload.

FY 2012 and FY 2013 carryover is currently expected to execute within the assigned ceilings.

<u>(\$ in Millions)</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
New Orders	\$2,332.1	\$2,093.0	\$2,113.1
Less Exclusions:			
Foreign Military Sales	\$46.2	\$36.3	\$25.9
Base Realignment & Closure	\$1.0	\$0.9	\$0.9
Other Federal Depts & Agencies	\$18.9	\$1.0	\$0.8
Non-Federal & Others	\$94.1	\$107.0	\$108.4
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Orders for Carryover Calculation	\$2,171.9	\$1,947.8	\$1,977.0
Composite Outlay Rate	63.8%	63.7%	64.7%
Carryover Ceiling Rate	36.2%	36.3%	35.3%
Carryover Ceiling	\$786.8	\$707.2	\$697.8
Balance of Customer Orders at Yr End	\$1,047.4	\$936.1	\$887.6
Less Work In Process (WIP)	\$36.5	\$37.1	\$17.7
Less Exclusions:			
Foreign Military Sales	\$43.7	\$66.2	\$64.5
Base Realignment & Closure	\$0.1	\$0.2	\$0.3
Other Federal Depts & Agencies	\$27.4	\$25.0	\$24.4
Non-Federal & Others	\$31.9	\$101.5	\$115.4
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Carryover Budget	\$907.7	\$706.1	\$665.3

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
DEPOT MAINTENANCE  
FLEET READINESS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**SUMMARY OF CAPITAL INVESTMENT PROGRAM (CIP):**

(\$ in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Equipment-Non ADPE &TELECOM	33.3	39.5	35.2
Minor Construction	5.9	2.9	4.9
Equipment-ADPE &TELECOM	1.0	3.1	1.5
Software Development	0.4	0	0
Total	\$40.6	\$45.5	\$41.6

The Capital Investment Program allows the FRCs to achieve their mission by reinvesting in plant equipment and facilities.

*\*Some totals may not add due to rounding..*

**REVENUE AND EXPENSES**  
**DEPARTMENT OF THE NAVY**  
**DEPOT MAINTENANCE - FLEET READINESS CENTERS**  
**FISCAL YEAT (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue:			
Gross Sales			
Operations	2,132	2,160	2,120
Surcharges	0	0	0
Depreciation excluding Major Construction	38.1	44.7	41.4
Other Income			
Total Income	2,170	2,204	2,162
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	10.4	10	9.9
Civilian Personnel	842.4	827.4	828.2
Travel and Transportation of Personnel	20.7	22	21.5
Material & Supplies (Internal Operations)	596.5	618.9	599.9
Equipment	257.1	352.9	316.9
Other Purchases from NWCF	19.2	16.7	17.4
Transportation of Things	4	3.2	3.4
Depreciation - Capital	38.1	44.7	41.4
Printing and Reproduction	1.9	1.7	1.7
Advisory and Assistance Services	3.6	0	0
Rent, Communication & Utilities	41.7	41.7	42.7
Other Purchased Services	285.8	279.2	253.2
Total Expenses	2,122	2,218	2,136
Work in Process Adjustment	8.6	-1.3	17.9
Comp Work for Activity Retention Adjustment	-4	0	0
Cost of Goods Sold	2,126	2,217	2,154
Operating Result	43.6	-12.8	7.2
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	43.6	-12.8	7.2
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	5.5	-7.2	0

**SOURCES OF NEW ORDERS & REVENUE  
DEPARTMENT OF THE NAVY  
DEPOT MAINTENANCE - FLEET READINESS CENTERS  
FISCAL YEAT (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS**

	FY 2011 -----	FY 2012 -----	FY 2013 -----
1. New Orders	2,332.1	2,093.0	2,113.1
a. Orders from DoD Components:	1,495.0	1,291.7	1,271.7
Department of the Navy	1,462.7	1,201.2	1,246.9
O & M, Navy	1,042.6	830.8	924.8
O & M, Marine Corps	0.3	0.6	0.6
O & M, Navy Reserve	65.6	48.6	25.6
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	327.8	290.4	268.5
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0.9	0.2	0.2
Shipbuilding & Conversion, Navy	1.4	1.8	1.8
Other Procurement, Navy	1.9	0.5	0.5
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	22.1	28.3	25
Military Construction, Navy	0.1	0	0
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	1.1	1	1.1
Army Operation & Maintenance	0.7	0.5	0.5
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0.4	0.5	0.6
Army Other	0	0	0
Department of the Air Force	28.5	87.9	22.1
Air Force Operation & Maintenance	26.5	86.6	20.7
Air Force Res, Dev, Test, Eval	0.2	0.3	0.8
Air Force Procurement	1.8	1	0.6
Air Force Other	0	0	0
DOD Appropriation Accounts	2.7	1.5	1.5
Base Closure & Realignment	1	0.9	0.9
Operation & Maintenance Accounts	1.5	0.4	0.4
Res, Dev, Test & Eval Accounts	0.3	0.2	0.2
Procurement Accounts	0	0	0
Defense Emergency Relief Fund	0	0	0
DOD Other	0	0	0
b. Orders from other Fund Activity Groups	677.9	657	706.2
c. Total DoD	2,172.9	1,948.6	1,977.9
d. Other Orders:	159.2	144.4	135.2
Other Federal Agencies	18.9	1	0.8
Foreign Military Sales	46.2	36.3	25.9
Non Federal Agencies	94.1	107	108.4
2. Carry-In Orders	885	1,047.4	936.1
3. Total Gross Orders	3,217.1	3,140.4	3,049.1
a. Funded Carry-Over before Exclusions	1,047.4	936.1	887.6
b. Total Gross Sales	2,169.7	2,204.3	2,161.5
4. End of Year Work-In-Process (-)	-36.5	-37.1	-17.7
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-103.2	-192.9	-204.6
6. Net Funded Carryover	907.7	706	665.3

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

**CHANGES IN THE COSTS OF OPERATIONS**  
**DEPARTMENT OF THE NAVY**  
**DEPOT MAINTENANCE - FLEET READINESS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	<u><b>Total Cost</b></u>
FY 2011 Actual	2,121.5
FY 2012 President's Budget	2,191.8
Pricing Adjustments:	2.5
Fuel	1.4
General Inflation	1.1
Productivity Initiatives:	-14.8
Improve Business Processes	-14.8
Program Changes:	62.5
Airframes work	-0.9
Engines work	52.4
Components work	6.4
Other Support work	6.6
Modification work	2.2
Logistics/Engineering work	-4.2
Other Changes (incl Depreciation):	-23.6
Depreciation	-0.2
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	-0.9
Material	-4.1
Intrafund Purchases	-3.3
Contractual Services	-15.1
FY 2012 Current Estimate:	<b>2,218.4</b>

**CHANGES IN THE COSTS OF OPERATIONS**  
**DEPARTMENT OF THE NAVY**  
**DEPOT MAINTENANCE - FLEET READINESS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	<u><b>Total Cost</b></u>
FY 2012 Current Estimate:	<b>2,218.4</b>
Pricing Adjustments:	<b>30.4</b>
Annualization of Pay Raises	<b>0.0</b>
Civilian Personnel	0.0
Military Personnel	0.0
Pay Raise	<b>2.9</b>
Civilian Personnel	2.8
Military Personnel	0.1
Fuel Changes	-0.2
Material/Supplies/Equipment	18.4
Intrafund	4.2
Travel/Transportation	0.1
Other Purchases	5.0
Productivity Initiatives:	<b>-9.7</b>
Improve Business Processes	-8.2
IT Data and Process Standardization	-0.6
Data Center Consolidation	-0.9
Program Changes:	<b>-77.0</b>
Airframes work	-3.5
Engines work	-34.5
Components work	-30.5
Other Support work	13.1
Modification work	-7.3
Logistics/Engineering work	-14.3
Other Changes (incl Depreciation):	<b>-25.7</b>
Depreciation	-3.3
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	0.8
Material	-0.4
Intrafund Purchases	0.3
Contractual Services	-23.1
FY 2013 Estimate:	<b>2,136.4</b>



**CAPITAL INVESTMENT SUMMARY**  
**DEPARTMENT OF THE NAVY**  
**DEPOT MAINTENANCE - FLEET READINESS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	35	31.157	33	\$32.392	30	\$32.920
	- Productivity Capability	1	\$1.100	6	\$7.145	4	\$2.349
	- New Mission Capability	2	\$1.050	0	\$0.000	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
		<b>38</b>	<b>\$33.307</b>	<b>39</b>	<b>\$39.537</b>	<b>34</b>	<b>\$35.269</b>
2	ADPE and Telecom Equipment						
	- Computer Hardware (Production)	0	\$0.000	0	\$0.000	0	\$0.000
	- Computer Software (Operating)	2	\$1.025	1	\$0.360	0	\$0.000
	- Telecommunications	1	\$0.025	0	\$0.000	0	\$0.000
	- Oth Computer & Telecom Spt Equip	0	\$0.000	2	\$2.700	1	\$1.500
		<b>3</b>	<b>\$1.050</b>	<b>3</b>	<b>\$3.060</b>	<b>1</b>	<b>\$1.500</b>
3	Software Development						
	- Projects = or > \$1M (List Separately)	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects < \$1M	1	\$0.400	0	\$0.000	0	\$0.000
		<b>1</b>	<b>\$0.400</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>
4	Minor Construction						
	- Replacement Capability	3	\$1.600	12	\$1.030	13	\$4.730
	- Productivity Capability	7	\$3.950	2	\$1.500	1	\$0.150
	- New Mission Capability	2	\$0.307	1	\$0.400	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
		<b>12</b>	<b>\$5.857</b>	<b>15</b>	<b>\$2.930</b>	<b>14</b>	<b>\$4.880</b>
	<b>Grand Total</b>	<b>54</b>	<b>\$40.614</b>	<b>57</b>	<b>\$45.527</b>	<b>49</b>	<b>\$41.649</b>
	<b>Total Capital Outlays</b>		<b>\$22.832</b>		<b>\$41.973</b>		<b>\$46.181</b>
	<b>Total Depreciation Expense</b>		<b>\$38.106</b>		<b>\$44.741</b>		<b>\$41.443</b>

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			FISCAL YEAR (FY) 2013 PRESIDENT'S BUDGET SUBMISSION								
Department of the Navy / Fleet Readiness Centers			#001 - Non-ADPE and Telecommunications								
			FY 2011			FY 2012			FY 2013		
			Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Non-ADPE and Telecommunications Equipment											
<i>Replacement Equipment</i>			35	890	31,157	33	982	32,392	30	1,097	32,920
<i>Productivity Equipment</i>			1	1,100	1,100	6	1,191	7,145	4	587	2,349
<i>New Mission Equipment</i>			2	525	1,050						
<i>Environmental Compliance Equipment</i>											
<b>Total</b>			<b>38</b>	<b>877</b>	<b>33,307</b>	<b>39</b>	<b>1,014</b>	<b>39,537</b>	<b>34</b>	<b>1,037</b>	<b>35,269</b>
Justification:											
<p>ITEM 1 APPLIES TO ALL EQUIPMENT &lt;\$1M</p> <p>1) The existing equipment allows the three Fleet Readiness Centers(FRCs) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, S-3 Viking, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight..</p> <p>REPLACEMENT EQUIPMENT</p> <p>1) The proposed capital investments maintain the FRC's equipment infrastructure by replacing existing plant equipment that has reached the end of economic life due to age and wear. This equipment includes four grinders, a lathe, two Ion Vapor Deposition (IVD) coating systems, electronic security system, a bridge crane, a water knife, an engine driven compressor, jig bore controls, test stands, autoclave, switching valve stand and two automated wiring analyzers. Replacement of this equipment will continue to allow the FRCs to maintain the depots' infrastructure and their capability to achieve their individual missions.</p> <p>2) Project analyses have been performed as applicable.</p> <p>3) There are no savings or cost avoidances.</p> <p>4) If the equipment is not replaced the FRCs would lose the capability to perform their mission.</p> <p>PRODUCTIVITY EQUIPMENT</p> <p>1) The new equipment will provide productivity enhancements that are not achievable with current equipment. Items to be procured include an alignment fixture, a coordinate measuring machine, an overhead crane, a material handling system, a rapid prototyping system and a bio media blast booth.</p> <p>2) Project analyses have been performed as applicable.</p> <p>3) There are no savings, just cost avoidances. The new equipment will provide capabilities that are not currently available at FRCSE and FRCSW.</p> <p>4) If the equipment is not acquired it will limit the productivity and efficiency of the FRCs.</p> <p>NEW MISSION EQUIPMENT</p> <p>1) The FRCs do not have any new mission CIP projects for FY 12 or FY 13.</p>											

**PROJECTS ABOVE \$1M:**

**FY 2012**

**REPLACE GAP GRINDER- FRCSW:**

This is to replace two existing gap grinders in building 472. One gap grinder is over thirty (30) years old and has surpassed its useful life. The second gap grinder is twenty (20) years old and both are extremely antiquated. The replacements will provide innovative grinders with a new geometry to produce quality and timely parts for landing gear workload. The old gap grinders have lost their geometric and alignment specifications. The oldest gap grinder originally consisted of two machine functions; traverse and plunge grinding. One of these operations was completely eliminated due to erosion of the machine ways. Due to this, producing a quality part on the existing grinders requires additional man hours, set up time, and procedures as well as the use of an additional lathe to complete the landing gear processing vice using just the gap grinder.

**PROCURE H-60 ALIGNMENT FIXTURE - FRCSW:**

This project will provide a Ramp Loaded, Laser Tracker Airframe Alignment System for the H-60. The fixture will allow repairs on the H-60 without hand alignment (using theodolites) both before the repair and after completion. In addition it will ensure the repair does not have to be reworked for distortion induced from the rework process. The fixture will support the H-60 airframe in proper alignment in the flight mode for the entire repair process.

**REPLACE ION VAPOR DEPOSITION (IVD) SYSTEM - FRCSW:**

An Ion Vapor Deposition (IVD) machine is used to put a corrosion resistant coating on various aircraft parts. The shop uses the IVD machine to coat low alloy steel, stainless steel, aluminum alloy, copper alloy, and titanium alloy parts with high purity aluminum (99 percent plus) for hydraulic pistons, door assemblies, Nose Gear Landing (NLG) torque arms, various collets, pins, shafts, gears, and nuts.

**PROCURE BIO-MEDIA BLAST - FRCSW:**

Intent is to have full Aircraft Media Blast in Building 468 Bay 12. The Walk-In Booth located in Bay 12 blasts only aircraft components. The customer wants to increase aircraft media blast capability. This project request will replace the 25 year old Walk-In booth and relocate the Walk-In Booth to the West side of Bldg 468. This relocation will require an enclosure be built for protection from the elements while allowing access for operation and maintenance and two operators to blast aircraft components.

**REPLACE VERTICAL TURRET LATHE - FRCSE:**

Replace older vertical turret lathe with a new unit. The new lathe will be used in support of the FRCSE Strategic Business Plan and will accommodate the most common parts for the programs at the facility. It will be used to machine the refurbished parts for the J52, TF34, F404 and F414 engines.

**REPLACE HIGH SPEED BLADE TIP GRINDER - FRCSE**

Replace high speed grinder with a new unit. The new grinder will be used in support of the FRCSE Strategic Business Plan and will accommodate all parts processed in the Engine Facility. It will grind compressor and turbine rotors for the TF34, F404 and F414 engines.

**REPLACE NON-DESTRUCTIVE INSPECTION (NDI) C-SCAN SYSTEM - FRCSE**

Procure an ultrasonic C-Scan inspection system to replace existing A-Scan system to inspect and repair metal and composite aircraft components. A C-Scan system will improve aircraft component inspection by increasing capability and capacity. The C-Scan system will allow the inspection of currently inaccessible areas, the manufacture of composites, reduce inspection times, produce repeatable tests and produce a record of each inspection. Some of the components requiring this inspection are F/A-18 wings (inner and outer), flaps, ailerons, horizontal stabs and landing gear doors. Also, EA-6B components such as the inboard and outboard slats, rudders, flaps and walkway panels.

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**PROCURE MAT'L HANDLING SYSTEM - FRCSE:**

The intent of this project is to purchase and install heavy duty material handling systems sized to handle increased loads for all jet engine and modules in reusable containers, on transportation vehicles or as independent suspended loads. The anticipated loading is not expected to exceed 5 tons. Project shall include installation of new larger systems with higher hook height clearances.

**PROCURE FUEL PUMP TEST STAND - FRCSE:**

Procure a new semi-automated fuel pump test stand capable of testing F404/F414 engine fuel pumps. Through its automation and reliability, the new stand will improve testing Turn-Around-Time (TAT), increase workload capabilities, and drastically reduce calibration time while providing a safer work environment. The current stand will remain in place to test both F404 and F414 in-tank and transfer pumps and also provide F404 main pump back-up during calibration cycles on the new stand. This project includes the complete turn-key installation of the new test stand and all associated training.

**REPLACE HORIZONTAL MILL (WOTON) - FRCE:**

The machine shop 93552 is responsible for the production of repair parts for military aircraft parts/components. As aircraft programs like the AV8 continue to go 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 FRC East support and maintain the machinery and equipment required to support our operations. This machine is 22 yrs. old and has been used extensively, is a single point failure and has out performed the anticipated life.

**REPLACE LIS2 ASKARS STACKERS - FRCE:**

Replace three (3) ASKARS unit load stackers (Large Item Storage 2 [LIS2] subsystem in Bldg. 137) interfacing with existing aisles and storage pallets in those aisles. Also, reconfigure/improve some storage rack locations for increased capacity.

**UPGRADE F402 TEST CELL - FRCE:**

This project proposes to upgrade the computers, software, and hardware in the F402 test cell. Additional upgrade requirements to the test cell will be to replace the Coriolis flow meters, as well as, make modifications or corrections to the inlet temperature, air hoist (three of them), Foreign Object Debris(FOD)/corrosion issues and the Statistical Process Control (SPC) programs. Currently, there are Foreign Object Debris and corrosion issues in the exhaust of the test cell. With this issue, there is a danger of damaging a jet engine while the engine is being run full throttle during the testing phase.

**REPLACE MAGNAFLUX NON DESTRUCTIVE INSPECTION LINE - FRCE:**

Replace the current Magnaflux Non Destructive Inspection line with a new one. An increase in workload has prompted the need for the replacement. There are high maintenance costs, and it is getting too expensive to maintain this equipment. The alignment of the conveyor system is not accurate. Racks move from their alignment when traveling from station to station.

**REPLACE SPRINGFIELD VERTICAL GRINDER - FRCE:**

This machine was built in December, 1990. Parts are removed from an old Springfield Grinder that is not repairable nor operational, to keep the f grinder operational. The manufacturer no longer supports this machine. Also, a crane system will be required to lift parts, fixture and machine components. The spare electronic or control parts that are for the old Springfield Grinder will last approximately one year. When these parts are gone, Shop 93201 will have to obtain these parts from a third party. However, it will be very expensive. The Original Equipment Manufacturer (OEM) does not support the control system and software. It is difficult to obtain mechanical parts to repair machine when it fails.

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**FY 2013**

**PROCURE SHEET METAL FABRICATION MACHINE - FRCSE:**

The new sheet metal fabrication machine will replace the punch press currently located in the sheet metal shop. The current machine has aged, and is unable to cut thicker sheets of metal necessary to support all aircraft programs. The new sheet metal fabrication machine will expand sheet metal cutting capability and provide the sheet metal shop with the ability to cut metal more efficiently and effectively, as well as support other shops with more ease. The existing punch press is outdated and unable to cut the variety of metal sheets which come through the sheet metal manufacturing shop. The current machine leaves scratches on the metal surfaces, which increases the amount of time necessary for deburring.

**REPLACE BORING MILL - FRCSE:**

Replace old Milling Machine with a new unit. The new machine will be used in support of the FRCSE Strategic Business Plan and can accommodate all parts processed in the Eng1ine Facility. The present machine is becoming less reliable and not able to machine the parts to the required tolerances.

**UPGRADE FLOURESCENT PENETRANT LINE - FRCSE:**

The mission of this process is to detect flaws/cracks in the surface of metallic ferrous and non-ferrous materials. The purpose of this project is to upgrade the current manual process to include as much automation as possible and increase efficiency, add capability to work larger parts, increase capacity, and address safety and environmental concerns with the current process. Existing process was designed for smaller parts than current workload. This allows the chemicals used in the process to drip on the floor outside the containment area - especially around tight corners with manual conveyance. Process chemicals on the floor present both a safety risk and an environmental concern. The process is manual with the exception of automation for the emulsifier dwell, the oven temperature, and the developer 'cloud'.

**REPLACE UNIVERSAL GRINDERS (2) - FRCSE:**

The two new cylindrical grinders will replace the two universal grinders which have been in use since 1967. They are worn out and cannot hold precision aircraft tolerances. The grinders will be updated with CNC controls and will be able to be programmed for repeatability. The existing grinders are 1967 Cincinnati outer diameter grinders. The machines are worn and are not capable of being maintained properly, as replacement parts are not readily available, leading to increased down time and tolerances cannot be kept (expending double man hours and totally reliant on machinist skill and ability). Artisans need to compensate for the machines inability to achieve proper surface tolerances.

**REPLACE CNC GAP BED UNIVERSAL GRINDER - FRCSE:**

The proposed Universal/Gap bed Grinder will replace 2 large universal grinders, 1 medium universal grinder and 1 gap bed grinder. All are worn out and cannot hold precision aircraft tolerances. The existing grinders range in age from 23 years to 31 years of service. The machine are worn and will not allow the table motion to be true perpendicular to the grinding wheel head. Electronic components are no longer available. Part precision is compromised. An engineering "best guess" as to the remaining useful life of these grinders, are as follows: Landis I - 12 mths, Landis II - 12 mths, Landis III - 24 mths, W&S Gap Bed - 18 mths. These failures would stem from electronic components and the inability to hold critical tolerance.

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**Replace Blade Tip Grinder - FRCSW:**

Replace an existing High Speed Blade Tip Grinder in building 379. This High Speed Blade Tip Grinder is used to grind rotor blade tips for various LM2500 Engine. The new replacement High Speed Tip Grinder will focus again on the grinding process of the LM2500 Engine compress spool and high pressure turbine rotors. In the past several years, maintenance cost, down time, and unreliability have risen to a point that we must replace this asset to maintain our current obligations to the Navy. Currently we are using a manual machine that is 25 years old and not designed to grind blade tips (it was designed as a blade tip measuring machine and adapted as a slow speed grinder). This machine is not designed for production machining and continued use will cause breakdown, and there is no back-up machine.

**Replace Vertical Turret Lathe/Grinder - FRCSW:**

This project is to replace an existing Vertical Turret Lathe/Grinder. This asset was manufactured in May 1973 and is 38 years old. This asset is used to grind various LM2500 Engine parts. The new replacement asset will focus again on the grinding process of the LM2500 Engine casings and other parts as its primary function. In the past several years, maintenance cost, down time, and unreliability have risen to a point that we must replace this asset to maintain our current obligations to the Navy.

**Replace E-2 Automated Wiring Analyzer - FRCSW:**

Procure a new 40,000 point Automated Wire Analyzer (AWA) system For the E-2 Program. The existing AWA system and associated cabling is antiquated and in need of replacement. The cable lengths are especially long and difficult to setup.

**REPLACE 3 AXIS MILLS - FRCE:**

This project proposes to replace (3) Fadal's with (3) new 3-axis milling machines. Shop 93552, EIN 6592302322, 031894, 023221. The purpose of this replacement is to create a milling cell. Cellular Manufacturing is based upon the principals of Group Technology, which seeks to take full advantage of the similarity between parts, through standardization and common processing. In Functional Manufacturing similar machines are placed close together. In Cellular Manufacturing systems machines are grouped together according to the families of parts produced. The milling machines in 93552 process all Aircraft parts of CH-46, H-53, H-1 AV8B, and V22.

**REPLACE VERTICAL JIG GRINDER EIN 65889409914 - FRCE:**

This project will replace the SIP (brand name) Jig Grinder (65889-409914) in shop 93562, building 137. This machine is used for precision grinding of numerous aircraft parts across all major aircraft platforms at FRC East. The SIP jig grinder is over 20 years old. With many years of heavy utilization, the machine ways, grinding head, spindle, bearings, seals, and other precision-guiding structures and mechanisms are heavily worn. This adversely affects the machine's accuracy, reliability, and machine repeatability. Operator compensation is required to maintain the accuracy of the machining process. This requires additional time and skill of the operator to machine parts to the required tolerances, thereby increasing cycle time of critical aircraft components. Frequent breakdowns occur due to the degraded condition of the grinder's components. The result is a decreased ability to maintain the required precision and an increase in production processing time.

**REPLACE AIR HANDLING UNITS BLDG 1798 PAINT BOOTH - FRCE:**

This project replaces the propane make-up air handling system for the B1798 paint facility. This painting facility supports packing and preservation of container workload. The existing air handling system services the paint facility in B1798 by heating the make up air and permitting cold weather operation. It is old and suffering from severe corrosion due to the local climate. This advanced corrosion has also degraded the interior structure on which maintenance personnel stand when working on the system's internal components. This poses an unsafe work area due to the reduced structural integrity of the interior flooring. Personnel are required to access the interior to change filters on a regular basis. The potential for injury to maintenance workers or other personnel increases as time progresses and is currently classified a Risk Assessment Code (RAC) 3 safety hazard requiring action. Temporary repairs will have to be made by the shop or maintenance will no longer access the units for safety reasons. Debris from the rusting housing continues to foul the sparking means used to light the propane burners. According to (650) maintenance, the burner equipment often malfunctions and requires replacement. Such replacement components are increasingly difficult to obtain, resulting in a prolonged downtime.

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**REPLACE TUBE BENDERS (2) - FRCE:**

This project will replace two Tube Bending Machines located in shop 93553 (EIN 65923034500, 002089). These machines were installed in 1978. Shop 93553 manufactures parts for other depots that may require tubes, parts made are not only made for in-house but external as well. Tubes are used for hydraulic, fuel lines, drain lines, pneumatic, lubrication and electrical wires. About 80% of the maintenance problems are electrical issues. Machine EIN ending in 089 runs sporadically it goes down at least 2-3 times a month. EIN ending in 34500 has been down for over 1.5 years. Back up machine is limited to what it can process due to the tooling. Machine runs only on first shift. The machines do not hold tolerance, the Y axis "following error" and B-axis floats and does not return home since the encoders have gone bad, causing tubes to be incorrectly bent or not bent at all. Control Panels on the newer machines should come built with air controlled panels to moderate the electrical components from overheating.

**REPLACE CREEP FEED GRINDER - FRCE:**

The purpose of this project is to replace the Creep Feed Grinder (EIN 65923036593) located in the Blade/Vane Process Shop in Building 4225. It is a high flow high pressure grinder with a high material removal rate within a short time frame compared to a conventional surface grinder. The high pressure coolant keeps the grinding wheel free from metal build up, and the high flow keeps the part from overheating and changing the properties of the material. This grinder is a high precision machine for parts such as the HPT nozzle segment. It is fully enclosed to prevent the coolant mist from being released into the atmosphere which is uncomfortable to the operator. Also, a second Creep Feed Grinder will be removed from the shop, EIN 65923036594. The objective is to obtain an updated grinder so we can continue to process High Pressure Turbine (HPT) nozzles for the F-404 engines. The Creep Feed Grinder supports the AV-8 Harrier. The artisan uses the Springfield Grinder which is also utilized to grind HPT parts, but this back-up process takes approximately two hours longer. This machine is used for workload generated by the Fleet. Presently, Marine Aviation Logistics Squadron (MALS) 11 Marine Squadron is the largest customer. Only one creep feed grinder is required. Therefore two existing grinders (EIN 036993 and 036594) will be removed when the new creep feed grinder is received.

**REPLACE HANGAR CENTRAL HYDRAULIC SYSTEM - FRCE:**

This procurement will provide a central hydraulic system in shop 95600 for Hangar 3 where they currently overhaul H46 aircraft. Currently, the shop utilizes portable hydraulic carts to provide hydraulic fluid under pressure to operate the aircraft during repair and overhaul. Hydraulic lines and power cords are running over the floor causing trip hazards in the work spaces. This also makes it difficult to maneuver the portable carts around the aircraft.

**REPLACE VERTICAL LATHE (BULLARD 66" VTL) - FRCE:**

The purpose of this project is to replace the Bullard 46" Vertical Turning Lathe (VTL) (EIN 65923-029305) in Shop 93567 of Building 133 with a 66" (or larger) VTL. This machine is needed for critical processing of F-408 components for the AV-8B program and future V-22 components. The existing 46" Bullard VTL for which a replacement is sought is currently operable but still experiences frequent downtime. The size of the existing 46" VTL is inadequate to process increasing F-408 and future V-22 workload. This workload includes several critical F-408 components: the LP case, the intermediate case, combustion chamber components, and an additional large F-408 fixture. The shop relies on the existing 66" VTL as the only available means to process this program-critical workload. The existing 46" VTL is incapable of processing this workload due to its insufficient size and inoperable status, which places additional strain on the existing 66" VTL. As a result, the 66" VTL is considered a single point failure component. Considering the heavy current utilization of the existing 66" (typically 2 shifts), and the increasing workload of the V-22 components, an increasing risk for a critical work stoppage will result. The existing 46" VTL provides no solution to this issue and needs to be replaced with a new 66" (or larger) VTL capable of processing the critical F-408 components.

**REPL (3) LIS2 ASKARS UNIT LOAD STACKERS (PH1) - FRCE:**

The purpose of this request is to replace three (3) ASKARS unit load stackers (Large Item Storage 2 [LIS2] subsystem in Bldg. 137)) interfacing with existing aisles and storage pallets in those aisles. Also, reconfigure/improve some storage rack locations for increased capacity. These stackers and storage aisles were relocated from the NADEP at Pensacola, FL around 1998. They had been installed there around 1987 and are approaching 25 years old. Downtime is a consistent problem due to part failure. Their downtime delays provision of aircraft kits and parts to the shops for assembly. In turn, product turn-around-time is always impacted, which in turn impacts cost. The eventual failure beyond repair is inevitable and perhaps imminent.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)	FISCAL YEAR (FY) 2013 PRESIDENT'S BUDGET SUBMISSION
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Department of the Navy / Fleet Readiness Centers	#002 - ADPE and Telecommunications Capabilities						
	FY 2011		FY 2012		FY 2013		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	
ADPE and Telecommunications Equipment							
<b>Computer Hardware (Production)</b>							
<b>Computer Software (Operating System)</b>	2	513	1,025	1	360	360	
<b>Telecommunications</b>	1	25	25				
<b>Other Computer &amp; Telecommunications Spt Equipment</b>				2	1,350	2,700	1    1,500    1,500
<b>Total</b>	3	350	1,050	3	1,020	3,060	1    1,500    1,500

Justification:

APPLIES TO PROJECTS <\$1M:

COMPUTER SOFTWARE (OPERATING SYSTEM)

- 1) The existing software provides various data management services to the Fleet Readiness Center.
- 2) The subject project will provide a complete enterprise monitoring solution for the Data Management (DM) system and also provide a means to track and document internal audits within the FRC.
- 3) Project analyses have been performed as applicable to determine the least costly methods.
- 4) There are no cost savings or avoidances associated with these projects.
- 5) If not implemented, the FRC will be greatly restricted in its DM operations.

TELECOMMUNICATIONS

- 1) The existing equipment provides various telecommunications and Data Management (DM) services throughout the Fleet Readiness Centers.
- 2) The subject project will provide enhancements and equipment to the telecommunications system.
- 3) Project analyses have been performed as applicable to determine the least costly methods.
- 4) There are no cost savings or avoidances associated with these projects.
- 5) If not implemented, the FRCs will experience diminished DM and communication capabilities which will have a detrimental effect on day to day operations.

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## **OTHER COMPUTER & TELECOMMUNICATION SUPPORT EQUIPMENT**

PROJECTS ABOVE \$1M:

**FY12**

### **AUTOMATION OF FRC DATA PHASE 1 - FRCE:**

This project is intended to deliver the second phase of the capability to utilize digital technical data by artisans on the production shop floor, by logisticians and by engineers. The capabilities delivered under this project will include the ability to utilize digital data such as technical manuals, two dimensional (2D) drawings, three dimensional (3D) models, and various forms of engineering, logistical and production support data and associated software applications. This data is essential to the performance of the maintenance, manufacturing, logistical and engineering support services provided to the fleet by Fleet Readiness Center (FRC) East. The project will include the acquisition of hardware, software, training and contract support services as required for the implementation of these capabilities in selected areas of FRC East designated for inclusion in Phase 3. Phase 3 capabilities will not be dependant upon previous phases to deliver the intended functionality, but will be capable of synergistically integrating with the products and processes delivered in those phases as needed.

#### **Benefit:**

This project will address this deficiency by a) identifying the subset of FRC East (organizationally and geographically) that will be impacted by the requirement to begin utilizing digital technical data within the timeframe of the project; b) identifying the business/production processes which will be impacted by the requirement to utilize digital technical data; c) analyzing the impact to these processes and executing or initiating (via AIRSpeed, etc.) appropriate business process re-engineering efforts; d) identifying, procuring and implementing all required infrastructure (hardware & software) to establish the capability to utilize digital data in the areas and processes determined to be within the scope of this project; e) identifying all required interfaces to corporate/enterprise information systems and initiating the necessary change requests, development efforts and/or commercial acquisitions to establish those interfaces; f) developing and implementing a training plan to ensure the necessary knowledge and skills to utilize digital data and implement the re-engineered business/production processes are imparted to the workforce and g) acquiring the necessary contract support services to ensure that the project has the necessary technical, administrative and programmatic support necessary to achieve all project objectives. Using this approach, our objective is not only to enable the use of digital technical data within FRC East but to leverage this technology to drive significant improvements in quality, cost and schedule.

#### **Impact:**

Without this project the FRC will resort to creating hardcopies across all shops and maintaining and controlling this paper data, outside of the configuration controlled technical libraries, in lieu of using the electronic systems. In some cases (i.e. 3D models), there is no paper-based alternative. Additionally, the capability of implementing manufacturing, diagnostic, engineering and logistics systems with the capability to interface with and utilize digital technical data will be a critical core capability in supporting future weapons platforms. Consequently, the failure to implement comprehensive digital technical data capabilities will result in FRC East not having the required technology base to support the aircraft cited in paragraph 2 of this section. While the economic payback exceeds 4.5 years and/or the ROR is less than 20%; due to Warfighter mission criticality and capabilities, this project supports; and as cited within this Cost Benefit Analysis; justification is warranted.

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**PROCUREMENT AND ACQUISITION OF DISA DATA CENTER - FRCSW:**

Build the server environment for the NAVAIR Depot Maintenance System (NDMS) suite of applications to be hosted at the Defense Information Systems Agency (DISA). A portion of that environment will host the Business Intelligence and Center of Excellence for Corporate reporting. Single sitting the data center from the FRCs is mandated by multiple Navy initiatives and is also one of the "Readiness Goals" in the 2011 COMFRC's Commander's Guidance.

**Benefit:**

COMFRC is currently supporting 3 data centers with different configurations of applications and architecture. The goal of the OneNDMS effort was to standardize business processes, install a standard set of applications, standardize the data and then move all three data centers to a single site (DISA) for hosting. This effort will resolve the dissimilar business processes taking place at the FRC's, reduce hosting and maintenance costs, significantly reduce testing costs, improve TAT of new software releases and eventually reduce the number of personnel required to maintain the NDMS suite of applications.

**Impact:**

Significant impact to meeting COMFRC goals and objectives as outlined in 2011 Commanders Guidance. As the first site to migrate to the Defense Information Systems Agency (DISA) data center, FRCSW must be able to support all functionality of the systems and Corporate Reporting System. This capital investment funding is critical to support the Business Intelligence Center of Excellence for data warehousing and corporate reporting. Without this investment, significant impact to schedule and functionality of the NDMS programs would occur.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 PRESIDENT'S BUDGET SUBMISSION			
Department of the Navy / Fleet Readiness Centers		#003 - Software (Various Projects < \$1M)					
		FY 2011		FY 2012		FY 2013	
			Total		Total		Total
Software		Quant	Unit Cost	Cost	Quant	Unit Cost	Cost
<i>Various Projects &lt; \$1M</i>		1	400	400			
TOTAL		1	400	400			
Justification:							
<p><b>FY11</b></p> <p><b>PROCURE ADVANCED 5-AXIS MACHINGING SOFTWARE - FRCSE:</b>  CNC programming, tool, and equipment design. The current software is not capable of using the OEM's solid, model-based definition files in the native format to manufacture repair parts. The requirement to import and use the OEM's model files in reproducing aircraft parts utilizing the native format is essential to manufacturing these parts correctly. Boeing, the manufacturer of the aircrafts, utilizes the SIEMENS NX software for its model base. Other software cannot read Boeing's model base definition files and requires part models to be translated using a second or third party translator. Due to this translation process, pertinent data is often lost resulting in inaccurate files and production of aircraft parts that do not meet the original design specs from the OEM. The loss of data and time-consuming verification of translated data adds enormous cost to the product in engineering and machine time. Aircraft parts produced range from \$1,000 - \$300,000 and can double or triple when data is lost and/or inaccurate files are produced from the translation process. For these reasons, translated models are no longer certified. The current software deficiencies add an enormous amount of time to the CNC programming process which requires added man power to meet the requirements. FRCSE has lost four CNC programmers due to retirements and in-house promotions. The new software will enable FRCSE to keep the current level of remaining CNC programmers to four. Without the software FRCSE will have to hire at least three more programmers to meet requirements.</p> <p><b>Benefit:</b>  This software is utilized by Original Equipment Manufacturers (OEM's) in designing weapon system platforms such as the F/A-18 models E, F &amp; G, the Joint Strike Fighter, and other Navy weapon systems. Since the original designs were done using the requested software, the risk of losing data in the file translating process doesn't exist, therefore eliminating the issues listed above. Also this software will reduce the amount to time it takes to create CNC programs and tool and equipment designs, thereby reducing manhours to perform these functions. The new software will enable FRCSE to keep the current level of CNC programmers at four. Without the software FRCSE will have to hire at least three more programmers to meet requirements.</p> <p><b>Impact:</b>  Will continue to risk producing CNC programs that produce unusable parts and lose many manhours due to reprocessing work. Will have to hire more programmers to keep up with productions requirements.</p>							

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 PRESIDENT'S BUDGET SUBMISSION								
Department of the Navy / Fleet Readiness Centers				#004 - Minor Construction								
				FY 2011			FY 2012			FY 2013		
				Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Minor Construction												
<b>Replacement</b>				3	533	1,600	12	86	1,030	13	364	4,730
<b>Productivity</b>				7	564	3,950	2	750	1,500	1	150	150
<b>New Mission</b>				2	154	307	1	400	400			
<b>Environmental</b>												
<b>Total</b>				12	488	5,857	15	195	2,930	14	349	4,880
Justification:												
<p>APPLIES TO ALL PROJECTS:</p> <p>1) The existing facilities allow the three Naval Air Fleet Readiness Centers (FRCs) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, S-3 Viking, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.</p> <p>2) New minor construction projects will allow the FRCs to design, construct, upgrade, restore, and replace the facilities and structures that are required to achieve their mission. No project is greater than the \$750,000 maximum threshold nor below the \$250,000 threshold. Requests below the \$250,000 threshold are amounts for planning &amp; design or installation costs .</p> <p>3) Project analyses were performed as applicable to determine the least costly method to achieve the desired results.</p> <p>4) No cost avoidance or savings were estimated. Minor construction projects provide the facilities in which work is to be performed, not to provide savings.</p> <p>5) If minor projects are not approved the facilities will deteriorate and adversely affect mission achievement.</p>												

CAPITAL BUDGET EXECUTION  
DEPARTMENT OF THE NAVY  
DEPOT MAINTENANCE-FLEET READINESS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

Projects on the FY 2012 President's Budget

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/ Reason for Change</u>
2012	Equipment except ADPE and TELECOM	\$ 0.350	\$ 39.187	\$ 39.537	\$ 0.350	One project had a price increase. One project had a price decrease. Seven projects were added due to emergent req. No projects were cancelled. Six projects were deferred.
2012	Equipment - ADPE and TELECOM	\$ -	\$ 3.060	\$ 3.060	\$ -	No project had price increases. No project had price decreases. No projects were added due to emergent req. No projects were cancelled. No projects were deferred.
2012	Software Development	0.000	0.000	0.000	0.000	
2012	Minor Construction	\$ (0.350)	\$ 3.280	\$ 2.930	\$ (0.350)	No project had price increases. Two projects had price decreases. Three projects were added due to emergent req. One project was cancelled. Two projects were deferred.
Total FY 2011 Capital Purchase Program		\$ -	\$ 45.527	\$ 45.527	\$ -	

**MATERIAL INVENTORY DATA**  
**DEPARTMENT OF THE NAVY**  
**DEPOT MAINTENANCE - FLEET READINESS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	FY 2011			
	<u>Total</u>	<u>Mobilization</u>	---- Peacetime ----	
			<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$ 48.8	\$ -	\$ 48.8	\$ -
<u>Purchases</u>				
A. Purchases to Support Customer Orders	\$ 856.5	\$ -	\$ 856.5	\$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	\$ 856.5	\$ -	\$ 856.5	\$ -
<u>Material Inventory Adjustments</u>				
A. Material Used in Maintenance	\$ 853.6	\$ -	\$ 853.6	\$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	\$ 853.6	\$ -	\$ 853.6	\$ -
Material Inventory EOP	\$ 51.7	\$ -	\$ 51.7	\$ -

**MATERIAL INVENTORY DATA**  
**DEPARTMENT OF THE NAVY**  
**DEPOT MAINTENANCE - FLEET READINESS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

FY 2012

	<u>Total</u>		<u>Mobilization</u>		----- Peacetime -----	
					<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$	51.7	\$	-	\$ 51.7	\$ -
<u>Purchases</u>						
A. Purchases to Support Customer Orders	\$	965.4	\$	-	\$ 965.4	\$ -
B. Purchase of long lead items in advance of customer orders		-		-	-	-
C. Other Purchases		-		-	-	-
D. Total Purchases	\$	965.4	\$	-	\$ 965.4	\$ -
<u>Material Inventory Adjustments</u>						
A. Material Used in Maintenance	\$	971.8	\$	-	\$ 971.8	\$ -
B. Disposals, theft, losses due to damages		-		-	-	-
C. Other reductions		-		-	-	-
D. Total inventory adjustments	\$	971.8	\$	-	\$ 971.8	\$ -
Material Inventory EOP	\$	45.3	\$	-	\$ 45.3	\$ -

**MATERIAL INVENTORY DATA**  
**DEPARTMENT OF THE NAVY**  
**DEPOT MAINTENANCE - FLEET READINESS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

FY 2013

					----- Peacetime -----	
	<u>Total</u>		<u>Mobilization</u>		<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$ 45.3	\$ -	\$ 45.3	\$ -		
<u>Purchases</u>						
A. Purchases to Support Customer Orders	\$ 915.0	\$ -	\$ 915.0	\$ -		
B. Purchase of long lead items in advance of customer orders	-	-				
C. Other Purchases	-	-				
D. Total Purchases	\$ 915.0	\$ -	\$ 915.0	\$ -		
<u>Material Inventory Adjustments</u>						
A. Material Used in Maintenance	\$ 916.8	\$ -	\$ 916.8	\$ -		
B. Disposals, theft, losses due to damages	-	-				
C. Other reductions	-	-				
D. Total inventory adjustments	\$ 916.8	\$ -	\$ 916.8	\$ -		
Material Inventory EOP	\$ 43.5	\$ -	\$ 43.5	\$ -		



SIX PERCENT CAPITAL INVESTMENT PLAN WITHOUT SUSTAINMENT  
DEPARTMENT OF THE NAVY  
DEPOT MAINTENANCE - FLEET READINESS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

Total

	<u>Revenue 3-Year Average</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	<u>08-10</u>	<u>09-11</u>	<u>10-12</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue							<u>6%</u>	<u>6%</u>	<u>6%</u>
Working Capital Fund	2,133.2	2,167.3	2,181.7	76.1	158.1	92.2			
Appropriations	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>						
Total Revenue	2,133.2	2,167.3	2,181.7				128.0	130.0	130.9
<b>Working Capital Fund Depot Maintenance Investment</b>									
Facilities Restoration and Modernization				20.0	14.5	10.9			
Equipment				12.2	15.6	12.5			
Equipment purchase by Depots under Expense/Investment Threshold				12.2	15.6	12.5			
Equipment purchase by Other Organizations under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.0	0.0	0.0			
Capital Investment Program				40.6	45.5	41.6			
Productivity Enhancements				<u>0.0</u>	<u>0.0</u>	<u>0.0</u>			
Total WCF Investment				72.8	75.5	64.9			
<b>Appropriated Funding</b>									
Facilities Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				3.3	3.3	27.3			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold (Aircraft Procurement, Navy)				3.3	3.3	3.3			
Equipment purchase by Other Organizations above Expense/Investment Threshold (Aircraft Procurement, Navy)				0.0	0.0	24.0			
Capital Investment Program				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				<u>0.0</u>	<u>79.3</u>	<u>0.0</u>			
Total Appropriated Funding				3.3	82.6	27.3			
<b>Component Total</b>				76.1	158.1	92.2			
							<u>Budget Minus Six Percent of</u>	<u>Revenue Difference</u>	
							-51.9	28.1	-38.7

The table above only reflects data for the Fleet Readiness Centers. The six percent threshold is applicable at the Department of the Navy level, to include both Navy Working Capital Fund and appropriated fund (shipyard) activities. This exhibit has been modified to conform with the provisions of 10 USC 2476 as it was amended by Section 325 of the FY 2012 National Defense Authorization Act (NDAA) to remove sustainment costs for facilities, infrastructure and equipment (10 USC 2476 (b)). The Department was unable to modify other elements of the Fund-6 exhibit or alter the depot investment levels in the FY 2013 President's Budget to reflect the impact of other provisions of Section 325 on 10 USC 2476 because of the timeframe for enactment of the NDAA.

**SIX PERCENT CAPITAL INVESTMENT PLAN WITH SUSTAINMENT  
DEPARTMENT OF THE NAVY  
DEPOT MAINTENANCE - FLEET READINESS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
SEPTEMBER 2011  
\$ IN MILLIONS**

Total

	<u>Revenue 3-Year Average</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	<u>08-10</u>	<u>09-11</u>	<u>10-12</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue							<u>6%</u>	<u>6%</u>	<u>6%</u>
Working Capital Fund	2,133.2	2,206.6	2,221.0	91.8	170.3	104.6			
Appropriations	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>						
Total Revenue	2,133.2	2,206.6	2,221.0				128.0	132.4	133.3
<b>Working Capital Fund Depot Maintenance Investment</b>									
Facilities Sustainment, Restoration and Modernization				32.5	26.6	23.2			
Equipment				13.7	15.6	12.5			
Equipment purchase by Depots under Expense/Investment Threshold				13.7	15.6	12.5			
Equipment purchase by Other Organizations under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.0	0.0	0.0			
Capital Investment Program				42.3	45.5	41.6			
Productivity Enhancements				<u>0.0</u>	<u>0.0</u>	<u>0.0</u>			
Total WCF Investment				88.5	87.7	77.3			
<b>Appropriated Funding</b>									
Facilities Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				3.3	3.3	27.3			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold (Aircraft Procurement, Navy)				3.3	3.3	3.3			
Equipment purchase by Other Organizations above Expense/Investment Threshold (Aircraft Procurement, Navy)				0.0	0.0	24.0			
Capital Investment Program				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				<u>0.0</u>	<u>79.3</u>	<u>0.0</u>			
Total Appropriated Funding				3.3	82.6	27.3			
<b>Component Total</b>				91.8	170.3	104.6			
							<u>Budget Minus Six Percent of</u>	<u>Revenue Difference</u>	
							-36.2	37.9	-28.7

The table above only reflects data for the Fleet Readiness Centers. The six percent threshold is applicable at the Department of the Navy level, to include both Navy Working Capital Fund and appropriated fund (shipyard) activities. This exhibit has been prepared in conformance with the provisions of 10 USC 2476 prior to the enactment of the FY 2012 National Defense Authorization Act and is meant to show the Department's intention was to fund depot investments at or above the levels required in that statute during development of the FY 2013 President's Budget.

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**DEPARTMENT OF NAVY  
WORKING CAPITAL FUND  
MARINE CORPS DEPOT MAINTENANCE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)**

Activity Group Functions:

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

Activity Group Composition:

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

**BUDGET HIGHLIGHTS**

**General**

The DMAG Fiscal Year (FY) 2013 President's Budget submission reflects increased FY 2011 and FY 2012 workload as a result of battle-damaged equipment and weapons systems returning from current Overseas Contingency Operations (OCO). Marine Corps equipment requires timely repair in order to reconstitute the Operating Forces and the Marine Corps' Maritime Prepositioning Forces (MPF) Program.

FY 2013 workload is expected to decrease as a result of an intensive requirements assessment process conducted by the DMAG customers within the Marine Corps. The results of this assessment significantly impacted DMAG rates and operations in FY 2013, since the Marine Corps customer workload constitutes a significant portion of DMAG's total workload. The FY 2013 DMAG budget reflects this decline and incorporates cost savings related to consolidation of depot operations and process improvement initiatives.

Consistent with estimates in the FY 2012 President's Budget, the impact of Base Realignment and Closure (BRAC) 2005 Recommendation #57 and #177 Marine Corps depot maintenance operations are reflected in this budget.

The DMAG FY 2013 President's Budget depicts a NOR of \$15 million in FY11, \$10.6 million in FY12, and - \$20.7 million in FY13 to achieve a zero AOR.

**Summary of Operations**

(\$ in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Orders	608.8	318.1	294.2
Revenue	638.0	512.3	325.0
Cost of Goods Sold	623.0	501.8	345.7
Revenue less Costs (NOR)	15.0	10.6	-20.7
Surcharges (CIP)	-6.0	-6.0	-2.6
Accumulated Operating Result (AOR)	18.8	23.3	0.0

**Orders.** New reimbursable orders for FY 2011, FY 2012 and FY 2013 are \$608.8 million, \$318.1 million and \$294.2 million, respectively.

FY 2011 new reimbursable orders increase of \$227.5 million from the FY 2012 President's Budget is mainly attributed to receipt of unplanned funding for the repair of combat-ravaged equipment and weapons systems returning from the current OCO, accompanied by unplanned increases in other customer funding, such as Mine Rollers, Fuel Tank Sixcon Units, the PC Generation III Mine Rollers, Mine Rakes, and Mine Roller Assembly. Increases in Army customer workload included the Army National Guard Tractor Scraper, M917 Dump Trucks, and Proof of Principal for Dozers. FY 2012 new orders are planned to decrease \$290.7 million from FY 2011, and FY 2013 new orders are planned to decrease \$23.9 million from FY 2012.

**Revenue.** Revenue is \$638.0 million for FY 2011, \$512.3 million for FY2012, and \$325.0 million for FY 2013.

**Costs of Goods Sold.** Cost of Operations is \$623.0 million in FY 2011, \$501.8 million in FY 2012, and \$345.7 million in FY 2013.

**Revenue less cost.** Revenue less cost of goods sold for FY 2011, FY 2012 and FY 2013 is +\$15.0 million,+\$10.6 million, and -\$20.7 million, respectively.

**Surcharge.** The FY 2011, FY 2012 and FY 2013 surcharges of \$6.0 million, \$6.0 million and \$2.6 million, respectively, are for the Capital Investment Program.

**Net Cash Outlays**  
(\$ in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Collections	631.4	506.1	327.1
Disbursements	644.4	514.7	342.1
Net Outlays	13.0	8.6	15.0

**Performance Indicators**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Schedule Conformance	99.8%	99.8%	99.8%
Quality Deficiency Reports	.1%	.1%	.1%
Inventory Turnover Ratio	6.6:1	5.4:1	4.9:1

**Stabilized Customer Rates**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Composite Hourly Rate	\$127.37	\$120.44	\$124.16
Percent Year to Year Change	-3.12%	-5.44%	3.09%

**Unit Cost Goals.** The budget reflects the following FY 2011-2013 unit cost goals:  
(\$ and DLHs in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Total Operating Cost	626.1	501.8	345.7
Direct Labor Hours (DLH)	5,158	4,196	2,647
Unit Cost	\$121.39	\$119.59	\$130.60
% Change Workload/DLHs	5.9%	-18.7%	-36.9%
% Change Unit Cost	-1%	-1.5%	9.2%

DLH and unit cost based on civilian and contractor personnel direct labor hours.

**SUMMARY OF PERSONNEL RESOURCES**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Civilian Personnel:			
End Strength	2,313	2,280	1,803
FTE Workyears	2,360	2,290	1,854
Military Personnel:			
End Strength	13	12	13
Workyears	5	12	13

The DMAG budget reflects civilian workforce levels necessary to accommodate planned workload without the use of excessive overtime. The Maintenance Centers are using Contract personnel to supplement their workforce and meet demand fluctuations in workload.

### **CARRYOVER**

Marine Corps DMAG is below the outlay-based carryover ceiling for FY 2011 through FY 2013. (Dollars in Millions)

<b>Carryover (\$M)</b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
New Orders	608.8	318.1	294.2
Less Exclusions:			
FMS	.7	0.0	0.0
BRAC	11.8	0.0	0.0
Other Federal Depts. & Agencies	0.0	0.0	0.0
Non-Federal & Others	2.8	0.0	0.0
Orders for Carryover Calculation	593.5	318.1	294.2
Composite Outlay Rate (SSRCO)	46.1%	39.1%	39.6%
Carryover Ceiling Rate	53.9%	60.9%	60.4%
Carryover Ceiling	273.8	124.5	116.5
Balance of Customer Orders at Yr End	290.5	96.2	65.4
Less Work in Process	0.0	0.0	0.0
Less Exclusions			
FMS	.3	.3	0.1
BRAC	9.4	8.7	7.8
Other Federal Depts. & Agencies	0.0	0.0	0.0
Non-Federal & Others	.2	0.0	0.0
Carryover Budget	280.6	87.2	57.5

In FY 2011, Marine Corps DMAG exceeded the carryover ceiling by approximately \$6.7 million due to the impact of additional OCO related workload. This type of workload requires longer periods to complete because it involves repair of battle-damaged and excessively worn vehicles and equipment as well as upgrade and fabrication of other vehicles and equipment in order to protect Marine Corps and Army personnel from the increasingly dangerous combat conditions being experienced in-theater.



**Capital Investment Program (CIP) Budget Authority:**

<b><u>CIP Budget Authority (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Equipment, Non-ADP / Telecom	\$7.9	\$3.1	\$4.4
Equipment, ADPE / Telecom	\$ .6	\$1.1	\$2.0
Software Development	\$0.0	\$0.0	\$0.0
Minor Construction	<u>\$2.0</u>	<u>\$6.7</u>	<u>\$4.0</u>
<b>Total</b>	<b><u>\$10.5</u></b>	<b><u>\$10.9</u></b>	<b><u>\$10.4</u></b>

**REVENUE AND EXPENSE  
DEPARTMENT OF THE NAVY  
DEPOT MAINTENANCE - MARINE CORPS DEPOTS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue:			
Gross Sales			
Operations	628.6	501.3	314.6
Surcharges	-6.0	-6.0	-2.6
Depreciation excluding Major Construction	3.5	5.0	7.8
Other Income			
Total Income	638.0	512.3	325.0
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	1.0	1.0	1.0
Civilian Personnel	216.2	200.6	157.9
Travel and Transportation of Personnel	7.0	5.0	2.6
Material & Supplies (Internal Operations)	241.4	168.2	109
Equipment	0	0	0
Other Purchases from NWCF	1.5	3.1	2.1
Transportation of Things	0	0	0
Depreciation - Capital	3.5	5.0	7.8
Printing and Reproduction	0.1	0.1	0.1
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	9.7	8.9	6.6
Other Purchased Services	145.7	109.9	58.7
Total Expenses	626.1	501.8	345.7
Work in Process Adjustment	-3.1	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	623.0	501.8	345.7
Operating Result	15.0	10.6	-20.7
Less Surcharges	-6.0	-6.0	-2.6
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	9.1	4.5	-23.3
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	18.8	23.3	0

**SOURCES OF REVENUE**  
**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**DEPOT MAINTENANCE - MARINE CORPS DEPOTS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(DOLLARS IN MILLIONS)**

	FY 2011	FY 2012	FY 2013
	-----	-----	-----
1. New Orders	608.8	318.1	294.2
a. Orders from DoD Components:	599.0	298.7	289.7
Department of the Navy	567.1	281.4	272.4
O & M, Navy	4.4	1.8	1.8
O & M, Marine Corps	476.3	268.2	267.2
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	6.1	11.4	3.4
Aircraft Procurement, Navy	0.4	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	0.4	0	0
Procurement, Marine Corps	78.6	0.1	0.1
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	0.9	0	0
Military Construction, Navy	0	0	0
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	12.1	15.5	15.5
Army Operation & Maintenance	12.3	15.5	15.5
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	-0.1	0	0
Army Other	0	0	0
Department of the Air Force	5.3	0	0
Air Force Operation & Maintenance	5.3	0	0
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	14.5	1.8	1.8
Base Closure & Realignment	11.8	0	0
Operation & Maintenance Accounts	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0
Procurement Accounts	1	0	0
Defense Emergency Relief Fund	0	0	0
DOD Other	1.7	1.8	1.8
b. Orders from other Fund Activity Groups	6.2	19.4	4.5
c. Total DoD	605.2	318.1	294.2
d. Other Orders:	3.5	0	0
Other Federal Agencies	0	0	0
Foreign Military Sales	0.7	0	0
Non Federal Agencies	2.8	0	0
2. Carry-In Orders	319.8	290.5	96.2
3. Total Gross Orders	928.5	608.6	390.4
a. Funded Carry-Over before Exclusions	290.5	96.2	65.4
b. Total Gross Sales	638	512.3	325.0
4. End of Year Work-In-Process (-)	-0.1	-3.3	-3.3
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-9.9	-9.0	-7.9
6. Net Funded Carryover	280.6	87.3	57.5

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

**CHANGES IN THE COSTS OF OPERATION**  
**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**MARINE CORPS DEPOT MAINTENANCE**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(\$ in Millions)**

		<b>Total Cost</b>
<b>FY 2012</b>	<b>Estimate in FY 2012 President's Budget:</b>	<b>443.4</b>
	<b>Estimated Impact in 2012 of Actual 2011 Experience:</b>	<b>0.0</b>
	<b>Pricing Adjustments:</b>	<b>0.4</b>
	a. General Inflation	0.4
	<b>Program Changes:</b>	
	a. Workload Changes	<b>35.8</b>
	(1) Direct Labor	3.5
	(2) Direct Materiel & Supplies	0.3
	(3) Direct Contract/Other Purchases	32.0
	<b>Other Changes</b>	<b>22.2</b>
	a. Indirect Labor	0.7
	b. Indirect Materiel	6.6
	c. Depreciation	-0.2
	d. Contract Services and Base Support Services (in support of increased workload)	14.2
	e. VERA/VSIP	0.6
	f. Other	0.3
<b>FY 2012</b>	<b>Current Estimate:</b>	<b>501.8</b>

**CHANGES IN THE COSTS OF OPERATION**  
**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**MARINE CORPS DEPOT MAINTENANCE**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(\$ in Millions)**

	<b>Total Cost</b>
<b>Pricing Adjustments:</b>	
a. FY 2013 Pay raise	1.5
(1) Civilian Personnel	0.6
(2) Military Personnel	0.0
b. Annualization of Prior Year Pay Raise	
(1) Civilian Personnel	0.0
(2) Military Personnel	0.0
c. General Inflation	0.9
<b>Program Changes:</b>	<b>-111.7</b>
a. Workload Changes	
(1) Direct Labor	-29.3
(2) Direct Material & Supplies	-46.5
(3) Direct Contract/Other Purchases	-35.9
<b>Other Changes</b>	<b>-45.9</b>
a. Indirect Labor	-14.2
b. Indirect Materiel	-11.0
c. Depreciation	2.8
d. Contract Services and Base Support Services (associated with reduced workload)	-22.8
e. VERA/VSIP	0.1
f. Other	-0.8
<b>FY 2013 Current Estimate</b>	<b>345.7</b>

CAPITAL INVESTMENT SUMMARY  
DEPARTMENT OF THE NAVY  
WORKING CAPITAL FUND  
MARINE CORPS DEPOT MAINTENANCE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(\$ in Millions)

Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment	10	\$7.915	5	\$3.053	4	\$4.416
	- Replacement Capability	1	\$0.292	1	\$0.735	0	\$0.000
	- Productivity Capability	9	\$7.623	4	\$2.318	4	\$4.416
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
2	ADPE and Telecom Equipment	2	\$0.639	3	\$1.116	2	\$2.000
	- Computer Hardware (Production)	2	\$0.639	2	\$0.866	0	\$0.000
	- Computer Software (Operating)	0	\$0.000	0	\$0.000	0	\$0.000
	- Telecommunications	0	\$0.000	0	\$0.000	0	\$0.000
	- Oth Computer & Telecom Spt Equip	0	\$0.000	1	\$0.250	2	\$2.000
3	Software Development	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects = or > \$1M (List Separately)	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects < \$1M	0	\$0.000	0	\$0.000	0	\$0.000
	Minor Construction	3	\$1.989	9	\$6.697	7	\$3.934
4	- Replacement Capability	1	\$1.004	1	\$0.735	0	\$0.000
	- Productivity Capability	1	\$0.463	8	\$5.962	7	\$3.934
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	1	\$0.522	0	\$0.000	0	\$0.000
<b>Grand Total</b>		<b>15</b>	<b>\$10.543</b>	<b>17</b>	<b>\$10.866</b>	<b>13</b>	<b>\$10.350</b>
<b>Total Capital Outlays</b>		<b>0</b>	<b>\$6.201</b>	<b>0</b>	<b>\$7.504</b>	<b>0</b>	<b>\$8.276</b>
<b>Total Depreciation Expense</b>		<b>0</b>	<b>\$3.480</b>	<b>0</b>	<b>\$4.972</b>	<b>0</b>	<b>\$7.758</b>

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) FY2013 BUDGET ESTIMATES					
(\$ in Thousands)				February 2012					
Department of the Navy / Depot Maintenance - Marine Corps Depots				Non-ADPE and Telecommunications Equipment					
Non-ADPE and Telecommunications Equipment	FY 2011			FY 2012			FY 2013		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Capability	1	450	292	1	735	735	0		0
Productivity Capability	9	845	7,623	4	580	2,318	4	1,104	4,416
New Mission	0			0		0	0		0
Environmental Capability	0		0	0		0	0		0
<b>Total</b>	<b>10</b>	<b>792</b>	<b>7,915</b>	<b>5</b>	<b>611</b>	<b>3,053</b>	<b>4</b>	<b>1,104</b>	<b>4,416</b>
Justification:									
<u>FY 2011</u>									
100 Ton Cranes for 2200 Craneway (MCA)(Productivity)									
100 Ton Crane for 2242 (MCA)(Productivity)									
Oil Analysis Work Cell (MCB) Productivity									
Modular Air Pollution Control System (MCB)(Productivity)									
Omax Water Jet (MCB)(Productivity)									
Automated Shelving Unit (MCB)(Productivity)									
Press Brake (MCB) Replacement									
M777 NDT Work Cell (MCB)(Productivity)									
Modeling Prototype Technology (MCB)(Productivity)									
Abrasive Blast #6 Upgrade/Grit RecoverySystem (MCA) Productivity									
<u>FY 2012</u>									
CNC Machine (MCA) (Productivity)									
CNC Tube Bender (MCB) (Productivity)									
CNC Pneumatic Punch Machine (MCB) (Productivity)									
Hazmat Vending System (MCB)(Productivity)									
Parkerization Plating System (MCB) Replacement									
<u>FY2013</u>									
3-D Laser Cutter (MCA) (Productivity)									
Cross Drive Upgrade (MCA) (Productivity)									
Fluid Recovery/Reycling System (MCB) (Productivity)									
Air Bearing Steel Transporting System (MCB) (Productivity)									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)	FISCAL YEAR (FY) FY2013 BUDGET ESTIMATES February 2012									
Department of the Navy / Depot Maintenance - Marine Corps Depots	ADPE and Telecommunications Equipment									
		FY 2011			FY 2012			FY 2013		
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)		2	320	639	2	433	866	0		0
Computer Software (Operating System)		0		0	0		0	0		0
Telecommunications		0		0	0		0	0		0
Other Computer & Telecommunications Spt Equipment					1	250	250	2	1,000	2,000
<b>Total</b>		2	320	639	3	372	1,116	2	1,000	2,000
<p>Justification:</p> <p><u>FY 2011</u>  NGEN Tech Refresh (MCA) 433K  NGEN Tech Refresh (MCB) 433K</p> <p><u>FY2012</u>  IUID Equipment Upgrade (MCB) 250K  NGEN Tech Refresh (MCA) 433K  NGEN Tech Refresh (MCB) 433K</p> <p><u>FY 2013</u>  RFID Technology (MCB) 1M  Wireless LAN (MCB) 1M</p>										



ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) FY2013 BUDGET ESTIMATES February 2012								
Department of the Navy / Depot Maintenance - Marine Corps Depots				Minor Construction								
				FY 2011			FY2012			FY2013		
Minor Construcion				Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Capability				1	1,004	1,004	1	735	735	0		0
Productivity Capability				1	463	463	8	745	5,962	7	562	3,934
New Mission				0		0	0		0	0		0
Environmental				1	522	522	0		0	0		0
<b>Total</b>				<b>3</b>	<b>663</b>	<b>1,989</b>	<b>9</b>	<b>744</b>	<b>6,697</b>	<b>7</b>	<b>562</b>	<b>3,934</b>
Justification: <u>FY2011</u> Test Track Renovation/Upgrade, (MCA), Safety/Replacement Hard Stand at Front Fence (MCA), Productivity Sanitary Sewer Extension 2244/2245 (MCA) Safety/Environmental  <u>FY2012</u> 2460 Floor/Ends (MCA) Productivity Vehicle Air Conditioner Maintenance Facility (MCA) Productivity Hazmat Distribution/Management Facility (MCA) Productivity Clear Span Over Main Crane Out door Extension (MCA) Productivity Clear span at 2235 (MCA) Productivity Clear Span West End 2248 (MCA) Productivity Security Control Facility (MCB) Productivity Server Farm Relocation Project (MCB) Replacement Equipment Blow down & Prep Facility (MCB) Productivity  <u>FY2013</u> Engineering & Integration Facility (MCA) Productivity Hardstand behind 2214 (MCA) Productivity: Support Facility (MCA) Productivity Maintenance Support Facility (MCA) Productivity Facillty Drainage Improvements (MCA) Productivity Office Module, (2) Relocatable (MCB) Productivity												

**Capital Investment Program**  
**Department of the Navy/ Navy Working Capital Fund**  
**Depot Maintenance - Marine Corps Depots**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**February 2012**  
**(\$ in Millions)**

**FY12 BUDGET ESTIMATE**

<b><u>Approved Project</u></b>					
	<b>Title</b>	<b>Reprogs</b>	<b>Approved Project Cost</b>	<b>Current Project Cost</b>	<b>Asset/ Deficiency Explanation</b>
<b>Equipment except ADPE and TELECOM</b>					
2012	CNC Milling Machine (MCA)	0.000	0.530	0.530	0.000 Productivity
2012	Vertical Machining Center (MCB)	-0.400	0.400	0.000	Deferred due to Emergent need
2012	6 Kw Laser Cutting Machine Center (MCB)	-0.600	0.600	0.000	Deferred due to Emergent need
2012	Caustic Cleaning System (MCB)	-0.888	0.888	0.000	Deferred due to Emergent need
2012	CNC Tube Bender (MCB)	0.688	0.000	0.688	0.000 Productivity-Emergent need based on equipment condition
2012	CNC Pneumatic Punch Machine (MCB)	0.750	0.000	0.750	0.000 Productivity-Emergent need based on equipment condition
2012	Hazmat Vending System (MCB)	0.350	0.000	0.350	0.000 Productivity-Emergent need based on equipment condition
2012	Parkerization Plating System (MCB)	-0.140	0.875	0.735	0.000 Replacement-Emergent need based on equipment condition
	<b>Sub-total Equipment</b>	<b>-0.240</b>	<b>3.293</b>	<b>3.053</b>	<b>0.000</b>
<b>Equipment - ADPE and TELECOM</b>					
2012	IUID Equipment Upgrade (MCB)	0.250	0.000	0.250	0.000 Replacement of PG10 Pilot Project Equipment , Emergent
2012	Wireless Lan (MCA )	-0.745	0.745	0.000	Deferred due to Emergent need
2012	Wireless Lan (MCB)	-0.745	0.745	0.000	Deferred due to Emergent need
2012	NGEN Tech Refresh (MCA)	0.000	0.433	0.433	0.000 Production
2012	NGEN Tech Refresh (MCB)	0.000	0.433	0.433	0.000 Production
	<b>Subtotal Equip - ADPE and TELECOM</b>	<b>-1.240</b>	<b>2.356</b>	<b>1.116</b>	<b>0.000</b>
<b>Minor Construction</b>					
2012	2460 Floor/Ends (MCA)	0.000	0.745	0.745	0.000 Productivity
2012	Vehicle Air Conditioner Maintenance Facility (MCA)	0.000	0.745	0.745	0.000 Productivity
2012	Hazmat Distribution/Management Facility (MCA)	0.000	0.745	0.745	0.000 Productivity
2012	Clear Span Over Main Crane Out door Extension (MCA)	0.000	0.745	0.745	0.000 Productivity
2012	Clear span at 2235 (MCA)	0.000	0.745	0.745	0.000 Productivity
2012	Clearspan West End of 2248 (MCA)	0.745	0.000	0.745	0.000 Productivity - Emergent need to protect equip/personnel
2012	Security Control Facility (MCB)	0.000	0.747	0.747	0.000 Productivity
2012	Server Farm Renovation (MCB)	0.735	0.000	0.735	0.000 Replacement - Emergent need based on facility condition
2012	Equipment Blow down & Prep Facility (MCB)	0.000	0.745	0.745	0.000 Productivity
	<b>Sub-total Minor Construction</b>	<b>1.480</b>	<b>5.217</b>	<b>6.697</b>	<b>0.000</b>
	<b>FY 2012 Estimate</b>	<b>0.000</b>	<b>10.866</b>	<b>10.866</b>	<b>0.000</b>

**MATERIAL INVENTORY DATA**  
**DEPARTMENT OF THE NAVY**  
**WORKING CAPITAL FUND**  
**MARINE CORPS DEPOT MAINTENANCE**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(\$ IN MILLIONS)**

Fiscal Year 2011

	Total	Mobilization	Peacetime	
			Operating	Other
<b>Material Inventory BOP*</b>	86.7	0.0	86.7	0.0
<hr style="border-top: 1px dashed black;"/>				
<u>Purchases</u>				
A. Purchases to Support Customer Orders	220.7	0.0	220.7	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	220.7	0.0	220.7	0.0
<hr style="border-top: 1px dashed black;"/>				
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	203.5	0.0	203.5	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
	203.5	0.0	203.5	0.0
<hr style="border-top: 1px dashed black;"/>				
	103.9	0.0	103.9	0.0

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

**MATERIAL INVENTORY DATA**  
**DEPARTMENT OF THE NAVY**  
**WORKING CAPITAL FUND**  
**Marine Corps Depot Maintenance**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**February 2012**  
**(\$ in Millions)**

Fiscal Year 2012

	Total	Mobilization	Peacetime	
			Operating	Other
<b>Material Inventory BOP*</b>	103.9	0.0	103.9	0.0
<hr style="border-top: 1px dashed black;"/>				
<u>Purchases</u>				
A. Purchases to Support Customer Orders	118.8	0.0	118.9	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	118.9	0.0	118.9	0.0
<hr style="border-top: 1px dashed black;"/>				
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	142.1	0.0	142.1	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
	142.1	0.0	142.1	0.0
<hr style="border-top: 1px dashed black;"/>				
	80.6	0.0	80.6	0.0

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

**MATERIAL INVENTORY DATA**  
**DEPARTMENT OF THE NAVY**  
**WORKING CAPITAL FUND**  
**Marine Corps Depot Maintenance**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**February 2012**  
**(\$ in Millions)**

Fiscal Year 2013

	Total	Mobilization	Peacetime	
			Operating	Other
<b>Material Inventory BOP*</b>	80.6	0.0	80.6	0.0
<hr style="border-top: 1px dashed black;"/>				
<u>Purchases</u>				
A. Purchases to Support Customer Orders	72.9	0.0	72.9	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	72.9	0.0	72.9	0.0
<hr style="border-top: 1px dashed black;"/>				
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	94.3	0.0	94.3	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
	94.3	0.0	94.3	0.0
<hr style="border-top: 1px dashed black;"/>				
	59.2	0.0	59.2	0.0

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

Six Percent Capital Investment Plan  
DEPARTMENT OF THE NAVY  
WORKING CAPITAL FUND  
MARINE CORPS DEPOT MAINTENANCE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012

EXCLUDING SUSTAINMENT

	<u>Revenue 3-Year Average</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	<u>08-10</u>	<u>09-11</u>	<u>10-12</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>
Revenue									
Working Capital Fund	573.8	602.3	576.7	29.2	26.1	16.6			
Appropriations	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>						
Total Revenue	573.8	602.3	576.7				34.4	36.1	34.6
<b>Working Capital Fund Depot Maintenance Investment</b>									
Facilities Restoration and Modernization Equipment	18.7			6.7		6.2			
Equipment purchase by Depots under Expense/Investment Threshold	0.0			0.0		0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold	0.0			0.0		0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold	0.0			0.0		0.0			
Capital Investment Program	10.5			10.9		10.4			
Productivity Enhancements	<u>0.0</u>			<u>0.0</u>		<u>0.0</u>			
Total WCF Investment	29.2			17.6		16.6			
<b>Appropriated Funding</b>									
Facilities Restoration and Modernization Equipment	0.0			0.0		0.0			
Equipment purchase by Depots under Expense/Investment Threshold	0.0			0.0		0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold	0.0			0.0		0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold	0.0			0.0		0.0			
Capital Investment Program	0.0			0.0		0.0			
Productivity Enhancements	0.0			0.0		0.0			
Military Construction (MILCON)	<u>0.0</u>			<u>8.5</u>		<u>0.0</u>			
Total Appropriated Funding	0.0			8.5		0.0			
<b>Component Total</b>	29.2			26.1		16.6			
							-5.2	-10.0	-18.0
							<u>Budget Minus Six Percent of Revenue Difference</u>		

The table above only reflects data for the Marine Corp Depots. The six percent threshold is applicable at the Department of the Navy level, to include both Navy Working Capital Fund and appropriated fund (shipyard) activities. This exhibit has been modified to conform with the provisions of 10 USC 2476 as it was amended by Section 325 of the FY 2012 National Defense Authorization Act (NDAA) to remove sustainment costs for facilities, infrastructure and equipment (10 USC 2476 (b)). The Department was unable to modify other elements of the Fund-6 exhibit or alter the depot investment levels in the FY 2013 President's Budget to reflect the impact of other provisions of Section 325 on 10 USC 2476 because of the timeframe for enactment of the NDAA.

**Six Percent Capital Investment Plan  
DEPARTMENT OF THE NAVY  
WORKING CAPITAL FUND  
MARINE CORPS DEPOT MAINTENANCE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**INCLUDING SUSTAINMENT**

	<u>Revenue 3-Year Average</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	<u>08-10</u>	<u>09-11</u>	<u>10-12</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue							<u>6%</u>	<u>6%</u>	<u>6%</u>
Working Capital Fund	573.8	602.3	576.7	33.8	37.3	24.3			
Appropriations	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>						
Total Revenue	573.8	602.3	576.7						
							34.4	36.1	34.6
<b>Working Capital Fund Depot Maintenance Investment</b>									
Facilities Sustainment, Restoration and Modernization				23.3	17.9	13.9			
Equipment				0.0	0.0	0.0			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.0	0.0	0.0			
Capital Investment Program				10.5	10.9	10.4			
Productivity Enhancements				0.0	0.0	0.0			
Total WCF Investment				33.8	28.8	24.3			
<b>Appropriated Funding</b>									
Facilities Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				0.0	0.0	0.0			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.0	0.0	0.0			
Capital Investment Program				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				<u>0.0</u>	<u>8.5</u>	<u>0.0</u>			
Total Appropriated Funding				0.0	8.5	0.0			
<b>Component Total</b>				33.8	37.3	24.3			
							<u>Budget Minus Six Percent of</u>		
							<u>Revenue Difference</u>		
							-0.6	1.2	-10.3

The table above only reflects data for the Marine Corp Depot. The six percent threshold is applicable at the Department of the Navy level, to include both Navy Working Capital Fund and appropriated fund (shipyard) activities. This exhibit has been prepared in conformance with the provisions of 10 USC 2476 prior to the enactment of the FY 2012 National Defense Authorization Act and is meant to show the Department's intention was to fund depot investments at or above the levels required in that statute during development of the FY 2013 President's Budget.

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**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL AIR WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

**Mission Statement / Overview**

The Naval Air Warfare Center (NAWC) budget submission includes the Aircraft Division (AD) and the Weapons Division (WD). NAWCs mission is to provide the Navy with full spectrum research, development, test, evaluation (RDT&E); in-service engineering; aircraft weapons integration; assigned airborne electronic warfare systems; naval air craft engines; avionics; aircraft support systems; weapons systems associated with air warfare (except antisubmarine warfare systems); missiles and missile subsystems; RDT&E, acquisition and life cycle support of training systems; and to maintain and operate the air, land, and sea test ranges complex. NAWC receives Major Range Test Facility Base funding (RDT&E,N appropriation) to maintain and support designated range facilities.

**Activity Group Composition:**

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

**Significant Changes Since the FY 2012 President's Budget:**

There are no significant changes within the activity group composition since the FY 2012 President's Budget.

**Financial Profile:**

<b><u>Revenue/Expense/NOR/AOR (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Revenue	\$4,282.3	\$4,376.3	\$4,511.7
Expense	<u>\$4,258.8</u>	<u>\$4,430.3</u>	<u>\$4,510.4</u>
Operating Results	\$23.5	-\$54.0	\$1.3
Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Results (NOR)	<u>\$23.5</u>	<u>-\$54.0</u>	<u>\$1.3</u>
Other Changes Affecting AOR	\$29.2	-\$0.7	0.0
Accumulated Operating Results (AOR)	<u>\$52.7</u>	<u>-\$1.3</u>	<u>\$0.0</u>

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

<b><u>Collections/Disbursements/Outlays (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Collections	\$4,387.5	\$4,382.1	\$4,517.4
Disbursements	<u>\$4,334.5</u>	<u>\$4,416.3</u>	<u>\$4,496.4</u>

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL AIR WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

Outlays	-\$53.0	\$34.2	-\$21.0
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Budgeted collections and disbursements are based on revenue, cost, and Capital Investment Program (CIP) outlay estimates.

**Workload:**

<b><u>Reimbursable Orders (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	\$4,415.5	\$4,353.8	\$4,330.2

<b><u>Direct Labor Hours (000)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	19,593	19,649	19,693

**Performance Indicators:**

<b><u>Unit Cost</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Total Stabilized Cost (\$M)	\$1,918.7	\$1,810.8	\$1,828.6
Workload (DLHs) (000)	19,593	19,649	19,693
Unit cost (per DLH)	\$97.93	\$92.16	\$92.86

Unit cost is a measurement of total direct labor and overhead costs divided by the number of direct labor hours. The FY 2011 unit cost was higher than expected due to a different mix of workload in execution than planned.

<b><u>Stabilized / Composite Rates</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Stabilized Rate	\$109.57	\$98.41	\$102.76
Change from Prior Year		-10.19%	4.42%
Composite Rate Change		-1.96%	2.46%

Proposed composite rate changes from FY 2012 to FY 2013 are designed to achieve an accumulated operating result of zero.

**Staffing Profile:**

<b><u>Civilian/Military ES &amp; Workyears</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Civilian End Strength	13,065	13,044	13,044
Civilian Workyears (Less OT)	12,927	12,974	12,976
Military End Strength	198	241	235

**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL AIR WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

Military Workyears	177	167	162
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**Civilian Personnel:** The civilian resource estimates are a baseline projection of civilian resources necessary to fulfill programming objectives and coordination with customers. Civilian resource estimates have been adjusted to reflect a balanced program of civilian resources to funded workload.

**Capital Investment Program (CIP) Budget Authority:**

<b><u>CIP Budget Authority (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Equipment, Non-ADP / Telecom	\$20.9	\$14.2	\$31.0
Equipment, ADPE / Telecom	\$8.8	\$8.8	\$11.2
Software Development	\$0.3	\$0.4	\$1.1
Minor Construction	<u>\$8.0</u>	<u>\$18.8</u>	<u>\$2.0</u>
<b>Total</b>	<u>\$38.0</u>	<u>\$42.2</u>	<u>\$45.3</u>

**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL AIR WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

**Carryover Compliance:**

<b><u>Carryover (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
New Orders	\$4,415.5	\$4,353.8	\$4,330.2
Less Exclusions:			
Foreign Military Sales	\$137.4	\$120.5	\$107.2
Base Realignment and Closure	\$29.4	\$21.8	\$18.7
Other Federal Departments & Agencies	\$64.1	\$54.9	\$50.9
Non-Federal Agencies & others	\$24.4	\$21.7	\$20.2
Major Range & Test Facility Base	<u>\$317.2</u>	<u>\$283.9</u>	<u>\$292.9</u>
Orders for Carryover Calculation	\$3,843.0	\$3,851.0	\$3,840.3
Composite Outlay Rate	52.1%	52.5%	52.7%
Carryover Ceiling Rate	47.9%	47.5%	47.3%
Carryover Ceiling	\$1,842.0	\$1,830.3	\$1,814.8
Balance of Customer Orders at Year End	\$2,262.2	\$2,239.7	\$2,058.3
Less Work-in-Process	0	0	0
Less Exclusions			
Foreign Military Sales	\$144.5	\$148.9	\$153.7
Base Realignment and Closure	\$15.0	\$11.1	\$8.6
Other Federal Departments & Agencies	\$101.2	\$121.8	\$137.4
Non-Federal Agencies & Others	\$22.9	\$21.3	\$18.1
Major Range & Test Facility Base	<u>\$147.7</u>	<u>\$154.1</u>	<u>\$177.3</u>
Carryover Budget	<u>\$1,830.8</u>	<u>\$1,782.5</u>	<u>\$1,563.2</u>

*\*Some totals may not add due to rounding.*

Budgeted carryover is within the ceiling allowed by outlay rates.

**REVENUE AND EXPENSE**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL AIR WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(DOLLARS IN MILLIONS)**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue:			
Gross Sales			
Operations	4,243.0	4,333.5	4,466.3
Surcharges	-	-	-
Depreciation excluding Major Construction	39.3	42.8	45.3
Other Income			
Total Income	4,282.3	4,376.3	4,511.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	14.9	13.0	12.4
Civilian Personnel	1,641.4	1,636.8	1,657.2
Travel and Transportation of Personnel	95.9	63.2	63.5
Material & Supplies (Internal Operations)	389.4	356.3	402.9
Equipment	33.2	29.9	30.5
Other Purchases from NWCF	127.4	114.4	116.7
Transportation of Things	8.4	2.9	3.0
Depreciation - Capital	39.3	42.8	45.3
Printing and Reproduction	1.1	1.1	1.1
Advisory and Assistance Services	0.5	0.5	0.5
Rent, Communication & Utilities	73.6	83.8	92.1
Other Purchased Services	1,833.7	2,085.4	2,085.1
Total Expenses	4,258.8	4,430.3	4,510.4
Work in Process Adjustment	-	-	-
Comp Work for Activity Retention Adjustment	-	-	-
Cost of Goods Sold	4,258.8	4,430.3	4,510.4
Operating Result	23.5	(54.0)	1.3
Less Surcharges	-	-	-
Plus Appropriations Affecting NOR/AOR	-	-	-
Other Changes Affecting NOR/AOR	-	-	-
Extraordinary Expenses Unmatched	-	-	-
Net Operating Result	23.5	(54.0)	1.3
Other Changes Affecting AOR	-	-	-
Accumulated Operating Result	52.7	(1.3)	-

**SOURCES OF REVENUE  
DEPARTMENT OF THE NAVY  
RESEARCH AND DEVELOPMENT  
NAVAL AIR WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)**

	FY 2011	FY 2012	FY 2013
	-----	-----	-----
1. New Orders	4,415.5	4,353.8	4,330.2
a. Orders from DoD Components:	4,103.2	4,080.0	4,075.3
Department of the Navy	3,228.4	3,342.1	3,364.3
O & M, Navy	644.1	654.2	660.8
O & M, Marine Corps	24.0	14.6	15.0
O & M, Navy Reserve	0.7	0.5	0.6
O & M, Marine Corp Reserve	0.4	0.4	0.4
Aircraft Procurement, Navy	820.1	809.1	843.4
Weapons Procurement, Navy	50.4	58.2	49.2
Ammunition Procurement, Navy/MC	27.7	25.7	19.6
Shipbuilding & Conversion, Navy	68.7	141.5	54.1
Other Procurement, Navy	143.7	81.3	89.0
Procurement, Marine Corps	10.8	2.2	2.6
Family Housing, Navy/MC	0.6	0.6	0.6
Research, Dev., Test, & Eval., Navy	1,437.1	1,553.3	1,628.8
Military Construction, Navy	-	-	-
National Defense Sealift Fund	0.4	0.6	0.2
Other Navy Appropriations	(0.2)	-	-
Other Marine Corps Appropriations	-	-	-
Department of the Army	279.4	230.2	226.4
Army Operation & Maintenance	72.8	72.6	73.6
Army Res, Dev, Test, Eval	44.8	41.7	39.3
Army Procurement	145.1	101.6	101.2
Army Other	16.8	14.3	12.4
Department of the Air Force	175.5	143.5	136.4
Air Force Operation & Maintenance	52.9	49.4	48.8
Air Force Res, Dev, Test, Eval	43.3	37.7	34.4
Air Force Procurement	79.3	56.2	52.9
Air Force Other	-	0.2	0.2
DOD Appropriation Accounts	419.9	364.2	348.1
Base Closure & Realignment	29.4	21.8	18.7
Operation & Maintenance Accounts	123.0	94.0	91.1
Res, Dev, Test & Eval Accounts	158.6	143.5	134.4
Procurement Accounts	100.4	97.0	97.0
Defense Emergency Relief Fund	-	-	-
DOD Other	8.4	7.9	6.9
b. Orders from other Fund Activity Groups	86.3	76.7	76.6
c. Total DoD	4,189.6	4,156.7	4,151.8
d. Other Orders:	225.9	197.1	178.4
Other Federal Agencies	64.1	54.9	50.9
Foreign Military Sales	137.4	120.5	107.2
Non Federal Agencies	24.4	21.7	20.3
2. Carry-In Orders	2,129.0	2,262.2	2,239.7
3. Total Gross Orders	6,544.5	6,616.0	6,569.9
a. Funded Carry-Over before Exclusions	2,262.2	2,239.7	2,058.3
b. Total Gross Sales	4,282.3	4,376.3	4,511.6
4. End of Year Work-In-Process (-)	-	-	-
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	(431.4)	(457.2)	(495.0)
6. Net Funded Carryover	1,830.8	1,782.5	1,563.2

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



**CHANGES IN COST OF OPERATIONS**  
**DEPARTMENT OF NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL AIR WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	<b>Total Costs</b>
<b>FY 2011 Actual</b>	<b>\$ 4,258.8</b>
<b>FY 2012 Estimate in FY 2012 President's Budget</b>	<b>\$ 4,223.2</b>
<b>Pricing Adjustments</b>	<b>\$ -</b>
Impact of Civilian Pay Freeze	\$ -
<b>Program Changes</b>	<b>\$ 209.6</b>
Fixed Wing Aircraft	\$ 59.1
Guided Weapons	\$ 6.9
Rotor Craft	\$ 17.0
Avionics	\$ 12.3
Special Surveillance/Communications	\$ 50.0
Unmanned Aircraft System	\$ 41.2
Other	\$ 23.1
<b>Productivity and Other Efficiencies</b>	<b>\$ -</b>
<b>Other Changes (incl Depreciation)</b>	<b>\$ (2.5)</b>
FECA	\$ 0.3
DFAS	\$ (0.6)
Depreciation	\$ -
Navy ERP	\$ -
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	\$ (2.2)
All Other Changes	\$ -
<b>FY 2012 Current Estimate</b>	<b>\$ 4,430.3</b>

**CHANGES IN COST OF OPERATIONS**  
**DEPARTMENT OF NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL AIR WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	<b>Total Costs</b>
<b>Pricing Adjustments</b>	<b>\$ 67.0</b>
Annualization of Pay Raises	\$ -
Civilian Personnel	\$ -
Military Personnel	\$ -
Pay Raise	<b>\$ 6.1</b>
Civilian Personnel	\$ 5.9
Military Personnel	\$ 0.2
Working Capital Fund Price Changes	\$ 11.0
General Purchases Inflation	\$ 49.8
 <b>Program Changes</b>	 <b>\$ 12.2</b>
Fixed Wing Aircraft	\$ 21.9
Guided Weapons	\$ 29.8
Rotor Craft	\$ (11.8)
Avionics	\$ (38.5)
Special Surveillance/Communications	\$ -
Unmanned Aircraft System	\$ (0.9)
Other	\$ 11.7
 <b>Productivity and Other Efficiencies</b>	 <b>\$ (1.6)</b>
Data Center Consolidation (Corporate)	\$ (1.6)
 <b>Other Changes (incl Depreciation)</b>	 <b>\$ 2.5</b>
FECA	\$ 0.4
DFAS	\$ (0.4)
Depreciation	\$ 2.5
 <b>FY 2013 Current Estimate</b>	 <b>\$ 4,510.4</b>

**CAPITAL INVESTMENT SUMMARY**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL AIR WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**DOLLARS IN MILLIONS**

Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
001	Non-ADPE and Telecom Equipment	42	\$20.937	24	\$14.165	52	\$31.023
	- Replacement Capability	10	\$5.145	4	\$3.051	8	\$5.537
	- Productivity Capability	17	\$8.045	11	\$6.019	35	\$20.136
	- New Mission Capability	15	\$7.747	9	\$5.095	9	\$5.350
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
002	ADPE and Telecom Equipment	15	\$8.824	16	\$8.814	21	\$11.220
	- Computer Hardware (Production)	3	\$0.897	5	\$2.486	5	\$2.429
	- Computer Software (Operating)	1	\$0.630	0	\$0.000	0	\$0.000
	- Telecommunications	11	\$7.297	11	\$6.328	16	\$8.791
	- Other Computer & Telecom Support Equipment	0	\$0.000	0	\$0.000	0	\$0.000
003	Software Development	1	\$0.300	1	\$0.350	2	\$1.100
	- Projects = or > \$1M (List Separately)	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects < \$1M	1	\$0.300	1	\$0.350	2	\$1.100
004	Minor Construction	7	\$7.958	14	\$18.830	5	\$1.998
	- Replacement Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Productivity Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- New Mission Capability	7	\$7.958	14	\$18.830	5	\$1.998
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
	<b>Grand Total</b>	<b>65</b>	<b>\$38.019</b>	<b>55</b>	<b>\$42.159</b>	<b>80</b>	<b>\$45.341</b>
	<b>Total Capital Outlays</b>		<b>\$31.887</b>		<b>\$36.621</b>		<b>\$39.110</b>
	<b>Total Depreciation Expense</b>		<b>\$39.306</b>		<b>\$42.841</b>		<b>\$45.341</b>

Capital Investment Justification (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES								
		FEBRUARY 2012								
Department of the Navy / Research and Development		#001 - Non-ADPE and Telecommunications						NAWC		
		FY 2011			FY 2012			FY 2013		
Non-ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment		10		5,145	4		3,051	8		5,537
Productivity Equipment		17		8,045	11		6,019	35		20,136
New Mission Equipment		15		7,747	9		5,095	9		5,350
Environmental Compliance										
Total		42		20,937	24		14,165	52		31,023

Justification:

**NON-ADPE and Telecommunications: FY 2011-FY 2013**

1. Projects within this capability will assist NAWC in creating solutions that will address deficiencies in capabilities that will allow us to better perform mission efforts. Existing equipment provides limited capabilities due to age of equipment, speed of operation, and technological advances. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWC creates a need to procure investment equipment.

Equipment replacement will benefit equipment processors and mechanical systems that are slow and afford limited abilities to record, mix or process energetic materials and test processes. New equipment will provide process control of energetic operations, test operations and data collection. Ordnance hazard test facilities will be upgraded to improve data acquisition, digitized high speed video coverage and improved communications. High speed spectroscopy equipment will enable improved analysis of lab scale combustion experiments. Increased work loads in laser technology and high energy lasers have exceeded the capacity and capabilities of current equipment. A high energy laser laboratory and improved laser characterization equipment will provide an increased ability to develop and evaluate the effects of directed energy devices. Sensors and support equipment will be acquired for the development and evaluation of high power microwave devices. Improved equipment is required to characterize and coat dielectric and optical windows used in advanced seeker, sensor and directed energy components. Electromagnetic testing capabilities need to be expanded to higher frequencies to meet the requirements of future systems. Airborne instrumentation capability for testing of countermeasure systems is limited by the unavailability of suitable aircraft. Improved airborne instrumentation pods with expanded sensing capability will allow a broader range of data to be gathered in flight testing on available aircraft. Testing of electronic warfare equipment is limited by an insufficient number of radar environment simulators. An additional Advanced Multiple Environment Simulator will provide an enhanced capability to support the development of Electronic Warfare (EW) suites in a more cost effective and timely manner. Radio Frequency (RF) chamber upgrades will allow testing of medium and high power jamming testing without the restrictions of open air testing. Ultra High Frequency/Very High Frequency (UHF/VHF) chambers will be upgraded for improved accuracy, fidelity and efficiency. Upgraded materials testing equipment such as scanning electron microscopes and Instron mechanical test machines will provide more efficient and accurate characterization of materials. Installation of new controllers for climatic chambers will provide continued and improved testing of operational hardware and fleet weapons systems. Increased capacity will allow longer run times for testing of high speed propulsion systems and components and expanded aerothermal testing. An expanded storage tank capability will allow more effective testing of electronic safe arm devices. Signal generator and sensors will enable upgrading of reprogrammable, adaptable ground targets to meet customer needs.

Upgrades to productivity equipment will benefit support equipment for antennas, radars, networks, ID Friend or Foe, heat treatment, hydraulic press, valve plug lathe, dust chamber, cylindrical grinder. Laboratories that will be upgraded include the antenna lab, and battery lab, unmanned aircraft lab, rapid prototype lab, microanalysis lab, fuel cell lab, altitude and dynamic breathing lab. Other capabilities to be upgraded include the ejection tower, windblast efforts, avionics, and sensor integration work.

New mission equipment will support various NAWC efforts, including pulsed power load banks, the synthetic lab, radio frequency and microwave electronic systems, crashworthy systems, cold atom magnetometers, and sand and dust chamber. Additional efforts will procure equipment that will help in developing weaponization of unmanned vehicles and development of new high energy laser systems in support of war fighter operations. Beam control equipment and ion beam coating systems will complement the development of high energy laser systems. War fighter will be able to find, track, target and destroy enemy assets without putting themselves in harms way utilizing newly developed materials and components. A new capability for hands free prototyping will allow around the clock fabrication support for the warfighter. New capabilities in photonics will be initiated. Specialized equipment will enable the exploration of innovative, renewable energy technologies. An integrated suite of tools and sensors will lead to a unique capability in advanced radar processing and exploitation. Electromagnetic sensor and laboratory equipment will provide the capability to evaluate the effect of threat pulse power systems on electronic components. Hardware will be acquired allowing the evaluation of countermeasures against a new generation of threat systems. A new capability in in-service support of Electronic Warfare payload systems will be developed. Existing facilities and equipment will be upgraded to provide a new capability for analysis and evaluation of reactive liners for insensitive munitions.

2. The investments will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.

3. Economic analysis were performed.

4. Cost avoidance will begin upon project completion.

5. If investments are not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals, and reduce overall Naval warfighting effectiveness.

Capital Investment Justification (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES								
		FEBRUARY 2012								
Department of the Navy / Research and Development		#002 - ADPE and Telecommunications Capabilities			NAWC					
		FY 2011			FY 2012			FY 2013		
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)		3		897	5		2,486	5		2,429
Computer Software (Operating)		1		630			-			-
Telecommunications		11		7,297	11		6,328	16		8,791
Other Computer & Telecommunications Spt Equipment										
Total		15		8,824	16		8,814	21		11,220

Justification:

**ADPE and Telecommunications: FY 2011-FY 2013**

1. Projects will support various NAWC areas to include networks, ADPE security, analysis tools, simulators, acoustic warfare, modeling and simulation, servers, technology enhancement, test environment development and engineering computer upgrades. Current capability in network connectivity is inadequate to participate to the extent required in network centric operations. Improvements are required to upgrade information sharing capability for developing and testing of network centric systems. Improved servers and software will be acquired to support Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and precision targeting efforts. Video production and archiving will be transferred to high definition digital equipment and media, thus conforming with current standards. Present computer assets do not permit full application of current and future tools used in advanced computational fluid dynamics, aerodynamic analysis and thermal analysis. Current systems for these analyses are at full capacity with no capability to support additional customer needs. The current system will be upgraded by implementing a high performance computational cluster. ADPE equipment will be upgraded for guidance navigation and control embedded software lab and assault aircraft survivability equipment integration lab.
2. The projects will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investments are not made, NAWC would be limited in the ability to increase our existing capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

**FY2011-FY2013**

**ADPE and Telecommunications Equipment**

**Greater than \$1M:**

**EA & EW UxS FACILITY EQUIPMENT (2 PHASES)**

1. The purpose is to create a facility/environment that will have the capability of integrating EA/EW (Electronic Attack/Electronic Warfare) systems into Unmanned Experimental Systems (air, ground, surface). This will include internal integration and external podded system integrations and will support actual platform and simulated systems integration (i.e guidance control section, flight control system, engines etc). This procurement will be used to obtain the equipment required to support integration of Electronic Warfare (EW) Systems into Unmanned and externally controlled systems and to obtain upgrades that augment existing lab capabilities that exist today in order to put NAWC in a good position to capitalize on new capabilities and opportunities. It will support integration of the increasing number of EA/EW systems into unmanned systems.
2. The environment required to support the development, sustainment, integration and test of EA/EW systems into unmanned platforms does not currently exist.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. NAWC will not be able to stand up the facility and support the EA/EW systems for unmanned platforms, causing inability to support the EA/EW integration.

**FY2011-FY2013**

**ADPE and Telecommunications Equipment**

**Greater than \$1M:**

**WSL COMMUNICATIONS UPGRADE**

1. This project will replace existing communications between test sites at the Weapons Survivability Laboratory (WSL). The project will provide upgraded fiber, supporting equipment, data acquisition, controls, phone and computer networking needed to communicate between WSL test sites and with the outside world.
2. The current system does not provide an integrated capability, is subject to frequent maintenance issues and associated system downtime. The need to communicate with test participants and between test facilities is critical to safe and timely test operations. This project will provide WSL with an integrated, reliable communications, data acquisition, and controls capability.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If the system is not acquired, maintenance issues will become more acute until at some point we are unable to maintain the existing hardware due to unavailability of parts. Test downtimes will increase as maintenance of the existing system becomes more difficult and takes longer to fix. One of a kind test articles requiring multiple instrumentation channels (100+) can cost an upwards of \$2M to re-create. Other common test platforms with 100 or less channels can cost up to \$200K to re-create.

**FY2011-2013**

**ADPE and Telecommunications Equipment**

**Greater than \$1M:**

**SIPRNET Web and Database Environment**

1. The Secret Internet Protocol Router Network (SIPRNET) web and database environment/services initiative will upgrade the classified network by including necessities such as document management, collaboration, workflow, database, web application development platform, and web development services. Currently these services are not readily available on SIPRNET due to lack of infrastructure and software. The result is redundancies and/or development using non-standard technologies that are not compliant with functional area manager (FAM), cyber asset reduction security (CARS), and other Navy level consolidation efforts. This initiative will provide the infrastructure to greatly increase efficiencies and interoperability among many disparate platforms, systems, databases, and applications by leveraging new technology standards on the classified side.
2. There is neither the capability, mechanism, nor infrastructure in place on SIPRNET to build & maintain the web services described above that automate business processes, consolidate and portalize redundant applications, and reduce the IT footprint using existing technologies. This project will provide the hardware, software, and resources necessary to build and maintain an infrastructure which enables developing & hosting multiple web services in direct support of warfighter initiatives. Disparate pockets of personnel are addressing this problem in an isolated and stovepiped manner. Consolidation of these efforts is essential for security, cost savings and interoperability.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall

**FY2011-2013**

**ADPE and Telecommunication Equipment**

**Greater than \$1M:**

**SE & ALRE Design & Analysis Lab**

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

**FY2011-2013**

**ADPE and Telecommunications Equipment**

**Greater than \$1M:**

**SE/ALRE Integrated Supt Environment Information System**

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

**FY2011-2013**

**ADPE and Telecommunications Equipment**

**Greater than \$1M:**

**SUN Server/SAN Upgrade**

1. The purpose of this project is to upgrade and consolidate selected Naval Air Warfare Center Aircraft Division (NAWCAD) SUN servers and Storage Area Network (SAN) hardware. The SUN enterprise series servers offer dynamic system domains and system partitioning that creates self-contained servers within a single physical server. Processors, memory, and input/output (I/O) can be expanded seamlessly and transparently, with non-linear increases in overall system, user, and application performance. Mainframe like partition capabilities permit extremely flexible processor and memory configurations that improve resource management and availability. SAN technology provides for the height availability, protection, management, and retrieval of corporate data. SAN technology reduces processor loading on servers allowing for more efficient use of hardware resources. This upgrade effort will provide robust platforms for the hosting of corporate applications and data, while reducing the overall Information Technology (IT) footprint required in the B1490 data center.
2. Many of the current SUN and SAN systems will approach end of life in FY 2011. NAWC's data center continues to grow as our IT office takes on new work for customers throughout the command. Investment in new systems will permit the data center to efficiently respond to new hosting requirements while controlling support costs and making the best use of facility resources. The goal of this project is to manage resources at an optimal service level for the lowest possible cost to the organization, thereby improving efficiencies. When systems are consolidated and new technology is deployed, an experienced system administrator can do a much better job of bringing together multiple, disparate platforms and run them as a single, seamless environment.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWCAD would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.



**FY2011-2013**

**ADPE and Telecommunications Equipment**

**Greater than \$1M:**

**Intelligence Network**

1. The purpose of this project is to upgrade the Sensitive Compartmented Information (SCI) network infrastructure . The SCI network connects NAWC with all organizations of the Intelligence Community and Fleet units for secure voice, video teleconferencing and collaborative information sharing.
2. Current network backbone equipment is obsolete. Customer demand has increased for the use of this resource. Investment in infrastructure will permit NAWCAD to efficiently respond to new hosting requirements .
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWCAD would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

**FY2011-2013**

**ADPE and Telecommunications Equipment**

**Greater than \$1M:**

**LEDMI**

1. The purpose of this project is to build a master data table that will synchronize in real time over 30 information systems and serve as a single entry point of query for all related Fleet support data.
2. Current Support Equipment (SE) and Aircraft Launch and Recovery Equipment (ALRE) maintenance, logictics, and other technical databases are disjointed, time consuming to access and often contain inconsistent or contradictory information, impairing the the ability of engineers and logisticians to achieve higher SE/ALRE reliability at a reduced cost.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

Capital Investment Justification (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES								
		FEBRUARY 2012								
Department of the Navy / Research and Development		#003 - Software Development			Naval Air Warfare Center (NAWC)					
Software Development		FY 2011			FY 2012			FY 2013		
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Projects = or > \$1M										
Projects <\$1M		1		300	1		350	2		1,100
TOTAL		1		300	1		350	2		1,100
Justification:										
<p><b>Software: FY2011-FY2013</b></p> <ol style="list-style-type: none"> <li>Projects within this category and capability will assist NAWC in creating solutions to address deficiencies in capabilities and better perform mission efforts. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWC creates a need for mission efforts. Projects will support various NAWC areas to include computational electromagnetics modeling lab, mission task, conceptual rotorcraft analysis efforts, and parametric aircraft drawing and analysis capability.</li> <li>The projects will enable NAWC to meet customers' expectations, improve operational efficiencies, and provide new state-of-the-art technology to increase NAWC customer support for all mission efforts.</li> <li>Economic analysis were developed and included with individual project submissions.</li> <li>Cost avoidance for the equipment in this capability will begin upon project completion.</li> <li>If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and will have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.</li> </ol>										

Capital Investment Justification (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES								
		FEBRUARY 2012								
Department of the Navy / Research and Development		#004 - Minor Construction			Naval Air Warfare Center (NAWC)					
		FY 2011			FY 2012			FY 2013		
Minor Construction		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement										
Productivity										
New Mission		7		7,958	14		18,830	5		1,998
Environmental										
Total		7		7,958	14		18,830	5		1,998

Justification:

**Minor Construction: FY2011-FY2013**

1. Projects within this category and these capabilities will assist NAWC in creating solutions to address deficiencies in capabilities and enhance the performance of mission efforts. Minor Construction projects work to modify existing spaces, replace obsolete facilities, and construct new facilities that allow for improved efficiencies and provide greater security and suitable space to research, develop, acquire, test and evaluate aircraft systems (often in a secure environment) for the War fighter. Projects will support various NAWC areas including test team facilities for irregular warfare, unmanned aircraft, air vehicles, and mission systems. Additional effort will be done to construct a catapult windlab facility, mobile systems lab, environmental and electrical test facility, composite materials structures facility, jet car track facility, external cargo mockup facility, weapons survivability lab test article assembly building, a consolidated storage facility.

2. The following Minor Construction projects exceed the current Military Construction threshold levels of \$750K, using LRP authority.

Project Name

FY 11 Cedar Point Minor C	\$ 867
FY 11 LR142 Minor C LRP	\$1,707
FY 11 T&E FACILITY_LRP	\$2,000
FY 11 Test Article Assembly Bldg LRP	\$2,000
FY 12 ICIS Tower_LRP	\$ 750
FY 12 Composite Materials and Structures Building LRP	\$ 750
FY 12 Mobile ATC Systems Lab_LRP	\$ 750
FY 12 LR 141 LRP	\$1,100
FY12 Irregular Warfare LRP	\$1,999
FY 12 SE/ALRE LRP	\$1,999
FY 12 PSEF LRP	\$1,999
FY 12 UAS LRP	\$1,999
FY 12 Air Vehicles LRP	\$1,999
FY 12 Mission Systems LRP	\$1,999
FY 12 CONSOLIDATED STORAGE FACILITY	\$2,000

3. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

**CAPITAL BUDGET EXECUTION**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL AIR WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2012	001	Non ADP		\$21.999	\$14.165	\$7.834	
			Replacement	\$3.051	\$3.051	\$0.000	Five project cost estimates decreased.
			Productivity	\$13.853	\$6.019	\$7.834	One project cost estimate increased
			New Mission	\$5.095	\$5.095	\$0.000	Nine projects cancelled
			Environmental	\$0.000	\$0.000	\$0.000	Two new projects
	002	ADP		\$10.094	\$8.814	\$1.280	
			Hardware	\$2.486	\$2.486	\$0.000	Five projects cancelled.
			Telecommunications Equip.	\$7.608	\$6.328	\$1.280	One project cost estimate increased
			Other Support Equip.	\$0.000	\$0.000	\$0.000	One new project.
	003	Software		\$0.870	\$0.350	\$0.520	
			Software Projects < \$1.000M	\$0.870	\$0.350	\$0.520	Two projects cancelled. One new project.
	004	Minor Construction		\$9.196	\$18.830	-\$9.634	
			Replacement	\$0.000	\$0.000	\$0.000	Two project cost estimates decreased.
			Productivity	\$0.000	\$0.000	\$0.000	One project cancelled.
			New Mission	\$9.196	\$18.830	-\$9.634	Two project cost estimates increased.
			Environmental	\$0.000	\$0.000	\$0.000	Six new projects.
		<b>Total FY 2012</b>	<b>All</b>	<b>\$42.159</b>	<b>\$42.159</b>	<b>\$0.000</b>	

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**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL SURFACE WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATE  
FEBRUARY 2012**

**Mission Statement / Overview**

The Naval Surface Warfare Center provides research, development, test and evaluation; in-service engineering; and fleet and integrated logistic support for surface ship combat systems, surface and mine warfare combat systems, ordnance, explosive ordnance disposal technology, mines, amphibious warfare systems, mine countermeasures, special warfare and strategic systems, systems interfaces, weapon systems and subsystems, unique equipment and related expendable ordnance of the Navy surface fleet. In addition, they provide primary technical capability in energetics through engineering, fleet and operational support, manufacturing technology, limited production, industrial base support and research, development, test and evaluation for energetic materials, ordnance devices and components and related ordnance engineering standards. Central to our strategy is the sustainment and development of critical core capabilities that support legacy and emerging systems in the Fleet. Critical to our vision is the need to acquire, train, and retain top quality, diverse, scientists and engineers and to maintain the corresponding infrastructure necessary to support the Navy's future strategic requirements.

**Activity Group Composition:**

The Center is comprised of eight 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, analysis, acquisition support, in-service engineering, logistics and integration of surface and undersea vehicles and associated systems. NSWC Carderock also develops and applies science and technology associated with naval architecture and marine engineering as well as provides support to the maritime industry. It also executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has major operating sites at Carderock, MD and Philadelphia, PA with smaller operating sites at Ft. Lauderdale, FL, Memphis, TN, Norfolk, VA, Bremerton, WA, and Bayview, ID.

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

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL SURFACE WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATE  
FEBRUARY 2012**

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

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

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

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

**PANAMA CITY DIVISION:** The mission of this division is to conduct research, development, test and evaluation and in-service support of mine warfare systems, mines, Naval Special Warfare Systems, diving and life support systems, amphibious



**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL SURFACE WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATE**  
**FEBRUARY 2012**

/expeditionary maneuver warfare systems and other missions that occur primarily in coastal (littoral) regions. It also executes other responsibilities as assigned by Commander, Naval Surface Warfare Center. The primary operating site is Panama City, FL.

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

**Significant Changes Since the FY 2012 President's Budget:**

There are no significant changes in the activity group composition since the FY 2012 President's Budget.

**Financial Profile:**

<b><u>Revenue/Expense/NOR/AOR (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Revenue	\$4,317.2	\$3,990.2	\$4,056.9
Expense	<u>\$4,289.6</u>	<u>\$4,114.6</u>	<u>\$4,091.7</u>
Operating Results	\$27.6	-\$124.4	-\$34.8
Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Results (NOR)	<u>\$27.6</u>	<u>-\$124.4</u>	<u>-\$34.8</u>
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Results (AOR)	<u>\$159.2</u>	<u>\$34.8</u>	<u>\$0.0</u>

**Revenue and Expense:** The trend in revenue and expense from year-to-year reflects the Center's efforts to size itself to meet customer demand while becoming more efficient. FY 2012 reflects overhead cost reductions of -\$8.7M and FY 2013 reflects additional overhead cost reductions of -\$17.8M. The FY 2011 operating results reflects a gain of \$33.6M from the FY 2012 President's Budget and FY 2012 operating results reflects a gain of \$1.2M from the FY 2012 President's Budget. The negative AOR recoupment in FY 2013 will return projected cumulative gains and will achieve a zero Accumulated Operating Result balance in FY 2013.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL SURFACE WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATE  
FEBRUARY 2012**

<b><u>Collections/Disbursements/Outlays (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Collections	\$4,258.3	\$4,023.5	\$4,056.8
Disbursements	<u>\$4,254.0</u>	<u>\$4,147.4</u>	<u>\$4,077.1</u>
Outlays	-\$4.3	\$123.9	\$20.3

Budgeted collections and disbursements are based on revenue, cost, and Capital Investment Program (CIP) outlay estimates.

**Workload:**

<b><u>Reimbursable Orders (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	\$4,417.2	\$4,035.0	\$4,008.1

NSWC has estimated reimbursable orders in coordination with major recurring customers.

<b><u>Direct Labor Hours (000)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	23,014	22,626	22,423

Direct labor hours are consistent with funded customer demands.

**Performance Indicators:**

<b><u>Unit Cost</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Total Stabilized Cost (\$M)	\$2,330.1	\$2,271.4	\$2,239.0
Workload (DLHs) (000)	23,014	22,626	22,423
Unit cost (per DLH)	\$101.25	\$100.39	\$99.85

The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to our customers. The Center's unit cost reflects an increase from FY 2012 to FY 2013 due to inflation and fewer direct labor hours offset by planned execution of overhead cost reductions and reduced costs due to Navy ERP implementation.

<b><u>Stabilized / Composite Rates</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Stabilized Rate	\$102.88	93.53	\$97.14
Change from Prior Year		-9.1%	3.9%
Composite Rate Change		-3.5%	2.8%

DEPARTMENT OF THE NAVY  
 NAVY WORKING CAPITAL FUND  
 RESEARCH AND DEVELOPMENT  
 NAVAL SURFACE WARFARE CENTER  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATE  
 FEBRUARY 2012

**Staffing:**

<b><u>Civilian/Military ES &amp; Workyears</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Civilian End Strength	16,181	15,473	15,485
Civilian Workyears (straight time)	15,772	15,551	15,317
Military End Strength	226	178	176
Military Workyears	205	181	176

**Civilian Personnel:** Projected workyear and end strength estimates have been sized to meet funded customer demand.

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

**Capital Investment Program (CIP) Budget Authority:**

<b><u>CIP Budget Authority (\$M)</u></b>	<b><u>FY FY2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Equipment, Non-ADP / Telecom	\$18.5	\$17.1	\$20.4
Equipment, ADPE / Telecom	6.9	6.8	9.5
Software Development	9.0	0.8	0.7
Minor Construction	<u>6.1</u>	<u>10.5</u>	<u>3.6</u>
<b>Total</b>	<b><u>\$40.6</u></b>	<b><u>\$35.3</u></b>	<b><u>\$34.1</u></b>

*\*Some totals may not add due to rounding.*

The NSWC CIP program procures mission essential investment items to support a wide customer base.

**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL SURFACE WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATE**  
**FEBRUARY 2012**

**Carryover Compliance:**

<b><u>Carryover (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
New Orders	\$4,417.2	\$4,035.0	\$4,008.1
Less Exclusions:			
Foreign Military Sales	196.7	121.2	109.9
Base Realignment and Closure	18.1	2.4	0.0
Other Federal Departments & Agencies	102.5	78.9	64.1
Non-Federal Agencies & others	21.5	24.7	21.2
Major Range & Test Facility Base	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Orders for Carryover Calculation	\$4,078.4	\$3,807.7	\$3,812.9
Composite Outlay Rate	57.1%	54.8%	54.6%
Carryover Ceiling Rate	42.9%	45.2%	45.4%
Carryover Ceiling	\$1,751.6	\$1,721.1	\$1,731.8
Balance of Customer Orders at Year End	\$2,000.3	\$2,045.1	\$1,996.3
Less Work-in-Process	0.0	0.0	0.0
Less Exclusions			
Foreign Military Sales	209.3	226.5	217.9
Base Realignment and Closure	6.4	3.4	3.4
Other Federal Departments & Agencies	91.5	126.2	121.4
Non-Federal Agencies & Others	26.4	33.5	28.8
Major Range & Test Facility Base	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Carryover Budget	<u>\$1,666.8</u>	<u>\$1,655.4</u>	<u>\$1,624.8</u>

*\*Note: Some totals may not add due to rounding*

Budgeted carryover is within the ceiling allowed by outlay rates.

**REVENUE AND EXPENSE**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL SURFACE WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(DOLLARS IN MILLIONS)**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue:			
Gross Sales			
Operations	4,288.1	3,952.5	4,018.9
Surcharges	-	-	-
Depreciation excluding Major Construction	29.1	37.8	38.0
Other Income			
Total Income	4,317.2	3,990.2	4,056.9
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	16.4	12.9	12.7
Civilian Personnel	2,005.2	1,974.3	1,971.8
Travel and Transportation of Personnel	132.9	139.7	144.5
Material & Supplies (Internal Operations)	212.2	209.6	213.1
Equipment	79.2	77.9	68.0
Other Purchases from NWCF	193.5	219.4	219.7
Transportation of Things	4.9	5.4	3.2
Depreciation - Capital	29.1	37.8	38.0
Printing and Reproduction	6.0	6.0	6.1
Advisory and Assistance Services	64.5	1.0	1.0
Rent, Communication & Utilities	83.7	81.9	84.7
Other Purchased Services	1,356.8	1,348.7	1,329.0
Total Expenses	4,184.5	4,114.6	4,091.7
Work in Process Adjustment	105.6	-	-
Comp Work for Activity Retention Adjustment	(0.5)	-	-
Cost of Goods Sold	4,289.6	4,114.6	4,091.7
Operating Result	27.6	(124.4)	(34.8)
Less Surcharges	-	-	-
Plus Appropriations Affecting NOR/AOR	-	-	-
Other Changes Affecting NOR/AOR	-	-	-
Extraordinary Expenses Unmatched	-	-	-
Net Operating Result	27.6	(124.4)	(34.8)
Other Changes Affecting AOR	-	-	-
Accumulated Operating Result	159.2	34.8	-

**SOURCES OF REVENUE  
DEPARTMENT OF THE NAVY  
RESEARCH AND DEVELOPMENT  
NAVAL SURFACE WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)**

	FY 2011	FY 2012	FY 2013
	-----	-----	-----
1. New Orders	4,417.2	4,035.0	4,008.1
a. Orders from DoD Components:	3,795.4	3,561.7	3,579.2
Department of the Navy	3,158.3	2,878.6	2,886.7
O & M, Navy	1,190.6	886.2	904.8
O & M, Marine Corps	48.3	39.6	34.9
O & M, Navy Reserve	2.7	3.5	2.9
O & M, Marine Corp Reserve	0.5	1.1	1.1
Aircraft Procurement, Navy	71.5	61.4	56.3
Weapons Procurement, Navy	73.6	72.1	58.2
Ammunition Procurement, Navy/MC	78.9	79.6	78.2
Shipbuilding & Conversion, Navy	272.7	299.1	287.4
Other Procurement, Navy	423.1	414.9	448.9
Procurement, Marine Corps	72.5	79.4	92.9
Family Housing, Navy/MC	-	-	-
Research, Dev., Test, & Eval., Navy	904.1	923.2	904.6
Military Construction, Navy	0.2	0.1	-
National Defense Sealift Fund	19.4	18.4	16.3
Other Navy Appropriations	0.1	0.1	0.1
Other Marine Corps Appropriations	-	-	-
Department of the Army	102.3	140.9	172.6
Army Operation & Maintenance	29.8	28.6	28.3
Army Res, Dev, Test, Eval	23.6	25.9	23.6
Army Procurement	22.0	57.6	94.4
Army Other	27.0	28.7	26.3
Department of the Air Force	75.2	79.6	103.3
Air Force Operation & Maintenance	28.6	26.0	38.0
Air Force Res, Dev, Test, Eval	22.8	19.8	18.3
Air Force Procurement	23.7	33.1	46.3
Air Force Other	0.1	0.7	0.7
DOD Appropriation Accounts	459.6	462.7	416.6
Base Closure & Realignment	18.1	2.4	-
Operation & Maintenance Accounts	71.3	71.2	72.6
Res, Dev, Test & Eval Accounts	332.3	310.0	270.8
Procurement Accounts	34.0	75.0	69.6
Defense Emergency Relief Fund	-	0.1	-
DOD Other	3.9	3.9	3.6
b. Orders from other Fund Activity Groups	301.1	248.4	233.7
c. Total DoD	4,096.5	3,810.1	3,812.9
d. Other Orders:	320.7	224.9	195.2
Other Federal Agencies	102.5	78.9	64.1
Foreign Military Sales	196.7	121.2	109.9
Non Federal Agencies	21.5	24.7	21.2
2. Carry-In Orders	1,900.3	2,000.3	2,045.1
3. Total Gross Orders	6,317.5	6,035.3	6,053.1
a. Funded Carry-Over before Exclusions	2,000.3	2,045.1	1,996.3
b. Total Gross Sales	4,317.2	3,990.2	4,056.9
4. End of Year Work-In-Process (-)	-	-	-
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	(333.5)	(389.7)	(371.5)
6. Net Funded Carryover	1,666.8	1,655.4	1,624.8

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

**CHANGES IN THE COST OF OPERATION**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL SURFACE WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**DOLLARS IN MILLIONS**

	<u><b>Total Cost</b></u>
<b>FY 2011 Actuals</b>	<b>\$4,289.6</b>
<b>FY 2012 President's Budget</b>	<b>\$ 4,112.3</b>
<b>Estimated Impact in FY 2012 of Actual FY 2011 Experience</b>	<b>35.3</b>
<b>Program Changes</b>	
Reduced Customer Workload	(26.8)
<b>Other Changes</b>	
Consolidation of overhead functions	(8.7)
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	(3.4)
General Inflation	5.1
Fuel Price Changes	0.4
Other	0.4
<b>FY 2012 Current Estimate</b>	<b>\$ 4,114.6</b>
<b>Pricing Adjustments</b>	
Annualization of Prior Year Pay Raises	
Military	-
Civilian	-
FY 2012 Pay Raises	
Military	0.2
Civilian	9.1
Working Capital Fund Price Changes	12.3
General Purchase Inflation	28.9
<b>Productivity Initiatives</b>	
Reorganize Warfare Center Organization	(17.8)
IT Policy Changes	(3.8)
Data Center Consolidation Issue	(4.1)
<b>Program Changes</b>	
Reduced Customer Workload	(26.2)
<b>Other Changes</b>	
Navy-ERP cost	(20.8)
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	3.0
Consolidation of overhead functions	(3.7)
<b>FY 2013 Current Estimate</b>	<b>\$ 4,091.7</b>

**CAPITAL INVESTMENT SUMMARY**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL SURFACE WARFARE CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(DOLLARS IN MILLIONS)**

Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non ADP Equipment	32	\$18.536	30	\$17.132	26	\$20.358
	- Replacement	11	\$6.841	13	\$6.228	5	\$5.509
	- Productivity	20	\$11.236	12	\$7.814	15	\$10.324
	- New Mission	1	\$0.459	5	\$3.090	6	\$4.525
	- Environmental	0	\$0.000	0	\$0.000	0	\$0.000
2	ADPE and Telecommunications Equipment	12	\$6.937	16	\$6.790	15	\$9.533
	- Computer Hardware (Production)	9	\$4.240	15	\$6.400	15	\$9.533
	- Computer Software (Operating System)	0	\$0.000	0	\$0.000	0	\$0.000
	- Telecommunications	3	\$2.697	1	\$0.390	0	\$0.000
	- Other Computer & Telecom Support Equipment	0	\$0.000	0	\$0.000	0	\$0.000
3	Software Development	3	\$9.021	2	\$0.810	1	\$0.650
	ERP Licenses	1	\$7.307	0	\$0.000	0	\$0.000
	Software Projects <\$1M	2	\$1.714	2	\$0.810	1	\$0.650
4	Minor Construction	9	\$6.073	16	\$10.525	8	\$3.605
	- Replacement	1	\$0.818	4	\$2.778	2	\$1.210
	- Productivity	8	\$5.255	12	\$7.747	6	\$2.395
	- New Mission	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental	0	\$0.000	0	\$0.000	0	\$0.000
	<b>Grand Total</b>	<b>56</b>	<b>\$40.567</b>	<b>64</b>	<b>\$35.257</b>	<b>50</b>	<b>\$34.146</b>
	<b>Total Capital Outlays</b>		<b>\$40.444</b>		<b>\$31.030</b>		<b>\$31.030</b>
	<b>Total Depreciation Expense</b>		<b>\$29.107</b>		<b>\$37.785</b>		<b>\$37.974</b>



CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2013 Budget Estimates February 2012								
Department of the Navy / Research and Development Naval Surface Warfare Centers				1 - Non ADPE - Replacement								
				FY 2011		FY 2012		FY 2013				
Non ADP Equipment				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Replacement				11		6,841	13		6,228	5		5,509
Total				11		6,841	13		6,228	5		5,509
<p><b>Replacement Equipment:</b>  Non-ADP equipment investments support the replacement of mission essential research, development, test and evaluation equipment that is unsafe, beyond economical repair, technically obsolete, or otherwise unusable. Replacement equipment supports Warfare Center Core Equities including ship/ship systems, ship weapon systems, ship combat systems, ordnance, and littoral combat systems. Equipment supporting this mission includes explosive detection equipment, ship hull test equipment, and test and evaluation equipment for various surface ship systems. Based on useful life guidance provided by OMB circular A-94, all investments replace equipment beyond the original intended life cycle.</p> <p><b>Benefit:</b>  Replacement of research and development equipment that is unsafe, beyond economic repair, or unusable. Mission essential research and development equipment must operate at optimal efficiency to achieve proper test and evaluation results. Equipment is replaced with modern reliable equipment to support the research and development mission of the Naval Warfare Centers.</p> <p><b>Impact of not Funding:</b>  The Naval Surface Warfare Center activities are responsible for new product testing as well as system In-Service-Engineering. The ability of the Surface Warfare Centers to provide mission essential research and development for new systems mission essential investments for replacement of equipment will not be made resulting in work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life.</p> <p><b>Economic Analysis:</b> There are 6 projects with an individual cost greater than or equal to \$1000K. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. The useful life for these projects is 10 years and the average payback period is 2.5 - 5.1 years.</p>												

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2013 Budget Estimates February 2012								
Department of the Navy / Research and Development Naval Surface Warfare Centers				1 - Non ADPE - Productivity								
				FY 2011		FY 2012		FY 2013				
Non ADP Equipment				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
Productivity				20		11,236	12		7,814	15		10,324
Total				20		11,236	12		7,814	15		10,324
<p><b>Productivity Equipment:</b>            These investments increase the productivity of surface warfare research and development activities by procuring non-ADP equipment that reduces overall operating costs. Operating costs are reduced by reducing labor, reducing energy consumption, eliminating inefficiencies or duplicate processes, developing test platforms that more closely emulate conditions at sea, or providing advancements that increase the technological capability.</p> <p>Benefit:            Productivity investments reduce costs by establishing remote operation, running automatically, and reducing ship board testing. These investments increase the operational efficiency of the research and development mission by procuring equipment that is equipment that results in a reduction of the operating costs. Productivity investments also lower operating costs through efficiency achieved by reducing energy consumption, reducing operational test time, reducing floor space required, and replacing inefficient test processes with a single specialized asset.</p> <p>Impact:            These investments support the Sea Power 21 initiatives for surface ships and their systems. Investments provide for test results that are accurate and emulate shipboard environments eliminating the need to schedule ship board testing and speeding the retest of ships systems.</p> <p>Economic Analysis:            There are 8 projects equal to or greater than \$1000K in budgeted cost. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. All non-ADPE productivity projects have an estimated useful life of 10 years and an average payback period of 3.4 - 4.5 years.</p>												

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2013 Budget Estimates February 2012								
Department of the Navy / Research and Development Naval Surface Warfare Centers				1 - Non ADPE - Productivity								
				FY 2011		FY 2012		FY 2013				
Non ADP Equipment				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost			
New Mission				1		459	5		3,090	6		4,525
Total				1		459	5		3,090	6		4,525
<p><b>New Mission Equipment:</b>  These Non-ADP equipment investments support the acquisition of mission essential research, development, test and evaluation equipment that include support new research and development initiatives. Equipment procurements will support initiatives such as:</p> <ul style="list-style-type: none"> <li>- Advanced munitions and high energy materials</li> <li>- New Shipboard technologies</li> <li>- Hypervelocity penetrating weapons and kinetic energy weapons</li> <li>- Thermobaric and variable yield warheads</li> </ul> <p>Benefit:  These provide research and development equipment to support new mission areas or new test and evaluation techniques to enhance the overall effectiveness of the warfare center mission. Investments categorized as new mission are required to support a new capability or capacity that can not be met with current equipment or capabilities.</p> <p>Impact:  These investments support the Sea Power 21 initiatives for surface ships and their systems. Investments provide for new mission research and development equipment essential to the test and evaluation of emerging ship-board technologies.</p> <p>Economic Analysis:  There is 1 project greater than \$1000K in budgeted cost. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. All non-ADPE new mission projects have an estimated useful life of 10 years and an average payback period of 2.4 - 4.4 years.</p>												

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2013 Budget Estimates February 2012						
Department of the Navy / Research and Development Naval Surface Warfare Centers	2 - ADP & Telecommunications Equipment								
	FY 2011			FY 2012			FY 2013		
ADP & Telecommunications Equipement	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Computer Hardware (Production)	9		4,240	15		6,400	15		9,533
Telecommunications Equipment	3		2,697	1		390	0		-
Other Computer & Telecom Support Equipment			-			-			-
<b>Total</b>	<b>12</b>		<b>6,937</b>	<b>16</b>		<b>6,790</b>	<b>15</b>		<b>9,533</b>
<p><b>ADP Equipment and Telecommunications Equipment and Capabilities:</b>            These investments will support the acquisition of automated data processing and telecommunications equipment for the surface ship research and development community. Funds will provide networks/connectivity to all Naval Warfare Center activities and procurement of hardware for mission essential research and development computing needs and centralized system hosting including: Business System Replacement, High Speed Computing, and Research, Development, Test, and Evaluation Networks. Investments will include routers, servers, firewalls, etc.</p> <p><b>Benefit:</b>            The projected benefits include technology tools for the research and development community and continuity of operations for standard business systems throughout the Warfare Center.</p> <p><b>Impact:</b>            ADP Equipment supporting the research and development community must remain on the cutting edge of technology for to conduct complex simulations, perform predictive analysis, and analyze surface ship system performance. The capability to conduct cutting edge scientific computing within the R&amp;D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. To ensure continuity of business operations, new hardware platforms must be operational.</p> <p><b>Economic Information:</b> An economic analysis was conducted for all projects greater than \$1 Million (1 project). All projects listed below have a useful life of 5 years according to guidance provided in the OMB A-94 circular. The payback period for the following projects range from 1.7 to 3.8 years.</p>									

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2013 Budget Estimates February 2012								
Department of the Navy / Research and Development Naval Surface Warfare Centers				3 - Software								
				FY 2011			FY 2012			FY 2013		
Software				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ERP Licenses				1		7,307			-			-
Software Projects < \$1.000M				2		1,714	2		810	1		650
<b>Total</b>				<b>3</b>		<b>9,021</b>	<b>2</b>		<b>810</b>	<b>1</b>		<b>650</b>
<p>Enterprise Resource Planning (ERP): Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides management visibility across the enterprise, and increases effectiveness and efficiency. ERP will provide consistent and streamlined business activities that operate under a single system. During ERP implementation, business processes will be updated and simplified, redundancies will be eliminated, and efficiencies realized.</p> <p>Software Projects &lt; \$1.000M: Software projects in this budget support predictive maintenance capability for Fleet electronics systems. This capability would develop an onboard ship system that could be used to predict and monitor electronic systems. In addition, the development of a Maritime Electronic Warfare Modeling and Simulation tool will allow the test community to analyze performance and interoperability from weapon system to battle force levels.</p> <p>Benefits: These investments will directly support the transformation of the Warfare Centers to become a more agile support organization. By fully integrating authoritative data sources with collaborative tools, flexible display technologies, and robust content management we will be better able to support the Fleet's war fighters--from Force Level leadership, to the sailor on the deck plate -at any location and from any location. This evolution of Distance Support capability also enables us to be more proactive in developing life-cycle solutions by making the information required readily available at the workers desktop. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels.</p>												

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2013 Budget Estimates February 2012																							
Department of the Navy / Research and Development Naval Surface Warfare Centers				4 - Minor Construction																							
				FY 2011		FY 2012		FY 2013																			
Minor Construction	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost																		
Replacement	1		818	4		2,778	2		1,210																		
Productivity	8		5,255	12		7,747	6		2,395																		
New Mission	0		-	0		-	0		-																		
Environmental	0		-	0		-	0		-																		
<b>Total</b>	<b>9</b>		<b>6,073</b>	<b>16</b>		<b>10,525</b>	<b>8</b>		<b>3,605</b>																		
<p><b>Minor Construction</b></p> <p>Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&amp;D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DOD capitalization criteria, however, 8 MCON projects do exceed the threshold specified by 10 USC 2805. These MCON projects utilize Sec. 2804 of the FY08 National Defense Authorization Act (NDAA) authority for the Lab Revitalization Demonstration Program (LDRP). Minor Construction is used at the Naval Warfare Centers to:</p> <ul style="list-style-type: none"> <li>- modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community.</li> <li>- improve security measures and provide increase security for new initiatives</li> <li>- reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance space, or portable space may be vacated.</li> <li>- reduce energy consumption by installing energy efficient building systems</li> <li>- modify existing systems to bring facilities up to current building, safety, or environmental codes.</li> </ul> <p>The following Minor Construction Projects exceed the current Military Construction Threshold levels of \$750K using LDRP authority.</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Project Name</u></th> <th style="text-align: right;"><u>Total (\$000)</u></th> </tr> </thead> <tbody> <tr> <td>FY 2011 RDT&amp;E Communication Shed 15</td> <td style="text-align: right;">866</td> </tr> <tr> <td>FY 2011 Enhancement of Underwater Multi-Sensor Instr. Bldg.</td> <td style="text-align: right;">900</td> </tr> <tr> <td>FY 2011 Building 4 Shipboard Machinery Support Space Human Performance LAB (HPL)</td> <td style="text-align: right;">1,347 Revised Amount</td> </tr> <tr> <td>FY 2012 Prototyping &amp; Analysis Support Facility IWSL MINCON for Prototype Integration</td> <td style="text-align: right;">1,560</td> </tr> <tr> <td>FY 2012 Lab (PIL)</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>FY 2012 Open Secret Distance Support Project (1387)</td> <td style="text-align: right;">1,750</td> </tr> <tr> <td>FY 2012 Acoustic Test Facility Pier Reconstruction (ATFPR)</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>FY 2012 Information Assurance/Information Technology Consolidation</td> <td style="text-align: right;">1,400 New LDRP Project</td> </tr> </tbody> </table>										<u>Project Name</u>	<u>Total (\$000)</u>	FY 2011 RDT&E Communication Shed 15	866	FY 2011 Enhancement of Underwater Multi-Sensor Instr. Bldg.	900	FY 2011 Building 4 Shipboard Machinery Support Space Human Performance LAB (HPL)	1,347 Revised Amount	FY 2012 Prototyping & Analysis Support Facility IWSL MINCON for Prototype Integration	1,560	FY 2012 Lab (PIL)	1,000	FY 2012 Open Secret Distance Support Project (1387)	1,750	FY 2012 Acoustic Test Facility Pier Reconstruction (ATFPR)	2,000	FY 2012 Information Assurance/Information Technology Consolidation	1,400 New LDRP Project
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**CAPITAL BUDGET EXECUTION**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL SURFACE WARFARE CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(DOLLARS IN MILLIONS)**

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2012	1	Non ADP		\$18.068	\$17.132	\$0.936	
			Replacement	\$5.909	\$6.228	-\$0.319	Net Change from Cancelling 3 Projects and adding 4 new Projects
			Productivity	\$9.069	\$7.814	\$1.255	Net Change from Cancelling 3 Projects and adding 2 new Projects
			New Mission	\$3.090	\$3.090	\$0.000	
			Environmental	\$0.000	\$0.000	\$0.000	
	2	ADP		\$7.223	\$6.790	\$0.433	
			Hardware	\$6.913	\$6.400	\$0.513	Net Change from Cancelling 2 Projects and adding 2 new Projects
			Telecommunications Equip.	\$0.000	\$0.390	-\$0.390	Added New Project
			Other Support Equip.	\$0.310	\$0.000	\$0.310	Recategorized ADP Project As Software
	3	Software		\$0.500	\$0.810	-\$0.310	
			Software Projects < \$1.000M	\$0.500	\$0.810	-\$0.310	Recategorized ADP Project As Software
	4	Minor Construction		\$8.715	\$10.525	-\$1.810	
			Replacement	\$2.488	\$2.778	-\$0.290	Added New Project
			Productivity	\$6.227	\$7.747	-\$1.520	Added New Project & Design Authority
			New Mission	\$0.000	\$0.000	\$0.000	
			Environmental	\$0.000	\$0.000	\$0.000	
All	Total FY 2012	All		\$34.506	\$35.257	-\$0.751	

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**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL UNDERSEA WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Mission Statement/Overview:**

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

**Activity Group Composition:**

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

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

**KEYPORT DIVISION:** The mission of this division is to provide test and evaluation; in-service engineering, maintenance, and repair; Fleet readiness, and industrial-base support for undersea warfare systems, countermeasures, and sonar systems. We execute other responsibilities as assigned by the Commander, Naval Undersea Warfare Center. The major operating site is at Keyport WA, with detachments in Hawthorne, NV, San Diego, CA, Pearl Harbor, HI and Nanoose, British Columbia. In accordance with the FY 2012 President's Budget, the Naval Sea Logistics Center (NSLC) was transferred to the NUWC Keyport Division effective in FY 2012.

**Significant Changes Since the FY 2012 President's Budget:**

There are no significant changes in activity group composition or mission since the FY 2012 President's Budget.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL UNDERSEA WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Financial Profile:**

<b><u>Revenue/Expense/NOR/AOR/(\$M)</u></b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Revenue	\$1,177.1	\$1,245.6	\$1,260.2
Expense	\$1,175.5	\$1,260.9	\$1,260.4
Other Changes Affecting NOR			
Operating Results	\$1.6	(\$15.3)	(\$0.1)
Other Changes Affecting AOR			
Accumulated Operating Results (AOR)	\$15.4	\$0.1	\$0.0

*Some totals may not add due to rounding*

Revenue/Expense: Estimates for FYs 2012-2013 are in line with our anticipated customer workload, and results in NUWC achieving a zero AOR by FY 13.

Operating Results: In FY 2012, NUWC is budgeting for a NOR loss of \$15.3M, which is \$0.2M higher than the FY12 President's budget level. In FY 2013 NUWC will have a \$0.1M loss to achieve a zero AOR balance.

<b><u>Collections/Disbursements/Outlays (\$M)</u></b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Collections	\$1,157.5	\$1,251.6	\$1,261.7
Disbursements	\$1,184.7	\$1,277.4	\$1,262.6
Outlays	\$27.2	\$25.8	\$0.9

Budgeted collections and disbursements are based on revenue, cost, and Capital Investment Program (CIP) outlay estimates.

**Workload:**

<b><u>Reimbursable Orders (\$M):</u></b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Current Estimate	\$1,222.2	\$1,238.0	\$1,296.7

Orders in FY 2012 are in line with the FY 2012 President's Budget and in alignment with anticipated customer funding.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL UNDERSEA WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

<b><u>Direct Labor Hours (000):</u></b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Current Estimate	5,796	6,422	6,432

Direct labor hours are above those reflected in the FY 2012 President's budget. Year to year growth in DLHs is consistent with funded customer workload.

**Performance Indicators:**

NUWC's outputs are scientific and engineering designs, developments, tests, evaluations, analyses, and fleet support in NUWC's assigned mission areas. The primary performance indicators are Direct Labor Hours, Unit Cost, Net and Accumulated Operating Results, which are found in various tables throughout the narrative.

<b>Unit Cost</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Stabilized Cost (\$M)	\$607.5	\$647.1	\$639.5
Direct Labor Hours (000)	5,796	6,422	6,432
Unit Cost	\$104.81	\$100.77	\$99.43

*Some totals may not add due to rounding*

NUWC's unit cost reflects the addition of NSLC to NUWC in FY 2012, which reduced the overall unit cost at NUWC.

<b><u>Stabilized/Composite Rates</u></b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Stabilized Rate	\$106.67	\$97.86	\$98.63
Change from Prior Year		-8.3%	0.8%
Composite Rate Change		-2.9%	1.3%

**Staffing:**

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL UNDERSEA WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

<b><u>Civilian/Military ES &amp; Workyears</u></b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Civilian End Strength	4,290	4,726	4,727
Civilian Workyears (Straight time)	4,246	4,675	4,654
Military End Strength	40	39	39
Military Workyears	38	37	37

Civilian Personnel: NUWC's civilian end strength numbers are lower than those in the FY 2012 President's budget and have been set to meet budgeted workload. The budget includes a small number of separation incentive payments (SIPs) each year to facilitate efforts to balance workforce to workload.

Military Personnel: Military end strength decreased from the FY 2012 President's budget by two.

**Capital Investment Program (CIP) Budget Authority:**

**Capital Investment Program (\$M)**

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Equipment, Non-ADP/Telecom	\$7.3	\$7.3	\$7.0
Equipment, ADPE/Telecom	\$3.0	\$4.7	\$3.7
Software Development	\$2.7	\$1.2	\$1.1
Minor Construction	\$4.8	\$3.9	\$4.1
<b>Total</b>	<b>\$17.8</b>	<b>\$17.0</b>	<b>\$15.9</b>

*Some totals may not add due to rounding*

NUWC's CIP is used to purchase general purpose mission essential investment items. This budget includes two Minor Construction projects being executed under the Laboratory Revitalization Demonstration Program (LDRP). The first project is in FY 2011 for \$1.4M for the Collaboration Center in Newport. The second project is in FY 2012 for \$1.1M for the Virginia Payload Tube Enclosure.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL UNDERSEA WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Carryover Compliance:**

<b><u>Carryover(\$M):</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
New Orders	\$1,222.2	\$1,238.0	\$1,296.7
Less Exclusions:			
Foreign Military Sales	\$65.7	\$58.6	\$59.0
Base Realignment and Closure	\$1.4	\$0.0	\$0.0
Other Federal Departments & Agencies	\$1.4	\$2.0	\$2.7
Non-Federal Agencies & others	\$37.9	\$18.6	\$19.3
Major Range & Test Facility Base	\$72.8	\$57.0	\$58.5
Orders for Carryover Calculation	\$1,042.9	\$1,101.8	\$1,157.2
Composite Outlay Rate	55.1%	56.8%	56.8%
Carryover Ceiling Rate	44.9%	43.2%	43.2%
Carryover Ceiling	\$468.1	\$475.7	\$499.5
Balance of Customer Orders at Year End	\$607.7	\$600.1	\$636.7
Less Work-in-Process	\$0.0	\$0.0	\$0.0
Less Exclusions			
Foreign Military Sales	\$91.4	\$89.0	\$81.1
Base Realignment and Closure	\$0.1	\$0.0	\$0.0
Other Federal Departments & Agencies	\$0.8	\$0.5	\$1.1
Non-Federal Agencies & Others	\$28.0	\$20.5	\$21.4
Major Range & Test Facility Base	\$29.1	\$28.1	\$37.4
Carryover Budget	\$458.3	\$462.0	\$495.7

*Some totals may not add due to rounding*

**REVENUE & EXPENSE**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**SEPTEMBER 2011**  
**\$ IN MILLIONS**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue:			
Gross Sales			
Operations	1,157.7	1,228.7	1,244.3
Surcharges	0.0	0.0	0.0
Depreciation excluding Major Construction	19.4	16.9	15.9
Other Income			
Total Income	1,177.1	1,245.6	1,260.2
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	2.8	2.8	3.1
Civilian Personnel	550.2	601.9	606.7
Travel and Transportation of Personnel	33.0	36.8	37.3
Material & Supplies (Internal Operations)	77.6	92.7	94.0
Equipment	8.0	10.1	10.2
Other Purchases from NWCF	64.8	57.2	59.4
Transportation of Things	2.1	2.1	2.1
Depreciation - Capital	19.4	16.9	15.9
Printing and Reproduction	1.6	1.5	1.5
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication & Utilities	18.8	22.5	24.1
Other Purchased Services	371.4	416.4	406.0
Total Expenses	1,149.7	1,260.9	1,260.4
Work in Process Adjustment	26.6	0.0	0.0
Comp Work for Activity Retention Adjustment	-0.8	0.0	0.0
Cost of Goods Sold	1,175.5	1,260.9	1,260.4
Operating Result	1.6	-15.3	-0.1
Less Surcharges	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	1.6	-15.3	-0.1
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	15.4	0.1	0.0



**SOURCES OF REVENUE  
DEPARTMENT OF THE NAVY  
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
SEPTEMBER 2011  
\$ IN MILLIONS**

	FY 2011	FY 2012	FY 2013
1. New Orders	1,222.2	1,238.0	1,296.7
a. Orders from DoD Components:	1,042.5	1,066.5	1,116.5
Department of the Navy	1,007.1	1,028.0	1,074.6
O & M, Navy	263.4	319.3	338.5
O & M, Marine Corps	0.0	0.0	0.0
O & M, Navy Reserve	1.1	0.2	0.5
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	15.6	10.5	13.0
Weapons Procurement, Navy	97.4	87.8	96.5
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	72.9	71.7	79.2
Other Procurement, Navy	197.6	181.3	187.8
Procurement, Marine Corps	0.2	0.0	0.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	358.8	357.2	359.1
Military Construction, Navy	0.0	0.0	0.0
National Defense Sealift Fund	0.1	0.0	0.0
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	9.5	20.5	24.5
Army Operation & Maintenance	2.4	15.7	17.3
Army Res, Dev, Test, Eval	4.7	1.1	3.1
Army Procurement	2.4	2.5	2.8
Army Other	0.0	1.2	1.3
Department of the Air Force	4.1	0.3	1.5
Air Force Operation & Maintenance	1.0	0.3	1.5
Air Force Res, Dev, Test, Eval	0.5	0.0	0.0
Air Force Procurement	0.0	0.0	0.0
Air Force Other	2.6	0.0	0.0
DOD Appropriation Accounts	21.7	17.7	15.9
Base Closure & Realignment	1.4	0.0	0.0
Operation & Maintenance Accounts	3.7	1.5	1.8
Res, Dev, Test & Eval Accounts	16.6	15.8	13.6
Procurement Accounts	0.0	0.3	0.3
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.0	0.2	0.2
b. Orders from other Fund Activity Groups	74.6	92.3	99.2
c. Total DoD	1,117.1	1,158.9	1,215.7
d. Other Orders:	105.1	79.2	81.0
Other Federal Agencies	1.4	2.0	2.7
Foreign Military Sales	65.7	58.6	59.0
Non Federal Agencies	37.9	18.6	19.3
2. Carry-In Orders	562.7	607.7	600.1
3. Total Gross Orders	1,784.9	1,845.7	1,896.9
a. Funded Carry-Over before Exclusions	607.7	600.1	636.7
b. Total Gross Sales	1,177.1	1,245.6	1,260.2
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-149.4	-138.1	-141.0
6. Net Funded Carryover	458.3	462.0	495.7

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

**CHANGES IN THE COST OF OPERATIONS**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	<u>Total Cost</u>
<b>FY 2011 Actuals</b>	<b>\$1,175.5</b>
<b>FY 2012 Estimate in FY 2012 President's Budget</b>	<b>\$1,259.4</b>
<u>Estimated Impact in FY 2012 of Actual FY 2011 Experience</u>	
Estimated Impact of Ending FY 2011 With Less On-Board Personnel	-\$1.7
<u>Pricing Changes</u>	
Fuel Price Changes	\$1.2
General Purchase Inflation	\$1.6
<u>Program Changes</u>	
Workload	\$1.6
<u>Other Changes</u>	
Defense Finance and Accounting Service (DFAS)	-\$0.2
Navy Enterprise Resource Planning (NERP)	\$0.3
Depreciation	-\$0.2
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	-\$1.0
 <b>FY 2012 Current Estimate</b>	 <b>\$1,260.9</b>
<u>Price Changes</u>	
Annualization of Prior Year Pay Raises	
Military	\$0.2
Civilian	\$0.0
FY 2013 Pay Raises	
Military	\$0.1
Civilian	\$2.5
Fuel Price Changes	-\$0.2
Working Capital Fund Price Changes	\$3.6
General Purchase Inflation	\$9.3
<u>Productivity Initiatives</u>	
Capital Investment Program Savings	-\$2.3
Reorganize Warfare Center Operations	-\$5.0
Data Center Consolidation	-\$4.0
IT Policy Changes	-\$1.3
<u>Program Changes</u>	
Workload	\$2.7
<u>Other Changes</u>	
Depreciation	-\$1.0
Navy Enterprise Resource Planning (NERP)	-\$5.9
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	\$0.9
 <b>FY 2013 Current Estimate</b>	 <b>\$1,260.4</b>

**CAPITAL INVESTMENT SUMMARY**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL UNDERSEA WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	FY13 Total	Quantity	Total Cost	Quantity	Total Cost
1	<b>Non-ADPE and Telecom Equipment</b>						
	Replacement Capability	5	\$2.330	7	\$3.640	6	\$2.485
	Productivity Capability	5	\$3.168	5	\$2.150	7	\$2.885
	New Mission Capability	3	\$1.800	3	\$1.488	3	\$1.625
	Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
	<b>Non ADP Total:</b>	<b>13</b>	<b>\$7.298</b>	<b>15</b>	<b>\$7.278</b>	<b>16</b>	<b>\$6.995</b>
2	<b>ADPE and Telecom Equipment</b>						
	Computer Hardware (Production)	10	\$3.042	8	\$2.556	9	\$3.106
	Computer Software (Operating)	0	\$0.000	0	\$0.000	0	\$0.000
	Telecommunications	0	\$0.000	3	\$1.025	1	\$0.275
	Oth Computer & Telecom Spt Equip	0	\$0.000	2	\$1.090	1	\$0.350
	<b>ADP Total:</b>	<b>10</b>	<b>\$3.042</b>	<b>13</b>	<b>\$4.671</b>	<b>11</b>	<b>\$3.731</b>
3	<b>Software Development</b>						
	Projects = or > \$1M : ERP	1	\$2.069	0	\$0.000	0	\$0.000
	Projects < \$1M	2	\$0.627	3	\$1.185	3	\$1.075
	<b>Software Total:</b>	<b>3</b>	<b>\$2.696</b>	<b>3</b>	<b>\$1.185</b>	<b>3</b>	<b>\$1.075</b>
4	<b>Minor Construction</b>						
	Replacement Capability	0	\$0.000	5	\$1.755	3	\$1.170
	Productivity Capability	3	\$1.150	1	\$0.675	5	\$2.200
	New Mission Capability	1	\$1.375	1	\$1.475	0	\$0.000
	Environmental Capability	5	\$2.318	0	\$0.000	1	\$0.750
	<b>Minor Construction Total:</b>	<b>9</b>	<b>\$4.843</b>	<b>7</b>	<b>\$3.905</b>	<b>9</b>	<b>\$4.120</b>
	<b>Grand Total</b>	<b>35</b>	<b>\$17.879</b>	<b>38</b>	<b>\$17.039</b>	<b>39</b>	<b>\$15.921</b>
	<b>Total Capital Outlays</b>		<b>\$16.434</b>		<b>\$17.047</b>		<b>\$14.862</b>
	<b>Total Depreciation Expense</b>		<b>\$19.438</b>		<b>\$16.911</b>		<b>\$15.889</b>

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)	FISCAL YEAR (FY) 2013 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND	FEBRUARY 2012
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Department of the Navy / Research and Development / Naval Undersea Warfare Center Location  
Newport/Keyport

Non ADPE Equipment	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<i>Replacement Equipment</i>	5		\$2,330	7		\$3,640	6		\$2,485
<b>Total</b>	<b>5</b>		<b>\$2,330</b>	<b>7</b>		<b>\$3,640</b>	<b>6</b>		<b>\$2,485</b>

**Replacement Equipment:**

These investments support the replacement of mission essential non-ADPE research and development equipment that is unsafe, beyond economical repair, technically obsolete, or unusable. Mission essential research and development equipment includes environmental testing equipment, magnetic materials and sensors characterization system, vibration test equipment, six axis motion table, and other equipment that support the development of undersea systems. Based on the useful life guidance provided by OPM (via circular A-94), all investments replace equipment that is beyond the original intended life cycle.

**Benefit:**

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

**Impact:**

Investments for replacement equipment will not be made resulting in work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life. If investments in replacement equipment are not made, the risk of irreparable failure increases, process downtime increases, and maintenance and repair costs increases.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND						FEBRUARY 2012	
Department of the Navy / Research and Development / Naval Undersea Warfare Center							Location Newport/Keyport		
Non ADPE Equipment	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<i>Productivity Equipment</i>	5		\$3,168	5		\$2,150	7		\$2,885
<b>Total</b>	<b>5</b>		<b>\$3,168</b>	<b>5</b>		<b>\$2,150</b>	<b>7</b>		<b>\$2,885</b>
<p><b>Productivity Equipment:</b>            These investments increase the productivity of undersea warfare research and development activities by procuring non-ADPE equipment that reduces the overall operating costs, eliminates process inefficiencies and provides advanced technological capability. Productivity investments reduce labor costs by establishing remote operation, automation and reduction in testing; operating costs are lower through efficiency achieved by reducing energy consumption, developing autonomous operation of capability, reducing operational development and test time, reducing floor space required, and replacing inefficient test processes with a single specialized asset. Investments in productivity equipment include testing facility upgrades, industrial services equipment, rapid prototyping equipment, power supply equipment, equipment to characterize advanced transduction materials, bridge cranes, antenna impedance measurement equipment and other equipment that support the development of undersea systems to increase productivity.</p> <p><b>Benefit:</b>            The Naval Undersea Warfare Center is the lead Navy activities dedicated to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, and offensive and defensive weapon systems associated with undersea warfare. Constrained budgets necessitate the development of affordable, innovative, evolving systems for applications in undersea warfare. Investment in mission essential research and development equipment will ensure the warfare operates at optimal efficiency to achieve proper test and evaluation results.</p> <p><b>Impact:</b>            If this equipment is not acquired, the Warfare Center will be unable to support and test critical undersea warfare components and provide the Navy with affordable, innovative capabilities to meet future fleet needs. The Warfare Center can expect to incur loss of personnel productivity, decreased customer satisfaction, rapidly escalating maintenance costs, reduced services to the technical community, and technical obsolescence. Not being able to test and evaluate systems early in the development phase will increase the cost to the Navy by increasing development time and at-sea testing. Consequently, the Warfare Center will be unable to protect the fleet and make the necessary contributions to prepare for the future.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			FISCAL YEAR (FY) 2013 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND				FEBRUARY 2012		
Department of the Navy / Research and Development / Naval Undersea Warfare Center						Location Newport/Keyport			
Non ADPE Equipment	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<i>New Mission Equipment</i>	3		\$1,800	3		\$1,488	3		\$1,625
<b>Total</b>	<b>3</b>		<b>\$1,800</b>	<b>3</b>		<b>\$1,488</b>	<b>3</b>		<b>\$1,625</b>
<p><b>New Mission Equipment:</b>            These investments support the acquisition of non-ADPE equipment that is required to support a new capability that can not be met with current equipment or capabilities. These include investments in equipment to support new mission capabilities such as persistent power source technologies, inground and underwater surveillance system, experimentation, sensor technology integration and evaluation, measurement system, and next generation autonomous systems. Investments in these capabilities will enable the Warfare Center to rapidly &amp; efficiently develop and evaluate distributed network and sensor technologies and systems that support future undersea network-centric warfare C4ISR goals.</p> <p><b>Benefit:</b> The Navy has identified a strong need for highly-coordinated, "networked" forces with advanced sensors and requiring persistent power sources technology. Consistent with Network Centric Warfare doctrine, future concepts require significant amounts of information (from a variety of sensor types) to be transferred and shared among all contributing Naval components (other sensor platforms, command &amp; control, weapons platforms, etc.). The ease and efficiency of this information transfer will determine the level of success with which the Navy can execute future missions. If information cannot be transferred to the appropriate nodes in the operation, then the Navy's combat effectiveness is significantly constrained. Investment in these capabilities can evaluate emerging technologies, exercised in littoral waters that are equivalent to tactical areas of interest. Investments will enable the Warfare Center and the Navy to develop technologies required to meet the challenges associated with Distributed Networked Systems (DNS).</p> <p><b>Impact:</b> If equipment is not purchased, the Warfare Center will be unable to develop and test candidate technologies such as persistent power sources and advanced sensors required to meet the challenge associated with DNS. In the DNS functional decomposition, the Sensing, Transport, Networking and Communications events that take place in the marine environment require innovation advanced concepts. The DNS challenge relies heavily on the development and testing of advanced sensors, power sources and autonomous systems. If equipment is not purchased, the Warfare Center and the Navy will be unable to support the needs of the future warfighter.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION  
(\$ in Thousands)

FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND

FEBRUARY 2012

Department of the Navy / Research and Development / Naval Undersea Warfare Center

Location  
Newport/Keyport

ADPE Equipment	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<i>Computer Hardware</i>	10		\$3,042	8		\$2,556	9		\$3,106
<i>Computer Software</i>	0		\$0	0		\$0	0		\$0
<i>Telecommunications</i>	0		\$0	3		\$1,025	1		\$275
<i>Other Support Equipment</i>	0		\$0	2		\$1,090	1		\$350
<b>Total</b>	<b>10</b>		<b>\$3,042</b>	<b>13</b>		<b>\$4,671</b>	<b>11</b>		<b>\$3,731</b>

**ADPE and Telecommunications Equipment and Capabilities:**

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

**Benefit:**

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

**Impact:**

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

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND						FEBRUARY 2012	
Department of the Navy / Research and Development / Naval Undersea Warfare Center							Location Newport/Keyport		
Software	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<i>Software Projects &gt;1M</i>	1		\$2,069	0		\$0	0		\$0
<i>Software Projects &lt; 1M</i>	2		\$627	3		\$1,185	3		\$1,075
<b>Total</b>	<b>3</b>		<b>\$2,696</b>	<b>3</b>		<b>\$1,185</b>	<b>3</b>		<b>\$1,075</b>
<p><b>Benefits:</b>            These investments will directly support the transformation of the Warfare Centers to become a more agile support organization. By fully integrating authoritative data sources with collaborative tools, flexible display technologies, and robust content management we will be better able to support the Fleet's war fighters--from Force Level leadership, to the sailor at any location and from any location. This evolution of Distance Support capability also enables us to be more proactive in developing life-cycle solutions by making the information required readily available at the workers desktop. Investments in software development will develop or enhance undersea warfare analysis and assessment models. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels. Software development projects include both internally developed initiatives and externally developed initiatives.</p> <p><b>Impact:</b>            Without these investments, the warfare center will be unable to continue implementation of DoD and Navy standard systems in a common, integrated fashion. Undersea warfare models need to be reviewed in light of modern computing architectures and futuristic ASW concepts such as distributed netted systems (DNS) and improved, redesigned, or replaced as appropriate so that NUWC's mission-level USW modeling and analysis capability can be sustained for the next generation of analysis problems. Without these investments, the undersea simulation environment will not be fully equipped for high-level architecture (HLA) operation to support high-fidelity Hardware in the Loop (HWIL) Synthetic Ocean for joint warfighting training operations. Furthermore, the simulation environment will not have the flexibility to tailor training scenarios to any realistic scenario future operational commanders need to intensively prepare for and strategic/tactical analysis. Without investments, programs will continue to invest in unique software solutions for search and retrieval of information that is presently accessible only from separate, "stove-pipe" data, resulting in increased life-cycle costs and different levels of technical integrity. Additionally, lack of data sharing will impact ability to function as a warfare center enterprise conflicting with Sea Enterprise objectives.</p> <p><b>Enterprise Resource Planning (ERP) (FY11 - \$2.069M)</b> - Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides management visibility across the enterprise, and increases effectiveness and efficiency. ERP will provide consistent and streamlined business activities that operate under a single system. During ERP implementation, business processes will be updated and simplified, redundancies will be eliminated, and efficiencies realized. Economic Analysis has been completed for the Navy ERP program</p>									



ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)	FISCAL YEAR (FY) 2013 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND	FEBRUARY 2012
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Department of the Navy / Research and Development / Naval Undersea Warfare Center Location  
Newport/Keyport

	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction									
<i>Replacement</i>	0		\$0	5		\$1,755	3		\$1,170
<i>Productivity</i>	3		\$1,150	1		\$675	5		\$2,200
<i>New Mission</i>	1		\$1,375	1		\$1,475	0		\$0
<i>Environmental</i>	5		\$2,318	0		\$0	1		\$750
<b>Total</b>	<b>9</b>		<b>\$4,843</b>	<b>7</b>		<b>\$3,905</b>	<b>9</b>		<b>\$4,120</b>

**Minor Construction**

Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DoD capitalization criteria. This budget includes two Minor Construction projects being executed under the Laboratory Revitalization Demonstration Program. Newport has one in FY11 and one in FY12 they are identified below.

Minor Construction is used at the Naval Warfare Centers to:

- modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the undersea warfare community
- reduce operating expenses by building or improving government owned facilities.
- reduce energy consumption by installing energy efficient building systems
- modify existing systems to bring facilities up to current building, safety, or environmental codes.

**Collaboration Center (FY11 - \$1.375K) Newport** - The Collaboration Center project will provide an additional 1500 SF collaboration workspace adjacent to the lobby of Bldg 1346/1 to support collaborative type, small-group meetings between engineers, scientists, and technical acquisition specialists sessions that cannot currently be accommodated in the tiered and fixed seating geometries of the current infrastructure. Current spaces are only adequate for large plenary sessions but not conducive for collaborative type work and smaller breakout sessions. If not funded, collaborative work sessions and activities involving multiple small groups, especially breakout sessions from the large meetings/conferences will be severely constrained in size and number, and smaller sessions will continue to be staged in primary entrance lobbies, an area that precludes any coverage of classified matters and limits the utility of the efforts because of pass through traffic, ambient noise, and continual opening and closing of the building's main entrance doors. Division Newport has submitted and received approval from the NAVFAC MIDLANT (DD1391 Subject Matter Expert Certification Statement for non-MILCON project estimates over \$500K) that this project does meet the requirements of 10 USC 2805 (d) Laboratory Revitalization, section 1(a).

**Virginia Payload Tube Encllsure (FY12 - \$1.475M) Newport** - This project constructs a 2500 sq ft enclosure with a roof height of 80 feet that extends out over the foundation of the existing section of the building. In its current configuration the existing launcher complex is inadequate to support future payload integration development and testing required to support VA Payload Tube, SSGN, VA Weapons Handling & Loading System, and future submarines. Completion of this addition to the launcher complex will provide the necessary space required to house the VIRGINIA Payload Tube Land Based Test Facility (LBTF) prior to the Initial Operational Capable (IOC) of the first VA Class Block III submarine. This date is important to support the Fleet in its capacity as ISEA for VA Class Launcher Systems. Without this LBTF enclosure, Division Newport will be unable to meet fleet requirements and support will be much more costly and time consuming causing impact to the fleet's operational availability and have an adverse affect on mission capability.

**CAPITAL BUDGET EXECUTION**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL UNDERSEA WARFARE CENTER**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

\$ IN MILLIONS

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2012	1	Non-ADP Equipment		\$8.157	\$7.278	-\$0.879	
			Replacement Capability	\$3.815	\$3.640	-\$0.175	Project Reprogramming
			Productivity Capability	\$1.625	\$2.150	\$0.525	Project Reprogramming
			New Mission Capability	\$2.717	\$1.488	-\$1.229	Project Reprogramming
			Environmental Capability	\$0.000	\$0.000	\$0.000	No Change
	<b>2</b>	<b>ADP &amp; Telecom Equipmen</b>		<b>\$3.857</b>	<b>\$4.671</b>	<b>\$0.814</b>	
			Computer Hardware	\$2.787	\$2.556	-\$0.231	Project Reprogramming
			Computer Software	\$0.000	\$0.000	\$0.000	No Change
			Telecommunications	\$0.375	\$1.025	\$0.650	Project Reprogramming
			Oth Computer & Telecom Spt Equ	\$0.695	\$1.090	\$0.395	Project Reprogramming
	<b>3</b>	<b>Software</b>		<b>\$1.070</b>	<b>\$1.185</b>	<b>\$0.115</b>	
			Projects > \$1 Million	\$0.000	\$0.000	\$0.000	No Change
			Projects < \$1 Million	\$1.070	\$1.185	\$0.115	Project Reprogramming
	<b>4</b>	<b>Minor Construction</b>		<b>\$3.800</b>	<b>\$3.905</b>	<b>\$0.105</b>	
			Replacement Capability	\$1.550	\$1.755	\$0.205	Project Reprogramming
			Productivity Capability	\$1.500	\$0.675	-\$0.825	Project Reprogramming
			New Mission Capability	\$0.000	\$1.475	\$1.475	Project Reprogramming
			Environmental Capability	\$0.750	\$0.000	-\$0.750	Project Reprogramming
<b>All</b>	<b>Total FY 2012</b>	<b>All</b>		<b>\$16.884</b>	<b>\$17.039</b>	<b>\$0.155</b>	

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**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
SPACE AND NAVAL WARFARE SYSTEMS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Activity Group Function:**

The Space and Naval Warfare Systems Centers (SSCs) bring knowledge superiority to the warfighter. Their mission is to provide Naval, Joint and National knowledge superiority through quality Research, Development, Acquisition, Test and Evaluation (RDAT&E) to rapidly deploy and provide full cycle support for sustainable, survivable and interoperable Command, Control, Communication, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR), Information Operations (IO), Enterprise Information Services (EIS) and Space capabilities. The Space and Naval Warfare Systems Command (SPAWAR) is the Navy's Information Dominance systems command and the SSCs are SPAWAR's principal technical agent. Information Dominance is the ability to seize and control the information domain "high ground" when, where and however required for decisive competitive advantage across the range of Navy missions.

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

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

**Activity Group Composition:**

The SSCs are under the management of SPAWAR. This organizational structure facilitates the entire cycle of systems engineering from research and development through waterfront support. SSC Pacific has its headquarters in San Diego, CA, with offices in Philadelphia, PA; Pearl Harbor, HI; Guam; and Japan. SSC Atlantic has its headquarters in Charleston, SC, with

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
SPACE AND NAVAL WARFARE SYSTEMS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

offices in Norfolk, VA; Washington, DC and Pensacola, FL. The Pensacola office closed in FY 2011 in accordance with planned Base Realignment and Closure (BRAC) actions.

**Significant Changes since FY 2012 President's Budget:**

There are no significant changes in the activity group or composition since the FY 2012 President's Budget.

**Base Realignment and Closure:**

The BRAC V recommendation to consolidate Maritime Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and create multifunctional and multidisciplinary Centers of Excellence has been fully implemented at the SSCs. There are no significant changes related to BRAC action from the FY 2012 President's Budget.

**Financial Profile:**

**Revenue/Expense/Operating Results**

<b><u>(\$Millions)*</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Revenue	\$2,577.3	\$2,611.3	\$2,618.3
Expense	\$2,617.4	\$2,609.5	\$2,625.5
Operating Results	-\$40.1	+\$1.8	-\$7.2
Other Changes Affecting NOR	-\$6.1	-\$4.7	-\$1.7
Net Operating Results (NOR)	-\$46.1	-\$3.0	-\$8.9
Other Changes Affecting AOR	\$0.0	\$0.0	\$0.0
Accumulated Operating Results (AOR)	+\$11.9	+\$8.9	\$0.0

\*Some totals may not add due to rounding

**Revenue and Cost of Goods and Services**

Changes from year to year are primarily the result of updated new orders estimates and pricing adjustments. The slow growth in revenue and cost from FY 2012 to FY 2013 results from the combined impact of additional workload (discussed in the Direct Labor Hours section) and reductions in workload directly associated with operations in Iraq and Afghanistan.

**Operating Results**

The negative operating result in FY 2011 reflects a budgeted rate reduction to return FY 2009 operating gains to customers. FY 2011, FY 2012, and FY 2013 operating results include rate surcharges for Capital Investment Program (CIP) increases that are higher than depreciation.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
SPACE AND NAVAL WARFARE SYSTEMS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Cash Collections, Disbursements, and Net Outlays:**

**Collections/Disbursements/Outlays**

<b><u>(\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Collections	\$2,851.2	\$2,591.2	\$2,599.8
Disbursements	\$2,585.2	\$2,621.5	\$2,629.3
Net Outlays	-\$266.0	\$30.3	\$29.5

Current net outlay projections reflect changes in workload, updated operating estimates, and completion of the initial Navy Enterprise Resource Planning (ERP) deployment.

**Workload:**

<b><u>Reimbursable Orders (\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	\$2,614.4	\$2,525.4	\$2,523.7

**Reimbursable Orders**

The decrease in reimbursable orders between FY 2012 and FY 2013 reflects reductions in workload directly related to operations in Iraq and Afghanistan. Regardless of these reductions, the SSC customer base is expected to remain strong.

<b><u>Direct Labor Hours (000)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	9,269	9,268	9,373

**Direct Labor Hours**

The SSC's current direct labor hour estimates are above projections in the FY 2012 President's Budget to support increases across multiple customer programs, to include: Intelligence, Surveillance, and Reconnaissance; logistics / Fleet support, and surface / sub-surface support services. The SSCs also support non-Navy customers such as the Department of Veterans Affairs in the areas of information technology systems and networks and the Department of Homeland Security in areas such as intelligence. A portion of these increases are the result of bringing previously contracted-out work in-house.

**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**RESEARCH AND DEVELOPMENT**  
**SPACE AND NAVAL WARFARE SYSTEMS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

**Performance Indicators:**

The Centers outputs are scientific and engineering designs, developments, tests, evaluations, analyses, installations, and fleet support for systems in the SSC's mission areas. The measure for these outputs is the direct labor hour worked for a customer. Customers are charged a predetermined stabilized billing rate per direct employee hour worked. The rate includes the salary and benefits costs of the performing employee (direct labor costs) and a share of the overhead costs of the 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. The composite stabilized rate and the average total stabilized cost per direct labor hour for the SSC's are discussed below.

<b><u>Stabilized / Composite Rate Changes</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Stabilized Rate	\$100.32	\$103.23	\$104.61
Change from Prior Year		+2.9%	+1.3%
Composite Rate Change		+2.0%	+1.6%

Rate changes incorporate adjustments in direct workload, as well as overhead adjustments in support of direct efforts and programmed efficiencies.

<b><u>Unit Cost</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Total Stabilized Cost (\$Millions)	\$970.9	\$964.2	\$986.6
Workload (DLHs) (000)	9,269	9,268	9,373
Unit Cost (per DLH)	\$104.75	\$104.03	\$105.25



**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**RESEARCH AND DEVELOPMENT**  
**SPACE AND NAVAL WARFARE SYSTEMS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

**Staffing:**

<b><u>Civilian/Military ES &amp; Work Years</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Civilian End Strength	7,240	7,326	7,375
Civilian Work Years	7,119	7,181	7,249
Military End Strength	79	77	76
Military Work Years	74	77	76

**Civilian Personnel**

The SSCs continue their efforts to revitalize the workforce, balance the skills mix, and shape force capabilities to address current and future threats. Workforce growth is caused by increased direct labor requirements that include performing some previously contracted work in-house, as well as a realignment of human resources personnel in FY 2013. Growth is offset by reductions in workload directly associated with operations in Iraq and Afghanistan.

**Military Personnel**

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

**Capital Investment Program (CIP):**

<b><u>CIP Authority (\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Equipment, Non-ADP/Telecommunications	\$2.0	\$0.5	\$1.1
Equipment, ADPE/Telecommunications	\$2.7	\$1.4	\$3.5
Software Development	\$0.0	\$0.8	\$1.5
Minor Construction	\$11.9	\$10.8	\$4.8
<b>Total</b>	<b>\$16.5</b>	<b>\$13.5</b>	<b>\$10.8</b>

**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**RESEARCH AND DEVELOPMENT**  
**SPACE AND NAVAL WARFARE SYSTEMS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

The SSC's modest investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. Minor construction includes projects meeting the criteria of the Defense Laboratory Revitalization Program. The projects will replace aging temporary buildings and upgrade and expand lab capability to accommodate workload growth and increase efficiency. The FY 2011, FY 2012, and FY 2013 programs are funded through capital surcharges of \$6.1 million, \$4.7 million, and \$1.7 million, respectively.

**Carryover Compliance:**

Budgeted carryover is within the ceiling allowed by the approved outlay rates, as depicted in the table below:

<b><u>Carryover (\$Millions)*</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
New Orders	\$2,614.4	\$2,525.4	\$2,523.7
Less Exclusions:			
Foreign Military Sales	\$51.7	\$46.1	\$46.2
Base Realignment and Closure	\$18.9	\$3.7	\$2.5
Other Federal Departments & Agencies	\$544.0	\$365.7	\$364.0
Non-Federal Agencies & others	\$11.7	\$22.5	\$23.2
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Orders for Carryover Calculation	\$1,988.1	\$2,087.3	\$2,087.8
Composite Outlay Rate	54.1%	53.2%	53.2%
Carryover Ceiling Rate	45.9%	46.8%	46.8%
Carryover Ceiling	\$913.3	\$976.2	\$976.1
Balance of Customer Orders at Year End	\$1,491.8	\$1,405.9	\$1,311.3
Less Work-in-Process	\$0.0	\$0.0	\$0.0
Less Exclusions			
Foreign Military Sales	\$49.2	\$41.9	\$39.5
Base Realignment and Closure	\$12.2	\$7.3	\$4.7
Other Federal Departments & Agencies	\$569.3	\$546.5	\$533.6
Non-Federal Agencies & others	\$17.6	\$16.5	\$17.7
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Carryover Budget	\$843.5	\$793.7	\$715.8

\*Some totals may not add due to rounding.

REVENUE AND EXPENSES  
DEPARTMENT OF THE NAVY  
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<b>Revenue:</b>			
Gross Sales			
Operations	2,562.8	2,597.8	2,607.5
Surcharges	-6.1	-4.7	-1.7
Depreciation excluding Major Construction	8.4	8.8	9.1
Other Income			
Total Income	2,577.3	2,611.3	2,618.3
<b>Expenses</b>			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	7.5	7.2	7.2
Civilian Personnel	915.2	925.9	948.2
Travel and Transportation of Personnel	56.0	55.5	55.6
Material & Supplies (Internal Operations)	264.9	306.3	303.5
Equipment	92.2	115.6	113.6
Other Purchases from NWCF	60.5	51.5	52.4
Transportation of Things	13.7	7.5	7.4
Depreciation - Capital	8.4	8.8	9.1
Printing and Reproduction	0.3	0.6	0.7
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication & Utilities	35.8	36.1	35.8
Other Purchased Services	1,163.0	1,094.6	1,092.0
Total Expenses	2,617.4	2,609.5	2,625.5
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,617.4	2,609.5	2,625.5
Operating Result	-40.1	1.8	-7.2
Less Surcharges	-6.1	-4.7	-1.7
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	-46.1	-3.0	-8.9
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	11.9	8.9	0.0

Exhibit Fund-14 Revenue and Expenses

SOURCES OF REVENUE  
DEPARTMENT OF THE NAVY  
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
1. New Orders	2,614.4	2,525.4	2,523.7
a. Orders from DoD Components:	1,913.7	1,982.2	1,979.7
Department of the Navy	1,305.2	1,391.8	1,392.8
O & M, Navy	428.2	430.6	432.4
O & M, Marine Corps	25.2	31.9	31.8
O & M, Navy Reserve	4.8	4.5	4.5
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	13.8	11.1	11.2
Weapons Procurement, Navy	3.0	4.5	4.6
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	57.6	79.0	78.1
Other Procurement, Navy	457.4	500.0	502.8
Procurement, Marine Corps	31.1	33.3	29.5
Family Housing, Navy/MC	0.7	0.7	0.7
Research, Development, Test, & Evaluation, Navy	272.8	282.2	283.3
Military Construction, Navy	2.8	1.7	1.7
National Defense Sealift Fund	8.0	12.2	12.3
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	91.8	105.2	99.0
Army Operation & Maintenance	38.0	44.0	38.2
Army Research, Development, Test, & Evaluation	5.9	4.9	4.9
Army Procurement	47.1	52.3	51.9
Army Other	0.8	3.9	3.9
Department of the Air Force	107.3	91.7	91.8
Air Force Operation & Maintenance	57.4	48.5	48.6
Air Force Research, Development, Test, & Evaluation	26.6	29.7	30.3
Air Force Procurement	23.3	13.4	12.9
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	409.4	393.6	396.0
Base Closure & Realignment	18.9	3.7	2.5
Operation & Maintenance Accounts	122.2	105.6	106.1
Research, Development, Test & Evaluation Accounts	134.0	145.7	147.6
Procurement Accounts	79.8	97.6	98.3
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	54.5	40.9	41.6
b. Orders from other Fund Activity Groups	93.3	108.9	110.6
c. Total DoD	2,007.1	2,091.1	2,090.3
d. Other Orders:	607.3	434.3	433.5
Other Federal Agencies	544.0	365.7	364.0
Foreign Military Sales	51.7	46.1	46.2
Non Federal Agencies	11.7	22.5	23.2
2. Carry-In Orders	1,454.7	1,491.8	1,405.9
3. Total Gross Orders	4,069.1	4,017.2	3,929.6
a. Funded Carry-Over before Exclusions	1,491.8	1,405.9	1,311.3
b. Total Gross Sales	2,577.3	2,611.3	2,618.3
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-648.3	-612.2	-595.5
6. Net Funded Carryover	843.5	793.7	715.8

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

Exhibit Fund-11 Sources of Revenue

**CHANGES IN THE COST OF OPERATIONS**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**SPACE AND NAVAL WARFARE SYSTEMS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	<u><b>Total Cost</b></u>
<b>FY 2011 Estimated Actual</b>	<b>\$2,617.4</b>
<b>FY 2012 Estimate in FY 2012 President's Budget:</b>	<b>\$2,540.8</b>
<u>Estimated Impact in FY 2012 of Actual FY 2011 Experience</u>	\$0.0
<u>Price Changes</u>	
General Purchase Inflation	\$4.6
<u>Productivity Initiatives and Other Efficiencies</u>	
Capital Investment Program Savings	-\$0.3
Energy Cost Savings	-\$0.6
Guard Contract Savings	-\$0.4
<u>Program Changes</u>	
Customer Workload	\$66.9
Sustainment, Restoration, and Modernization	-\$0.2
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	-\$0.9
<u>Other Changes</u>	
Defense Finance and Accounting Service (DFAS)	-\$0.9
Engineering Support and Technical Services	\$0.2
Communications	-\$0.6
Financial Improvement Program / Business Process Standardization	\$2.2
Equipment maintenance	\$0.8
Training	-\$2.1
<b>FY 2012 Current Estimate</b>	<b>\$2,609.5</b>

**CHANGES IN THE COST OF OPERATIONS**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**SPACE AND NAVAL WARFARE SYSTEMS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	<u><b>Total Cost</b></u>
<b>FY 2012 Current Estimate</b>	<b>\$2,609.5</b>
 <u>Price Changes:</u>	
Annualization of Prior Year Pay Raises	
Military	\$0.0
Civilian	\$0.0
FY 2013 Pay Raise	
Military Personnel	\$0.0
Civilian Personnel	\$3.3
Fuel Price Changes	\$0.0
Working Capital Fund Price Changes	\$3.0
General Purchase Inflation	\$27.1
 <u>Productivity Initiatives and Other Savings</u>	
Energy Cost Savings	-\$0.3
Reorganize Systems Center Operations	-\$7.2
Data Center Consolidation	-\$4.8
IT Policy Changes	-\$1.1
Improve Direct Cost Business Practices/Processes	-\$6.5
 <u>Program Changes</u>	
Customer Workload	\$2.1
 <u>Other Changes:</u>	
Depreciation	\$0.3
All Other Changes	\$0.2
 <b>FY 2013 Current Estimate</b>	 <b>\$2,625.5</b>

**CAPITAL INVESTMENT SUMMARY**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	<b>Non-ADPE and Telecom Equipment &gt;= \$.250M</b>	2	\$1.960	1	\$0.533	1	\$1.069
	- Replacement Capability	1	\$0.660	0	\$0.000	0	\$0.000
	- Productivity Capability	1	\$1.300	1	\$0.533	1	\$1.069
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
2	<b>ADPE and Telecom Equipment &gt;= \$.250M</b>	4	\$2.674	3	\$1.409	6	\$3.465
	- Computer Hardware (Production)	3	\$1.384	3	\$1.409	4	\$2.735
	- Computer Software (Operating)	0	\$0.000	0	\$0.000	0	\$0.000
	- Telecommunications	0	\$0.000	0	\$0.000	2	\$0.730
	- Oth Computer & Telecom Spt Equip	1	\$1.290	0	\$0.000	0	\$0.000
3	<b>Software Development &gt;= \$.250M</b>	0	\$0.000	1	\$0.760	2	\$1.505
	- Projects = or > \$1M (List Separately)	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects < \$1M	0	\$0.000	1	\$0.760	2	\$1.505
4	<b>Minor Construction (&gt;= \$.250M and &lt;= \$2.000M)</b>	10	\$11.907	8	\$10.805	7	\$4.775
	- Replacement Capability	1	\$1.850	0	\$0.000	2	\$1.182
	- Productivity Capability	5	\$3.395	4	\$3.772	2	\$1.498
	- New Mission Capability	3	\$5.522	4	\$7.033	3	\$2.095
	- Environmental Capability	1	\$1.140	0	\$0.000	0	\$0.000
	<b>Grand Total</b>	16	\$16.541	13	\$13.507	16	\$10.814
	<b>Total Capital Outlays</b>		\$7.694		\$15.406		\$12.401
	<b>Total Depreciation Expense</b>		\$8.398		\$8.758		\$9.081

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#001 - Non-ADPE and Telecommunications / Replacement Capabilities			SPAWAR Systems Centers					
	FY 2011			FY 2012			FY 2013		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Replacement</b>	1	\$ 660	\$ 660						
Total	1	\$ 660	\$ 660						
Justification:									
<p><b><u>Non-ADPE and Telecommunications:</u></b></p> <p><b>REPLACEMENT</b></p> <p>The Building 2A Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) Philadelphia laboratories support Program Executive Office (PEO) C4I Program Management, Warfare 120 (PMW-120) Distributed Common Ground Station – Navy (DCGS-N) and the Joint Services Imagery Processing System that require cooling systems. Existing systems are more than 30 years old and have not received any intermediate upgrades. Systems are no longer sustainable and jeopardize operational support and testing. The "<b>Install Backup Power &amp; Air Conditioning Units, Philadelphia</b>" (FY11) project will upgrade the air conditioning (A/C) in the Philadelphia labs, thereby increasing availability, decreasing repair costs, and making the systems more environmentally friendly. A cost analysis has been performed on this project. While there are no anticipated savings or cost avoidance anticipated, the operational cost savings realized by installing new energy efficient A/C units will help defray the cost of the unit and the savings in lost work hours will more than compensate for the cost of the increased reliability. The impact of not making this investment will dramatically increase system failures over time and consequently diminish the availability of all of the SPAWAR System Center Command and Intelligence Systems Division Philadelphia labs resulting in lost work hours and risk to testing schedules.</p>									



CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012								
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers				#001 - Non-ADPE and Telecommunications / Productivity Capabilities			SPAWAR Systems Centers					
				FY 2011			FY 2012			FY 2013		
Non-ADPE and Telecommunications Equipment				Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Productivity</b>				1	\$ 1,300	\$ 1,300	1	\$ 533	\$ 533	1	\$ 1,069	\$ 1,069
<b>Total</b>				1	\$ 1,300	\$ 1,300	1	\$ 533	\$ 533	1	\$ 1,069	\$ 1,069
Justification:												
<u>Non-ADPE and Telecommunications:</u>												
<b>PRODUCTIVITY</b>												
<p>The Enterprise Engineering and Certification (E2C) Laboratory, Building 605 is the physical enabler providing a distributed test environment via robust connectivity to remote test sites performing complementary work. The result is an environment that facilitates distributed development, integration, and testing which allows for parallel development and integration between remote sites with the end result being less time required to field new capabilities. This development and test process requires on-demand connectivity which is directly dependent upon uninterrupted power. The <b>"Enterprise Engineering and Certification (E2C) Laboratory Back-Up Power Generation Plant, Building 605" (FY11)</b> project will provide a backup power source for the E2C lab and serve as a form of insurance that can save thousands of dollars in lost productivity and schedule slippage. An economic analysis has been performed for this project. There are no anticipated savings or cost avoidance. However, there is a potential for cost savings if the uninterrupted power supply ensures coverage for the duration of an outage, depending on the number of test events that occur, and the impact on remote sites participating in the test and development process. An indirect cost savings could also be realized through additional business opportunities gained. The E2C lab, Building 605 is an integral component supporting the Center's ability to successfully meet its mission. Power failures during critical testing will have a direct impact on schedule and ship readiness. Failure to capitalize on this opportunity will negatively impact SSC Pacific's ability to guarantee on-demand availability of our facilities to provide test and exercise support.</p> <p>The <b>"Command and Control Systems Engineering Laboratory (Bldg 600, Lab 260) Back-up Power Generator" (FY12)</b> is the Consolidated Support Center (CSC) Continuity of Operations (COOP) facility for the Special Technical Operations Network Environment (STONE). The CSC provides 24/7 help desk, server and network support for this Deputy Directorate for Global Operations (DDGO), J39, Joint Staff Top Secret/Special Compartmental Information (TS/SCI) network. The "Secure Support Systems (S3)" is a distributed classified secure information technology (IT) system for the DOD operating at Protection Level 3 (PL-3). The availability of a generator provides a backup power and air conditioning source and serves as a form of insurance that can save thousands of dollars in lost productivity due to data corruption and protection of hardware and equipment while ensuring uninterrupted critical support to the operators. The benefit would be uninterrupted support provided to the Deputy Directorate for Global Operations (DDGO), J39, Joint Staff and Secretary of Defense customer base. In FY11 S3 will start a major upgrade to existing Secure Enterprise Architecture (SEA) v2.0 to v3.0. Doing this work in Lab 260 with generator backup options available would increase efficiencies related to integration and test. It would also reduce other costs for the sponsor as personnel resources would be optimized. In addition, backup power will ensure seamless Help Desk support to users of the S3 network that includes OSD, Joint Staff, Intelligence Agencies, Combatant Commanders (COCOMs), and Service HQs (Army, Air Force, and Navy). A cost analyst has been performed. The cost savings realized by ensuring an uninterrupted power supply is directly proportional to the duration of an outage, number of trouble calls missed, and the impact on the operational forces dependent on this system. The impact would be the inability to adequately support the needs of the Secretary of Defense and the Joint Staff customer.</p>												

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012	
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#001 - Non-ADPE and Telecommunications / Productivity Capabilities	SPAWAR Systems Centers	
<p><b><u>Non-ADPE and Telecommunications:</u></b></p> <p>The "<b>Enterprise Engineering and Certification (E2C) lab, Building 606</b>" (FY13) is the physical enabler providing a distributed test environment via robust connectivity to remote test sites. It is comprised of a comprehensive suite of operational representative equipment, a test management team, and test tools and processes based on industry best practices. These capabilities include major improvements in the communication infrastructure allowing individual programs to connect to remote sites performing complimentary work. The use of diesel generators provides a backup power source and serves as a form of insurance that can save thousands of dollars in lost productivity and schedule slippage. A cost analysis has been performed. The cost savings realized by ensuring an uninterrupted power supply is directly proportional to the duration of an outage, number of test events impacted, and the impact on remote sites participating in the test and development process. Power failures during critical testing of this nature will have a direct impact on schedule and ship readiness. Failure to capitalize on this opportunity will negatively impact SSC Pacific's ability to guarantee on demand availability of our facilities to provide test and exercise support.</p>			

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012								
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers		#002 - ADPE and Telecommunications (Projects <\$1 Million)						SPAWAR Systems Centers		
		FY 2011			FY 2012			FY 2013		
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Computer Hardware (Production)</b>		3	\$ 461	\$ 1,384	3	\$ 470	\$ 1,409	4	\$ 684	\$ 2,735
<b>Computer Software (Operating System)</b>										
<b>Telecommunications</b>								2	\$ 365	\$ 730
<b>Other Computer &amp; Telecommunications Spt Equipment</b>										
Total		3	\$ 461	\$ 1,384	3	\$ 470	\$ 1,409	6	\$ 578	\$ 3,465
Justification:										
<b>ADPE and Telecommunications Equipment:</b>										
<b>Computer Hardware (Production):</b>										
<p>There is a "Database Engine Upgrade &amp; License for Cluster" project in each of the three years. The "Database Engine Upgrade &amp; License for Cluster" project in its current capability has limited memory capacity resulting in degraded through-put for database queries. The current servers are nearing the end of their service life and backup capability is unable to keep up with current data storage needs. The Database Engine Upgrade &amp; License for Cluster needs memory and processor upgrades which will enhance system performance and provide additional storage, backup capability, and associated licenses. Database tuning software will analyze and correct inefficient user queries in real-time, resulting in increased performance. Increased performance, along with state of the art "GREEN" technology will result in reduced power requirements and HVAC requirements. A cost analysis has been performed. Estimated cost savings beginning in FY11 will be about \$50K/yr which will be realized in lower power and cooling requirements and through an expanded customer base (i.e. lower cost per customer as the customer base increases). If the "Database Engine Upgrade &amp; License for Cluster" project is not funded, it would result in continued limited memory capacity and degraded unit capability through-put for database queries.</p> <p>There is an "RDT&amp;E Network Upgrade" project in each of the three years. The "RDT&amp;E Network Upgrade" project currently provides a local area network for the laboratories of SSC Pacific as well as a high-speed connection to the Defense Research and Engineering Network (DREN) and Non-Classified Internet Protocol Router Network (NIPRNET) using both Transmission Control Protocol/Internet Protocol (TCP/IP) and Asynchronous Transfer Mode (ATM) protocols. The "RDT&amp;E Network Upgrade" project in FY 2011, FY 2012 and FY2013 will provide a technology refresh that will allow the network to continue operations and support future needs. A cost analysis has been performed. There will be no cost savings; however this project is expected to increase productivity. Without this upgrade, portions of the current RDT&amp;E Network architecture will not support the future networking needs of the Research, Development, and in-service engineering communities at SPAWAR.</p> <p>The FY 2011 "Data Center Shared Services Environment" project will procure additional equipment and provide additional computing capability to support business growth of the Navy Data Center (NDC) as more Cyber Asset Reduction and Security (CARS) cases come in to the data center. A cost analysis has been performed. There are no anticipated cost savings for the "Data Center Shared Services Environment". The NDC and hosting systems were established to be in compliance with CNO's directive to reduce Navy IT infrastructure. The NDC has a customer base that includes SPAWAR, NAVSEA, NAVSAFCEN, NAVSISA, PEO C4I, and PACFLT. The NDC will be impacted by the anticipated increases in Cyber Asset Reduction and Security (CARS) cases, and must also provide Continuity Of Operations (COOP) capability to all of its customers operational applications. Without this procurement, the ability to serve Navy customers will be severely limited.</p>										

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012	
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#002 - ADPE and Telecommunications Capabilities (Projects <\$1 Million)	SPAWAR Systems Centers	
<p>In FY 2012, the "<b>Guam Facility Intrusion Detection System, Building 4175</b>" project will procure IT and peripheral equipment and capabilities (intrusion detection and access control systems) to accommodate additional employees and equipment. The facility was a former elementary school, and lacks the access control capabilities required for operations. This investment will support the additional personnel growth required for the upcoming military build-up on Guam. A cost analysis has been performed. There are no anticipated savings or cost avoidance. This is vital to support the growth of personnel required to position the Guam Facility as the leading execution arm of any C4ISR projects on Guam in support of the military build-up. If the "<b>Guam Intrusion Detection System, Building 4175</b>" is not funded the Guam facility will not be able to support the required personnel needed to support the military build-up.</p> <p>Both activities have a "<b>Data Warehouse Business Intelligence System (DWBIS)</b>" project in FY13. The Data Warehouse Business Intelligence System is comprised of multiple technical components including an On-Line Analytical Process (OLAP) database, Extract Transform Load (ETL) scripts/tools, and Business Intelligence (BI) analytical reporting tools. This system provides data integration to enable the delivery of cross-functional diverse business information into standard reporting formats with drill down detail, executive dashboards and super user query capabilities. In FY 2013, the "<b>Data Warehouse Business Intelligence System</b>" project will provide benefits such as to reduce Total Ownership Cost (TOC), answer data calls, identify revenue generating opportunities, allow trend analysis and forecasting, highlight possible cost savings initiatives, identify process improvement areas, allow gains in effectiveness and efficiency, and address significant information gaps. Examples of data analysis areas are Financial Analysis &amp; Reporting, Logistics Management, Development Management, Order Management, Facilities Management, Project and Program Management, HR Reporting and Analysis, Customer Management, Contracts Management, and Executive Monthly Indicators, Balanced Score Card Metrics and Portfolio Management. A cost analysis has been performed. Savings of \$13K per year are expected for this project for SSC Atlantic. Failure to invest in this project would hinder gains in efficiency and reduction of TOC as well as erode SPAWAR's ability to provide technologically innovative products and state of the art expertise to customers.</p> <p><b>TELECOMMUNICATIONS</b></p> <p>Currently, the "<b>Super High Frequency (SHF) SATCOM and Terrestrial Transport Lab</b>" supports various test activities for systems such as Terrorist Threat Integration Center (TTIC), Commercial Wideband SATCOM Program (CWSP), Commercial Broadband Satellite Program (CBSP) as well as engineering and technical services to the NAVY, DISA, and other Joint agencies. In FY 2013, the "<b>SHF SATCOM Terrestrial Transport Lab</b>" project would solve current layout and interconnectivity capability issues restricting the ability to perform multiple or large scale test events. With the addition of newer systems into the lab, the existing fiber and copper distribution system has become inadequate. Additionally, the space constraints hamper the ability of test conductors to perform requisite tasks including, but not limited to performance validation/verification, metrics collection, and test equipment insertion. The proposed lab upgrades will focus on the interconnection of both fiber-optic and copper cabling and ensure standardized reconnection of equipments are made. This upgrade will ensure reliable interconnections of equipment within the lab and adequate interconnectivity with other SPAWAR, Navy, DISA and Joint agencies. A cost analysis has been performed. No savings or cost avoidance is expected in the near term. This upgrade will provide new capability. Failure to invest in this project could erode SSC Atlantic's ability to provide technologically innovative products and state of the art expertise to customers.</p> <p>Current terminals are incapable of providing hubbing support within certain bands, thereby reducing the SATCOM team capability to support and promote multi-terminations. In FY 2013 the "<b>Bldg 166 Ka-Band &amp; C-Band Terminals</b>" project would provide hubbing support capability in the specified bands. The capability to provide multiple site access to the SPAWAR engineering and laboratory facilities will allow the end-to-end testing of secure voice and data products from within the SPAWAR facility to shipboard, mobile, and remote users. This real time testing will benefit SPAWAR and its industry partners. Satellite service through DISA will allow access to other government labs and facilitates to be used to strengthen our position as a global provider of premier SATCOM services. The use of the C and Ka band terminal will allow system engineers to further test proposed scenarios for new systems and help develop new ideas for future systems. A cost analysis has been performed. No savings or cost avoidance is expected in the near term. This project would provide new capability. Along with our technical codes, the ability to provide and demonstrate strategic engineering alternatives for our customers and potential customers is a technological step forward in the development of next generation communication systems. Failure to invest in this project could erode SSC Atlantic's ability to provide technologically innovative products and state of the art expertise to customers.</p>			

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012								
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers				#002 - ADPE and Telecommunications (Projects = or > \$1 Million)				SPAWAR Systems Centers				
				FY 2011			FY 2012			FY 2013		
ADPE and Telecommunications Equipment				Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Computer Hardware (Production)</b>												
<b>Other Computer &amp; Telecommunications Spt Equipment</b>				1	\$ 1,290	\$ 1,290						
Total				1	\$ 1,290	\$ 1,290						
Justification:												
<p><b><u>ADPE and Telecommunications Equipment:</u></b></p> <p><b>Other Computer &amp; Telecommunications Spt Equipment:</b></p> <p>The current equipment, which the FY 2011 "<b>Disk Based Data Backup/Recovery Filer System</b>" project will replace and upgrade ,supports virtual hosting systems for Windows, Linux, and Solaris Operation Systems. The current equipment is used daily across all SPAWAR users, sponsors and functions. SPAWAR has established a Collaboration Solutions Environment (CSE), which includes virtual hosting systems to support the Windows, Linux, and Solaris Operation Systems. The "<b>Disk Based Data Backup/Recovery Filer System</b>" would provide data backup for all production and development virtual servers and an offsite disaster recovery disk subsystem for corporate production data. A cost analysis has been conducted. The cost savings for the "<b>Disk Based Data Backup/Recovery Filer System</b>" are \$118 thousand per year for FY 2012 to FY 2016. If the "<b>Disk Based Data Backup/Recovery Filer System</b>" were deconstructed, it would equate to greater than 20 independent servers, 20 stand alone disk subsystems, numerous stand alone data backup subsystems and the inability to provide a corporate offsite disaster recovery solution. The stand alone systems would be much less fault tolerant, be less secure and consume much more power and floor space. The stand alone systems would require 10 times the system administrative support than the CSE system currently requires. Numerous Information Assurance (IA) documents would be required for the independent systems over the single CSE IA System Security Approval authority (SSAA). The existing equipment is approaching end of life and will become un-maintainable by local system administrators or commercial vendor support.</p>												

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#003 - Software (Projects < \$1 Million)					SPAWAR Systems Centers			
	FY 2011			FY 2012			FY 2013		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Portfolio Monitoring and Control (P2MC)</b>				1	\$ 760	\$ 760			
<b>Human Resources Process Workflow</b>							1	\$ 515	\$ 515
<b>Integrated Cost Accountability Management</b>							1	\$ 990	\$ 990
TOTAL				1	\$ 760	\$ 760	2	\$ 753	\$ 1,505
Justification:									
<b>Software:</b>									
<p>The FY 2012 "<b>Portfolio Monitoring and Control (P2MC)</b>" project is requested in order to gain efficiencies in project management within the command and offer a single process point for the entry of data. P2MC will allow management the ability to assess the work being accepted into the command by determining if a project is within the core areas chartered and determining the technological and program management risk with the project. P2MC replaces the Work Shaping and Acceptance application and the Project Initiation Assessment application and additionally marries data within Navy ERP to monitor the project's entire life cycle. P2MC is a project developed internally where data, presentation, and reporting requirements are gathered, implemented, tested, and then deployed to gain feedback and the ability to make corrections and ensure logic, data, and presentation meets the user's expectations. In FY12 an enterprise production version of the application will be developed for full deployment and use within the SPAWAR enterprise. A cost analysis has been performed. Cost savings for this project are expected to be \$94K per year from FY13 to FY17. Without this investment, SSC Atlantic will have limited capability in assessing and managing the impact of non core capability projects. The software will be internally developed and is expected to be delivered in the beginning of the first quarter of FY13.</p> <p>The Human Resources (HR) Competency has requested an improved workflow and tracking capability for processing in new hires and other personnel actions. This new capability is required to properly and securely input data and to monitor progress with HR. In FY 2013, the "<b>Human Resources Process Workflow</b>" project will gain efficiencies in HR processes and will provide an improved workflow for tracking personnel actions within the Command. A cost analysis has been performed. Cost savings for this project are expected to be \$38K per year from FY14 to FY18. If this investment is not implemented, the HR competency would be forced to continue to use a manual process to support their hiring and personnel action which is labor intensive and not cost effective. Such processes that are known to be labor intensive do not help the Command to strive for continued process improvement and efficiency. The software will be internally developed and is expected to be delivered at the end of the second quarter of FY14.</p> <p>Currently SPAWAR does not have the capability to easily pull together the total cost, schedule, performance and risk of a project. While Navy ERP and P2MC track some of the cost and performance requirements; no tool or database brings together the total view of a project. The FY 2013 "<b>Integrated Cost Accountability Management</b>" project will take the results of reviewing Best Practices throughout the SPAWAR claimancy and either purchase or develop one tool to be used throughout SPAWAR. This will have a cost benefit for all projects because unique solutions would not have to be purchased or developed. This project will also greatly increase efficiency as Project Managers (PM) will no longer have to use multiple commercial or home grown tools to manage their projects on a daily basis. A cost analysis has been performed. Cost savings for this project are expected to be \$312K per year from FY14 to FY18. Without this investment, SPAWAR will not be able to gain the benefits and improved productivity that is critical in these times of constrained budgets. The software will be internally developed and is expected to be delivered at the end of the third quarter of FY14.</p>									

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Research and Development / Space and Naval Warfare Systems		#004 - Minor Construction				SPAWAR Systems Centers				
		FY 2011			FY 2012			FY 2013		
Minor Construction		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Replacement</b>		1	\$ 1,850	\$ 1,850				2	\$ 591	\$ 1,182
<b>Productivity</b>		5	\$ 679	\$ 3,395	4	\$ 943	\$ 3,772	2	\$ 749	\$ 1,498
<b>New Mission</b>		3	\$ 1,841	\$ 5,522	4	\$ 1,758	\$ 7,033	3	\$ 698	\$ 2,095
<b>Environmental</b>		1	\$ 1,140	\$ 1,140						
<b>Total</b>		10	\$ 1,191	\$ 11,907	8	\$ 1,351	\$ 10,805	7	\$ 682	\$ 4,775
Justification:										
<p><b>Minor Construction:</b>            No project described herein exceeds the current Military Construction (MILCON) threshold.            All projects in FY11 and FY12 are within the \$2 million threshold for minor construction afforded by the Defense Laboratory Revitalization Act.</p> <p><b>REPLACEMENT</b>            These investments include one project in FY 2011 and two in FY 2013.</p> <p>Currently, certain administrative functions including Command Operations management and Labor Relations are located in two temporary relocatable facilities which have reached the end of their useful lives. The conditions of these temporary facilities pose risks to health, safety, and code compliance. The "<b>Laboratory Revitalization (Administrative Support Facility)</b>" (FY11) will replace these temporary facilities with a new permanent facility to house these administrative functions. This facility would satisfy current needs and comply with current Navy requirements and standards. A cost analysis has been performed. The savings for this project is an estimated \$180K over twenty years beginning in FY 12. Renovation/Modernization of the existing relocatable facilities is not a feasible alternative. If this investment is not funded there will continue to be risks to health, safety, and code compliance.</p> <p>The "<b>T1 Trailer Replacement</b>" (FY13) will replace a deteriorated trailer suitable only for storage use with a modern laboratory facility that can accommodate current lab equipment in the proper lab environment to include adequate power supply and adequate Heating, Ventilation, and Air Conditioning (HVAC). The current trailer has deteriorated due to age and past multiple operations and is beyond economical repair. A cost analysis has been performed. Due to the replacement nature of this project, the expected cost savings are minimal. If this project is not funded, the current facility will continue to deteriorate. Also, there may be a degradation of mission capabilities that could be available to the war fighter.</p> <p>The "<b>T2 Trailer Replacement</b>" (FY13) will replace a deteriorated trailer with a new facility that will better be able to house lab equipment in the proper lab environment. The project will include providing an adequate power supply and adequate HVAC. The extensive deterioration of the current trailer has made it beyond economical repair. A cost analysis has been performed. Due to the replacement nature of this project, the expected cost savings are minimal. If this project is not funded, the current facility will continue to deteriorate. Also, there may be a degradation of mission capabilities that could be available to the war fighter.</p>										

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012	
Department of the Navy / Research and Development / Space and Naval Warfare Systems	#004 - Minor Construction	SPAWAR Systems Centers	
<p><b><u>PRODUCTIVITY</u></b>            These investments involve five projects in FY 2011, four in FY 2012, and two in FY 2013.</p> <p>The majority of projects requested are due to SPAWAR's growth and/or to support technical requirements that are restricted in current facilities. The proposed projects will add fully functional spaces to support the type of advanced technology work done at the SSC's. The additions will also support growth in programs across the Center allowing more rapid response to requirements and reducing safety concerns. Teams will be able to be co-located which will allow improved interaction within the team and more efficient use of equipment and personnel. Cost analyses have been performed for all projects. These projects are intended to increase productivity rather than reduce cost so there is no cost savings projected. If these projects are not funded, and space is not available, the Navy will lose the capability of providing needed support to DoD customers, jeopardizing mission performance and mission capabilities that could be available to the war fighter.</p> <p>The addition of the "<b>Old Town Campus Building 2 Mezzanines</b>" (FY11) will allow the Special Projects and Survey Systems Branch to provide increased space with a greatly improved working environment for engineers and technicians to assemble, test, troubleshoot, repair, stage, and deploy systems to various customers within SSC Pacific. Benefits include conversion of existing square footage previously used as lab space to more productive and useful office space.</p> <p>The "<b>Building 600 Cafeteria Renovation</b>" (FY11) project will result in improvements to space layout which will eliminate traffic flow problems. Also, the cooking spaces do not meet health standards and do not contain required safety features. Washing and cooking areas are not separated despite regulatory code. This renovation will alleviate the health and safety concerns and improve dry storage and efficiency.</p> <p>The "<b>Building 1 Cafeteria Renovation</b>" (FY11) project will result in improvements to space layout which will eliminate traffic flow problems. Also, the cooking spaces do not meet health standards and do not contain required safety features. Washing and cooking areas are not separated despite regulatory code. This renovation will alleviate the health and safety concerns and improve dry storage and efficiency.</p> <p>The "<b>C4ISR Satellite Facility Guam Renovation, Building 4175</b>" (FY11) will assist in the effort to accommodate the Military build-up on Guam that is taking place from FY10 through FY15. Personnel are being hired to support various projects to build C4ISR infrastructure. The effort will allow SPAWAR/SYSFAC PAC Guam Facility to continue to serve as the premier C4ISR enabler on Guam.</p> <p>The "<b>C4ISR Main Facility Renovation</b>" (FY11) will include converting existing square footage previously used for shipping and receiving functions to usable office space. This investment would benefit management and personnel with the much needed office space and conference room space.</p> <p>The "<b>Total Workforce Management Support Facility</b>" (FY12) project will renovate the facility to support consolidation of Code 81 Total Workforce Management, New Professional (NP) workforce, and provide workspace for staff/support code personnel. The facility will be renovated to support the specific needs of SSC Pacific's mission of providing fleet support and advancements in technologies. Design and Planning for this project occurred in FY11.</p> <p>The "<b>Construct 2nd Floor Addition, Bldg 588</b>" (FY12) project will construct a second floor for Building 588 to provide additional office space for Code 56380 personnel to accomplish planned additional tasks for the PEO-C4I PMW-120 Sponsor. The proposed additional floor will provide 8 office spaces which will accommodate the expected 12 additional personnel at and allow for up to 4 personnel to be relocated from other buildings to allow that space to be converted to additional laboratory, testing and assembly spaces to meet the additional work requirements. Design and Planning for this project occurred in FY11.</p>			



CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012
Department of the Navy / Research and Development / Space and Naval Warfare Systems	#004 - Minor Construction	SPAWAR Systems Centers
<p>In the facility that the "<b>Energy Savings, Seaside</b>" (FY12) project will benefit has many "hot spots" throughout the lab resulting in an environmental control system that is hard to control, inflexibility in equipment relocation, and a somewhat unstable environment for electronic equipment. Additional Heating Ventilation Air Conditioning (HVAC) capacity will provide adequate cooling to support laboratory equipment requirements and flexibility in amount and location of such equipment. Savings will be achieved in energy usage. The lack of adequate HVAC to provide cooling for laboratory equipment requirements will limit the use and restrict the functionality of the facility. Future projected mission growth in laboratory equipment will not be supported.</p> <p>The "<b>Deployable C4I Staging Facility (DC4ISF)</b>" (FY12) staging and final integration process includes verifying system configurations, user profiles, router configurations, assembly of servers, loading of operating systems with appropriate device drivers, and preparing disks, all per unique site and operational mission requirements. The pre-shipment final staging and integration process is designed to identify and resolve potential problems in a controlled environment prior to shipment. With the increased fielding tempo and requirement for portable deployable C4I systems, a designated facility dedicated to system pre-staging is required. This process significantly reduces the necessity for expensive on-site installation teams (software and hardware). A cost analysis has been performed. This cost savings / cost avoidance could be realized immediately after the stand-up of this facility. For every dollar spent identifying and fixing problems in a lab environment it costs three dollars to perform the same task pier side and nine dollars if performed while deployed. There will be significant impact to the warfighter meeting mission requirements if the portable deployable C4I system is not fully operational. Design and Planning for this project occurred in FY11.</p> <p>The Integrated Ashore Networks Laboratory Pier team is currently split between three buildings at one SSC location, four buildings at another SSC location and a building at the Old Town Campus. There is no classified lab environment in at least one location and the engineering team and production team are at different locations. The existing facility is not configured efficiently to support administrative and management offices/workspace. The "<b>Integrated Ashore Networks Lab</b>" (FY13) project will enable the team to consolidate locations, resulting in increased productivity and efficiency. It will provide adequate lab space to effectively perform all Production, Engineering, and In Service Engineering activities, both classified and unclassified.</p> <p>The "<b>Intelligence Operations Lab</b>" (FY13) will serve as an office and lab space for the Intelligence, Surveillance, Reconnaissance/ Information Operations (ISR/IO) Department. At present, there is not adequate work space for the current employees and the end strength of the Department is expected to greatly increase in the near term. The proposed building will increase available workspace. Significant laboratory infrastructure has been developed to support the expanding ISR/IO customer base and any office space provided to satisfy this need must be located in close proximity to promote efficiency and effectiveness for daily operations.</p> <p><b><u>NEW MISSION</u></b> No existing facilities currently support the necessary new mission capability.</p> <p>The minor construction projects outlined below provide additional production capacity and capability to meet the commitments made to our customers as well as an enhanced security posture for one of our building complexes. Lack of production capacity would expose the command to schedule risk, raise production costs, and reduce our credibility to customers. Failure to upgrade our facility security to DoD Minimum Antiterrorism Standards for Buildings could expose SPAWAR's personnel and property to the risk of terrorist attack. A cost analysis has been performed and estimated savings/cost avoidance for the projects over the cost benefit period are minimal. These investments involve three projects in FY 2011, four in FY 2012, and three in FY 2013.</p> <p>"<b>Medical Programs Facility</b>" (FY11) will provide a capable work area for personnel, which support multiple medical programs. Due to significant growth, support personnel have been moved off-site due to insufficient facility resources impacting execution and team cohesiveness.</p> <p>"<b>North Yard Integration Lab Space</b>" (FY11) will provide additional capability for the C4I efforts. Current workload projections indicate the capability of Bldg 1648 will be exceeded by FY 2012. This project will increase the integration and test capability of Bldg 1648 by approximately 5,000 square feet by expanding the footprint of the building and enclosing an existing unused portion of the building. This workload increase is driven by DoN shipbuilding policy initiatives designed to assure fleet interoperability and reduce the cost of life cycle sustainment efforts by shifting away for unique Lead Systems Integrator solutions based on Contractor Furnished equipment to Program of Record, Government Furnished equipment.</p>		

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012	
Department of the Navy / Research and Development / Space and Naval Warfare Systems	#004 - Minor Construction	SPAWAR Systems Centers	
<p><b>"Building 3146 HVAC &amp; Power Improvements" (FY11)</b> will provide Heating, Ventilation and Air Conditioning (HVAC) capacity to support new mission activities. SSC Atlantic has been designated as a lead for PEO-C4I emerging capability known as Enterprise Engineering and Certification (E2C). Building 3146 and the existing / future Program of Record (PoR) assets within it are core elements that will make up the E2C environment. Consolidated Afloat Networks and Enterprise Services (CANES) is one of the main PoR systems driving this requirement. A total of 500KVA of power and 150 tons of cooling is required to accommodate this emerging requirement.</p> <p><b>"Wireless Data and Network Lab" (FY12)</b> SPAWAR Atlantic Wireless Data and Network Lab is currently located in Bldg 3450 which has insufficient space to develop, mockup, test, and demonstrate new systems or major changes to existing systems. This project will provide adequate lab space, office space for personnel, and conference room space. Design and Planning for this project occurred in FY11.</p> <p><b>"Cyber Warfare, Exploitation &amp; Information Dominance Lab" (FY12)</b> In order to support the President's Comprehensive National Cyber Security Initiative (CNCSI) of Leap-Ahead Security Technologies, SSC Atlantic is establishing a Cyber Warfare, Exploitation and Information Dominance (CWEID) lab. The lab space will be shared by both the Structured Holistic Attack Research Computer Network (SHARCNet) and the Supply Chain Risk Management (SCRM) Test lab. The network architecture requires a tremendous amount of support infrastructure, internet connectivity, and laboratory space. Design and Planning for this project occurred in FY11.</p> <p><b>"Radio Frequency (RF) Communication Sensitive Compartmented Information Facility (SCIF) / SAP Lab" (FY12)</b> Complex D is the main area for RF Communications engineering in SPAWAR Atlantic supporting several customers including: Program Executive Office (PEO) Command, Control, Communications, Computers and Intelligence (C4I), PEO Space Systems, and Operationally Responsive Space Office (ORS). Due to the nature of the work for these customers, some of the tasking requires a Sensitive Compartment Information Facility (SCIF). However, Complex D does not have a SCIF or SAP. Adding a SCIF and SAP building in Complex D provides an increased capability and improves work efficiency to support existing customers' tasks and emergent tasking in communications and space systems. Tasking supported in the new SCIF/SAP lab building will include systems engineering, integration, test and evaluation. Design and Planning for this project occurred in FY11.</p> <p><b>"Lab Revitalization - Replace/Demo Bldg 3450" (FY12)</b> Bldg 3450 is 90+ years old and requires significant resources and efforts to maintain and operate. A new facility will house a permanent location to support the sustained capability of all Navy and to support the deployment of next generation network equipment, remote technical support, and maintain racks in constant "up state" supporting Tier III support desks. The new facility will provide new capabilities for future technological innovations and research. Design and Planning for this project occurred in FY11.</p> <p><b>"Warehouse Conversion/Construct Storage Facility @ St Julien's Creek" (FY13)</b> SPAWAR Atlantic has experienced exponential growth in the last 36 months. Through re-invention of space or acquisition, SPAWAR Atlantic has added nearly 400,000 square feet of integration, production and administrative space to its footprint. SPAWAR Atlantic continues to grow to keep up with the increase in demand for its services and products. This project converts an existing 10,000 square foot warehouse into support space for the integration and testing of electronic equipment. The scope of this project is to increase the capacity of the electrical service entrance, insulate the facility, install heating / ventilation and air conditioning, and extend network communication infrastructure to the facility.</p> <p><b>"Building 216 Partial Demolition and Construct Parking Lot" (FY13)</b> will partially demolish Building 216 and construct a new parking lot in its place. This is required due to an increase in operations and personnel at Building 187 and 237. The existing site is constrained and lacks sufficient parking. This project will provide approximately 100 additional parking spaces.</p> <p><b>"Construct Permanent Outdoor Production Site at Complex E" (FY13)</b> is for the engineering, installation, integration, and testing of equipment and containers for the Aviation C2 Engineering Division. Currently the work is performed in an open unimproved area subject to flooding and erosion.</p> <p><b>ENVIRONMENTAL</b></p> <p>The <b>"Antenna Ground Plane Replacement" (FY11)</b> will remove and dispose of the lead ground plane at the Model Range and replace it with a layer of conductive concrete. The Antenna Pattern Range is used to measure the radiation patterns of antennas on scale models of Navy ships. Since 1982, there have been no refurbishments of the ground plane and the lead surface is deteriorating causing contamination to the surrounding soil. Cost avoidance will occur of costs for Hazardous Material (HAZMAT) abatement for the lead contamination as well as costs to maintain the existing ground plane. The new ground plane would require little or no maintenance. If the current lead ground plane is not replaced it will continue to erode and contaminate the surrounding landscape and future clean-ups would be required at substantial costs.</p>			

CAPITAL BUDGET EXECUTION  
DEPARTMENT OF THE NAVY  
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

Projects in the FY 2012 President's Budget

	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<b><u>FY 2012</u></b>						
Equipment (Non-ADPE)	0.760	(0.227)	0.533	0.533	0.000	
Equipment (ADPE)	1.250	0.159	1.409	1.409	0.000	
Software Development	0.000	0.760	0.760	0.760	0.000	
Minor Construction	11.497	(0.692)	10.805	10.805	0.000	
<b>Total FY 2012</b>	<b>13.507</b>	<b>0.000</b>	<b>13.507</b>	<b>13.507</b>	<b>0.000</b>	
<b>Non-ADP Equipment &gt;= \$.250M</b>	<b>0.760</b>	<b>(0.227)</b>	<b>0.533</b>	<b>0.533</b>	<b>0.000</b>	<b>SSC Atlantic removed the Building 12 Uninterrupted Power Supply project and SSC Pacific added the Command and Control Systems Engineering Laboratory (Bldg 600, Lab 260) Back-up Power Generator project.</b>
<b>ADPE and Telecommunications Resources &gt;= \$.250M</b>	<b>1.250</b>	<b>0.159</b>	<b>1.409</b>	<b>1.409</b>	<b>0.000</b>	<b>The cost of the C4ISR Satellite Facility Guam, Building 4175 project was increased.</b>
<b>Software Development &gt;= \$.250M</b>	<b>0.000</b>	<b>0.760</b>	<b>0.760</b>	<b>0.760</b>	<b>0.000</b>	<b>SSC Atlantic added the Portfolio Monitoring and Control (P2MC) project.</b>
<b>Minor Construction (&gt;= \$.250M and &lt;= \$2.000M)</b>	<b>11.497</b>	<b>(0.692)</b>	<b>10.805</b>	<b>10.805</b>	<b>0.000</b>	<b>Reflects reprioritization of minor construction requirements based on Systems Centers' needs.</b>

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**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL RESEARCH LABORATORY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Mission Statement / Overview:**

The Naval Research Laboratory (NRL), the Navy's single, integrated corporate laboratory, provides the Navy with a broad foundation of in-house expertise from scientific through advanced development activity. Specific leadership responsibilities are assigned in the following areas: primary in-house research in the physical, engineering, space, and environmental sciences; broadly based exploratory and advanced development program in response to identified and anticipated Navy and Marine Corps needs; broad multidisciplinary support to the Naval Warfare Centers; and space systems technology development and support.

NRL operates as the Navy's full-spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems and ocean, atmospheric, and space sciences and related technologies. In fulfillment of this mission, NRL initiates and conducts broad scientific research of a basic and long-range nature in scientific areas of interest to the Navy; conducts exploratory and advanced technological development deriving from or appropriate to the scientific program areas; develops prototype systems applicable to specific projects; assumes responsibility as the Navy's principal R&D activity in areas of unique professional competence upon designation from appropriate Navy or DoD authority; 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; serves as the lead Navy activity for space technology and space systems development and support; and serves as the lead Navy activity for mapping, charting, and geodesy marine chemistry & geochemistry research and development for the National Geospatial-Intelligence Agency.

**Activity Group Composition:**

In addition to its Washington, D.C. campus of about 131 acres and 88 main buildings, NRL maintains 14 other research sites, including a vessel for fire research and a Flight Squadron. The many diverse scientific and technological research and support facilities include a large facility located at the Stennis Space Center in Bay St. Louis, Mississippi, a facility at the Naval Support Activity, Monterey Bay in Monterey, California, the Chesapeake Bay Detachment in Maryland, and additional sites located in Maryland, Virginia, Alabama, and Florida.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL RESEARCH LABORATORY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**SCIENTIFIC DEVELOPMENT SQUADRON ONE (VXS-1) DIVISION:** This division is located aboard the Patuxent River Naval Air Station in Lexington Park, Maryland, operates and maintains three uniquely configured P-3 Orion and two RC-12 Huron turboprop aircraft as airborne research platforms for worldwide scientific research operations.

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

**NRL STENNIS SPACE CENTER (NRL-SSC) DIVISION:** 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.

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

**Significant Changes Since the FY 2012 President's Budget:**

There are no significant changes in the activity group composition since the FY 2012 President's Budget.



**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL RESEARCH LABORATORY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Financial Profile:**

<b><u>Revenue/Expense/NOR/AOR (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Revenue	\$703.1	\$707.2	\$716.1
Expense	<u>689.8</u>	<u>721.2</u>	<u>727.9</u>
Operating Results	13.4	-13.9	-11.8
Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Results (NOR)	<u>13.4</u>	<u>-13.9</u>	<u>-11.8</u>
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Results (AOR)	<u>25.8</u>	<u>11.8</u>	<u>0.0</u>

*\*Some totals may not add due to rounding.*

**Revenue and Expense:** The increases in revenue and expense from year to year are primarily due to increases in NRL's workforce profile and inflation.

**Operating Results:** The favorable Accumulated Operating Results (AOR) in FY 2011 and FY 2012 are primarily due to a higher than average FY 2011 workload. The FY 2013 rate is established to achieve an end-of-year AOR of zero.

<b><u>Collections/Disbursements/Outlays (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Collections	\$707.1	\$706.5	\$715.8
Disbursements	<u>699.4</u>	<u>716.3</u>	<u>725.9</u>
Outlays	<u>(7.6)</u>	<u>9.7</u>	<u>10.2</u>

Budgeted collections and disbursements are based on revenue, cost, and Capital Investment Program (CIP) outlay estimates. Fluctuations in Net Outlays primarily reflect the timing of end-of-year billings and the impact of NOR, discussed above.

**Workload:**

<b><u>Reimbursable Orders (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	\$727.6	\$712.6	\$715.2

NRL's primary customers include the Office of Naval Research, the Naval Sea Systems Command, the Naval Air Systems Command, the Space and Naval Warfare Systems Command, the Defense Advanced Research Projects Agency, Naval Warfare Centers, the Army, the Air Force, other Navy and Department of Defense customers, the

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL RESEARCH LABORATORY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

Department of Energy, the National Aeronautics and Space Administration, and the Department of Homeland Security.

<b><u>Direct Labor Hours (000)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	2,959.0	2,918.5	2,983.9

FY 2011 Direct Labor Hours (DLH) reflects increases primarily as a result of increased workload. Increases in the direct workforce (scientists and engineers) recruiting and retention efforts will improve the capacity of NRL to bring the necessary expertise to bear on customers' technically challenging workload.

**Performance Indicators:**

<b><u>Unit Cost</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Total Stabilized Cost (\$M)	\$416.1	\$435.7	\$437.6
Workload (DLHs) (000)	2,959.0	2,918.5	2,983.9
Unit cost (per DLH)	\$140.61	\$149.31	\$146.65

The primary performance indicator is unit cost. The unit cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in unit cost for FY 2011 through FY 2012 primarily reflects increased facility restoration/modernization costs and the Section 219 workforce development program. Other performance indicators are direct labor hours and NOR performance, discussed above.

<b><u>Stabilized / Composite Rates</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Stabilized Rate	\$143.52	\$143.45	\$142.69
Change from Prior Year		-0.0%	-0.5%
Composite Rate Change		+0.6%	+0.4%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the benefiting/requiring customer. The Composite Rate Change incorporates both the stabilized costs and the reimbursable costs. The FY 2013 rate increase is due to pricing/inflation adjustments and a reduction in AOR payback.

**Staffing:**

<b><u>Civilian/Military ES &amp; Workyears</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Civilian End Strength	2,513	2,550	2,550

**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL RESEARCH LABORATORY**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

Civilian Workyears (Straight Time)	2,410	2,440	2,440
Military End Strength	61	58	59
Military Workyears	63	58	59

**Civilian Personnel:** Civilian strength levels, measured by both end strength and full-time equivalents (FTEs). Civilian strength levels remain relatively steady in the budget years.

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

**Capital Investment Program (CIP) Budget Authority:**

<b><u>CIP Budget Authority (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Equipment, Non-ADPE / Telecom	\$8.4	\$8.9	\$8.6
Equipment, ADPE / Telecom	2.5	2.5	3.8
Software Development	0.0	0.3	0.0
Minor Construction	<u>2.0</u>	<u>2.0</u>	<u>4.0</u>
<b>Total</b>	<b>12.9</b>	<b>13.7</b>	<b>16.4</b>

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

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
RESEARCH AND DEVELOPMENT  
NAVAL RESEARCH LABORATORY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Carryover Compliance:**

<b><u>Carryover (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
New Orders	\$727.6	\$712.6	\$715.2
Less Exclusions:			
Foreign Military Sales	1.5	1.8	1.8
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Departments & Agencies	57.7	55.8	54.3
Non-Federal Agencies & others	9.8	8.4	8.8
Major Range & Test Facility Base	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Orders for Carryover Calculation	658.6	646.7	650.3
Composite Outlay Rate	55.3%	55.2%	55.1%
Carryover Ceiling Rate	44.7%	44.8%	44.9%
Carryover Ceiling	294.6	290.0	292.2
Balance of Customer Orders at Year End	295.8	301.1	300.3
Less Work-in-Process	0.3	0.3	0.3
Less Exclusions			
Foreign Military Sales	0.4	0.7	0.7
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Departments & Agencies	39.2	28.3	24.4
Non-Federal Agencies & Others	6.7	4.5	4.0
Major Range & Test Facility Base	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Carryover Budget	249.2	267.4	271.0

*\*Note: Some totals may not add due to rounding*

Budgeted carryover is within the ceiling allowed outlay rates.

**REVENUE AND EXPENSE  
DEPARTMENT OF THE NAVY  
RESEARCH AND DEVELOPMENT  
NAVAL RESEARCH LABORATORY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue:			
Gross Sales			
Operations	684.6	690.7	699.1
Surcharges	(2.1)	-	-
Depreciation excluding Major Construction	16.4	16.5	17.0
Other Income			
Total Income	703.1	707.2	716.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	4.4	3.8	3.8
Civilian Personnel	322.9	322.0	323.3
Travel and Transportation of Personnel	12.3	9.3	9.5
Material & Supplies (Internal Operations)	31.7	39.2	38.3
Equipment	33.3	26.6	27.1
Other Purchases from NWCF	12.8	15.2	15.6
Transportation of Things	1.3	1.5	1.5
Depreciation - Capital	16.4	16.5	17.0
Printing and Reproduction	0.1	0.1	0.1
Advisory and Assistance Services	-	-	-
Rent, Communication & Utilities	23.2	31.2	31.7
Other Purchased Services	231.5	255.6	259.8
Total Expenses	689.9	721.2	727.9
Work in Process Adjustment	(0.1)	-	-
Comp Work for Activity Retention Adjustment	-	-	-
Cost of Goods Sold	689.8	721.2	727.9
Operating Result	13.4	(13.9)	(11.8)
Less Surcharges	(2.1)	-	-
Plus Appropriations Affecting NOR/AOR	-	-	-
Other Changes Affecting NOR/AOR	-	-	-
Extraordinary Expenses Unmatched	(0.2)	-	-
Net Operating Result	11.2	(13.9)	(11.8)
Other Changes Affecting AOR	-	-	-
Accumulated Operating Result	25.8	11.8	-

**SOURCES OF REVENUE  
DEPARTMENT OF THE NAVY  
RESEARCH AND DEVELOPMENT  
NAVAL RESEARCH LABORATORY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)**

	FY 2011	FY 2012	FY 2013
	-----	-----	-----
1. New Orders	727.6	712.6	715.2
a. Orders from DoD Components:	650.6	639.6	643.2
Department of the Navy	447.5	445.4	446.9
O & M, Navy	37.1	26.0	23.1
O & M, Marine Corps	0.9	0.6	0.6
O & M, Navy Reserve	-	-	-
O & M, Marine Corp Reserve	-	-	-
Aircraft Procurement, Navy	2.6	3.6	3.6
Weapons Procurement, Navy	-	0.1	0.1
Ammunition Procurement, Navy/MC	-	-	-
Shipbuilding & Conversion, Navy	0.5	0.6	0.6
Other Procurement, Navy	2.8	1.7	1.7
Procurement, Marine Corps	0.8	0.5	0.5
Family Housing, Navy/MC	-	-	-
Research, Dev., Test, & Eval., Navy	403.0	412.3	416.7
Military Construction, Navy	-	-	-
National Defense Sealift Fund	-	-	-
Other Navy Appropriations	-	-	-
Other Marine Corps Appropriations	-	-	-
Department of the Army	15.6	14.1	14.2
Army Operation & Maintenance	0.2	0.5	0.5
Army Res, Dev, Test, Eval	10.0	8.8	8.9
Army Procurement	0.3	0.8	0.8
Army Other	5.1	3.9	3.9
Department of the Air Force	79.2	83.9	84.8
Air Force Operation & Maintenance	5.2	8.8	8.8
Air Force Res, Dev, Test, Eval	59.1	63.8	64.5
Air Force Procurement	14.9	11.3	11.5
Air Force Other	-	0.1	0.1
DOD Appropriation Accounts	108.3	96.2	97.2
Base Closure & Realignment	-	-	-
Operation & Maintenance Accounts	12.9	10.0	10.1
Res, Dev, Test & Eval Accounts	89.5	81.9	82.8
Procurement Accounts	4.5	2.7	2.7
Defense Emergency Relief Fund	-	-	-
DOD Other	1.4	1.6	1.7
b. Orders from other Fund Activity Groups	8.0	7.1	7.2
c. Total DoD	658.6	646.7	650.3
d. Other Orders:	69.0	65.9	64.9
Other Federal Agencies	57.7	55.8	54.3
Foreign Military Sales	1.5	1.8	1.8
Non Federal Agencies	9.8	8.4	8.9
2. Carry-In Orders	271.3	295.8	301.1
3. Total Gross Orders	998.9	1,008.4	1,016.4
a. Funded Carry-Over before Exclusions	295.8	301.1	300.3
b. Total Gross Sales	703.1	707.2	716.1
4. End of Year Work-In-Process (-)	(0.3)	(0.3)	(0.3)
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	(46.3)	(33.5)	(29.1)
6. Net Funded Carryover	249.2	267.4	271.0

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

**CHANGES IN COST OF OPERATIONS**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH & DEVELOPMENT**  
**NAVAL RESEARCH LABORATORY**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**DOLLARS IN MILLIONS**

	<b>Total Cost</b>
	-----
<b>FY 2011 Actual Execution</b>	<b>689.8</b>
<b>FY 2012 Estimate in FY 2012 President's Budget:</b>	<b>744.7</b>
<b>Pricing Adjustments:</b>	
Civilian Personnel Pay Raise	0.0
General Purchase Inflation	1.2
<b>Program Changes:</b>	
Section 219 Workforce Development Program	4.1
Decrease in Contractual Services	-30.0
Other	1.2
<b>FY 2012 Current Estimate:</b>	<b>721.2</b>
<b>Pricing Adjustments:</b>	
Civilian Personnel Pay Raise	
Impact of 2013 Pay Raise	1.2
Annualization of Prior Year Pay Raise	0.0
Military Personnel Pay Raise	
Impact of 2013 Pay Raise	0.0
Annualization of Prior Year Pay Raise	0.0
General Purchase Inflation	6.4
<b>Program Changes:</b>	
IT Policy Changes	-0.1
Decrease in Capital Purchases Below the CIP Threshold	-0.6
Other	-0.2
<b>FY 2013 Current Estimate:</b>	<b>727.9</b>

**CAPITAL INVESTMENT SUMMARY**  
**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL RESEARCH LABORATORY**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(DOLLARS IN MILLIONS)**

Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
001	Non ADP Equipment	17	\$8,407	16	\$8,979	16	\$8,610
	- Replacement	0	\$0.360	5	\$1,628	2	\$1,000
	- Productivity	1	\$0.460	2	\$0.784	1	\$0.525
	- New Mission	16	\$7,587	9	\$6,567	13	\$7,085
	- Environmental	0	\$0.000	0	\$0.000	0	\$0.000
002	ADPE and Telecommunications Equipment	3	\$2,523	5	\$2,470	4	\$3,790
	- Computer Hardware (Production)	3	\$2,523	4	\$2,150	2	\$0,855
	- Computer Software (Operating System)	0	\$0.000	1	\$0.320	1	\$2,500
	- Telecommunications	0	\$0.000	0	\$0.000	1	\$0,435
	- Oth Computer & Telecom Support Equipment	0	\$0.000	0	\$0.000	0	\$0.000
003	Software Development	0	\$0.000	1	\$0.285	0	\$0.000
	- Software Projects <\$1M	0	\$0.000	1	\$0.285	0	\$0.000
004	Minor Construction	1	\$2,000	1	\$2,000	6	\$4,000
	- Replacement	1	\$2,000	1	\$2,000	6	\$4,000
	- Productivity	0	\$0.000	0	\$0.000	0	\$0.000
	- New Mission	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental	0	\$0.000	0	\$0.000	0	\$0.000
	<b>Grand Total</b>	<b>21</b>	<b>\$12,930</b>	<b>23</b>	<b>\$13,734</b>	<b>26</b>	<b>\$16,400</b>
	<b>Total Capital Outlays</b>		<b>\$13,908</b>		<b>\$13,734</b>		<b>\$16,400</b>
	<b>Total Depreciation Expense</b>		<b>\$16,434</b>		<b>\$16,500</b>		<b>\$17,000</b>



CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		Fiscal Year (FY) 2013 Budget Estimates February 2012					
Department of the Navy / Research and Development Naval Research Laboratory		#001 - Non-ADP Equipment					
		FY 2011		FY 2012		FY 2013	
		Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost
		Total Cost		Total Cost		Total Cost	
<b>Non-ADP Equipment:</b>							
Replacement		1	0.360	5	1.628	2	1.000
Total		1	0.360	5	1.628	2	1.000
<b>Justification:</b>							
<u>Non-ADP Equipment, Replacement:</u>							
As part of NRL's continued mission to remain at the forefront of research, development and technology, several investments in the replacement capability are proposed for FY 2012 and FY 2013. Replacement of the lab's aging and/or outdated equipment is necessary as the current equipment is becoming obsolete. New equipment will be acquired in the areas of vacuum calibration, radio frequency measurement research, x-ray diffraction, data acquisition and manipulation, advanced sound imaging, and vehicle aerodynamic and propulsion systems. The knowledge and capabilities gained from these investments will enable NRL to sufficiently meet research requirements for highly visible government programs. Pre-investment economic analyses were performed for all projects.							

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2013 Budget Estimates February 2012			
Department of the Navy / Research and Development Naval Research Laboratory		#001 - Non-ADP Equipment				
	FY 2011		FY 2012		FY 2013	
	Quant	Total Unit Cost Cost	Quant	Total Unit Cost Cost	Quant	Total Unit Cost Cost
<b>Non-ADP Equipment:</b>						
Productivity	1	0.460	2	0.784	1	0.525
Total	1	0.460	2	0.784	1	0.525
<b>Justification:</b> <u>Non-ADPE Equipment, Productivity:</u> Part of NRL's continued mission is to remain at the forefront of research, development and technology by improving the efficiency and effectiveness of its projects. Three investments in the productivity capability are proposed for FY 2012 and FY 2013. Two projects in FY 2012 will enhance NRL's capability in the areas of fabrication of nanostructured materials, static analysis of micrometer-sized particles, and dynamic analysis of nanometer-sized particles. The FY 2013 equipment acquisition will support Navy and DoD programs in the area of semiconductor device fabrication. Pre-investment economic analyses were performed for all projects.						

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		Fiscal Year (FY) 2013 Budget Estimates February 2012					
Department of the Navy / Research and Development Naval Research Laboratory		#001 - Non-ADP Equipment					
		FY 2011		FY 2012		FY 2013	
		Quant	Total	Quant	Total	Quant	Total
<b>Non-ADP Equipment:</b>		Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost
New Mission		16	7.587	9	6.567	13	7.085
Total		16	7.587	9	6.567	13	7.085
<b>Justification:</b>							
<u>Non-ADP Equipment, New Mission:</u>							
<p>Equipment acquisition in the new mission capability for FY 2012 and FY 2013 will preserve and enhance requirements to maintain a technologically advanced, state-of-the-art laboratory and are tied directly to NRL's science and technology mission. These include the \$1.3M "Central Target Simulator Millimeter-Wave (MMW) Enhancement" project which provides the Navy with the capability to perform closed-loop simulations at MMW frequencies for the purpose of investigating countermeasures and their effectiveness against threats. In addition, the \$1.2M "Aberration Corrected Scanning Transmission Electron Microscope" will allow NRL the new capability of imaging materials and analyzing elemental composition at single atom spatial resolutions and sensitivities. This project will also enable the development of new materials, such as functionalized graphene, doped quantum dots, new fuel cell materials, and new hydroid hard-soft materials.</p> <p>Additional investments for both years will be made in the following research areas: distributed optical characterization, spectrosun solar simulation, near field scanning optics, and three-dimensional riverine mapping. Pre-investment economic analyses were performed for all projects.</p>							

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2013 Budget Estimates February 2012			
Department of the Navy / Research and Development Naval Research Laboratory		#002 - ADPE and Telecommunications Equipment				
	FY 2011		FY 2012		FY 2013	
	Quant	Total	Quant	Total	Quant	Total
<b>ADPE &amp; Telecommunications Equipment</b>		Unit Cost	Cost	Unit Cost	Cost	Cost
Computer Hardware (Production)		3	2.523	4	2.150	0.855
Computer Software (Operating System)				1	0.320	2.500
Telecommunications						1 0.435
Other Computer & Telecommunications Spt Equipment						
Total		3	2.523	5	2.470	4 3.790
<b>Justification:</b>						
<u>ADPE &amp; Telecommunications Equipment:</u>						
<b><u>Computer Hardware (Production)</u></b>						
Several investments in computer hardware (production) are proposed for FY 2012 and FY 2013. Investments in FY 2012 focus on a multiprocessor computer system that will allow NRL researchers to develop and test new techniques for manipulating geospatial and environmental datasets, an information systems storage area network supporting increased disk density, storage capacity, and environmental datasets, and a computational cluster which will facilitate development of new and innovative forecast systems.						
In FY 2013, NRL proposes to invest in two projects focusing on the areas of developing new high fidelity and high performance computing models and capabilities to address large-scale scientific and engineering issues and state-of-the-art computer server processing. Pre-investment economic analyses were performed for all projects.						
<b><u>Computer Software (Operating System)</u></b>						
Two investments in computer software (operating system) are proposed for FY 2012 and FY 2013. In FY 2012, NRL will invest in a computer system supporting, analyzing, and exploring issues associated with routing, managing, and mandating network functionality as well as quality of service in a tactical battlefield. In FY 2013, NRL will invest in a simulation training assessment system. This investment will enable the user to be placed in one of the many roles of today's war fighters through simulation. These roles include aircraft crews, surface or subsurface sea vessels, ground vehicles, and dismounted personnel. Pre-investment economic analyses were performed for all projects.						
<b><u>Telecommunications</u></b>						
A single investment in FY 2013 is proposed in the telecommunications capability. The "Two-Node Networking Data Link Server" project will allow for real-time mobile autonomous wide-band data link input and output for simultaneous bi-directional transmission of networked large data files. A pre-investment economic analysis was performed for this project.						

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2013 Budget Estimates February 2012						
Department of the Navy / Research and Development Naval Research Laboratory			#003 - Software Development						
	FY 2011		FY 2012		FY 2013				
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Software Development</b>									
Software Projects <\$1M				1		0.285			
Total				1		0.285			
<p><b>Justification:</b>  <u>Software:</u>  A single software investment in FY 2012 is proposed in the externally developed capability. The "Communications Security Engineering and Development System" will be commercially purchased software used by NRL researchers to support hardware engineering, software development, code analysis, and hardware emulation. The system will perform research and development of high assurance cryptographic, guarding, information assurance enabling, and key distribution technologies. A pre-investment economic analysis was performed for this project.</p>									

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		Fiscal Year (FY) 2013 Budget Estimates February 2012					
Department of the Navy / Research and Development Naval Research Laboratory		#004 - Minor Construction					
		FY 2011		FY 2012		FY 2013	
		Quant	Total	Quant	Total	Quant	Total
<b>Minor Construction</b>		Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost
Replacement		1	2.000	1	2.000	6	4.000
Productivity							
New Mission							
Environmental							
Total		1	2.000	1	2.000	6	4.000

**Justification:**

Minor Construction:

**Replacement**

The FY 2012 Laboratory Revitalization Demonstration Program (LRDP) investment of \$2M is for the "Electronics Science and Technology Renovations" project. This LRDP investment will support the renovation of approximately 100,000 square feet of laboratory space. This renovation includes: unique hydrogen sulfide filtration and upgrades to the air conditioning system in the existing facility in order to provide approximately 10,000 clean rooms; upgrades to the existing building's electrical system for new laboratory equipment; and upgrades to the existing building structure to prevent facility vibration. A pre-investment economic analysis was performed for this investment.

Minor Construction investments for FY 2013 will ensure that NRL is physically maintained as a state-of-the-art laboratory by addressing facility constraints and adding new technologies and capabilities. State-of-the-art buildings and facilities are crucial to maintaining a world class science and technology laboratory environment, thus being able to equip our military forces with superior systems and technologies. FY 2013's minor construction projects will alleviate spacing issues as well as address structure restrictions that limit NRL's science and technology mission. Pre-investment economic analyses were performed for all investments.

**DEPARTMENT OF THE NAVY**  
**RESEARCH AND DEVELOPMENT**  
**NAVAL RESEARCH LABORATORY**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATE**  
**FEBRUARY 2012**  
**(\$ IN MILLIONS)**

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2012	1	Non ADP		\$9.779	\$8.979	\$0.800	Funding adjusted as projects were reprioritized
			Replacement	\$1.308	\$1.628	-\$0.320	
			Productivity	\$0.775	\$0.784	-\$0.009	
			New Mission	\$7.696	\$6.567	\$1.129	
	2	ADP		\$1.670	\$2.470	-\$0.800	Funding adjusted as projects were reprioritized
			Hardware	\$1.670	\$2.150	-\$0.480	
			Software	\$0.000	\$0.320	-\$0.320	
			Telecommunications Equip.	\$0.000	\$0.000	\$0.000	
			Other Support Equip.	\$0.000	\$0.000	\$0.000	
	3	Software		\$0.285	\$0.285	\$0.000	
			ERP Licenses	\$0.000	\$0.000	\$0.000	
			Software Projects < \$1.000M	\$0.285	\$0.285	\$0.000	
	4	Minor Construction		\$2.000	\$2.000	\$0.000	
			Replacement	\$2.000	\$2.000	\$0.000	
			Productivity	\$0.000	\$0.000	\$0.000	
			New Mission	\$0.000	\$0.000	\$0.000	
All	Total FY 2012		All	\$13.734	\$13.734	\$0.000	

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**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
TRANSPORTATION-MILITARY SEALIFT COMMAND  
NARRATIVE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Mission Statement / Overview**

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

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

**Activity Group Composition:**

MSC supports the Fleet Commanders for Pacific and Atlantic Fleets (Commander Pacific Fleet (COMPACFLT) and United States Fleet Forces Command (USFFC), the Naval Sea Systems Command (NAVSEA), the Space and Naval Warfare Systems Command (SPAWAR), the Strategic Systems Programs (DIRSSP), the U. S. Air Force, and the National Defense Sealift Fund (NDSF), with unique vessels and programs.

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

1. Naval Fleet Auxiliary Force (NFAF) (to be replaced by Combat Logistics Forces): Provides support utilizing civilian mariner manned non-combatant ships for material support and ocean going tugs.
2. Special Mission Ships (SMS): Provides unique seagoing platforms, operation of Navy Command Ships, and contracted Harbor Tugs.
3. Afloat Positioning Force - Navy (APF-N): Deploys advance material for strategic lifts for the Marine Expeditionary Forces.
4. Joint High Speed Vessels – Navy (JHSV): Program is a cooperative effort for a high-speed, shallow draft vessel intended for rapid intra-theater transport of medium sized cargo payloads. JHSV will reach speeds of 35-45 knots (65-83 km/h; 40-52 mph) and allow for the rapid transit and deployment of conventional or Special Forces as well as equipment and supplies. This budget reflects the 5 JHSV initially intended to be operated by Navy/MSC and the 5 JHSVs that transferred from Army to Navy.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
TRANSPORTATION-MILITARY SEALIFT COMMAND  
NARRATIVE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Significant Changes FY 2012 to FY 2013:**

**NFAF** – A reduced operating status for the USNS T-AOE 7 USNS RAINIER and an increase in full operating status for the T-AOE 8 USNS ARCTIC. Transfer T-AKE-14 CHAVEZ from APF-N to NFAF.

**SMS** – A full year of operation for AGM-25 USNS HOWARD LORENZEN. Change ARC-7 USNS ZEUS to full year operating status. Reduced AS-39 USNS EMORY LAND and AS-40 USNS FRANK CABLE reimbursable workload and added 3 heavy lift PATROL CRAFT.

**APF-N**– A full year of operation for T-AKE-13 USNS MEDGAR EVERS. Program requirements reduce APF-N from three Full Operating Status (FOS) squadrons to two. The 3<sup>rd</sup> Squadron will operate in a Reduced Operating Status (ROS) status under the TRANSCOM Surge Program. Transfer T-AKE 14 CESAR CHAVEZ from APF-N to NFAF.

**JHSV**– Activation of 3 JHSV vessels.

**Financial Profile:**

<b><u>Revenue/Expense/NOR/AOR (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Revenue	\$2,718.5	\$2,736.1	\$2,946.9
Expense	\$2,764.9	\$2,910.9	\$2,827.4
Capital Investment Program(CIP) Surcharge			\$16.3
Operating Results	-\$46.4	-\$174.7	\$103.2
Other Changes Affecting AOR	\$26.6		
Accumulated Operating Results (AOR)	\$71.6	-\$103.2	-\$0

**Revenue and Expense:** The changes in revenue and expense from year to year are associated with several program changes, including reduction of preposition squadrons to 2 in FOS and of our ROS preposition squadron to Surge Sealift Program, addition of 3 heavy lift PATROL CRAFT, activation of the JHSV-1 SPEARHEAD and JHSV-3 FORTITUDE, various activation/deactivation and operating status changes associated with modification being completed on T-AOE class ships, inflation and fuel rate impact changes, and reduction of the Civilian Personnel pay raise factor.

**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**TRANSPORTATION-MILITARY SEALIFT COMMAND**  
**NARRATIVE**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

Operating Results: The FY 2012 President's Budget reflected a NOR of -\$11.5M vice the current estimate of -\$174.7M. The less favorable result is due primarily to higher than planned labor and non-labor associated with Civilian Mariners Pipeline, fuel rate increase impact, and general inflation changes. All changes have been incorporated into the FY 2013 rates. In FY 2013, MSC will charge a \$16.3M surcharge for excess CIP. This CIP surcharge will be offset by expense reduction efficiencies and therefore, is rate neutral.

<u>Collections/Disbursements/Outlays</u> <u>(\$M)</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Collections	\$2,794.8	\$2,838.6	\$2,946.9
Disbursements	\$2,797.1	\$2,924.3	\$2,843.7
Outlays	\$2.3	\$85.7	-\$103.2

Collections: FY 2012 through FY 2013 reflects expected revenue based on current estimates.

Disbursements: This represents budgeted expense and CIP outlays. FY 2012 EOY Cash is estimated to be -\$57.1M and FY 2013 EOY Cash is \$46.0M.

**Workload:**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
NFAF	14,417	14,274	14,600
SMS	17,945	9,516	9,490
APF-N	6,721	6,862	4,745
JHSV			365

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

**NFAF** - Decreases in FY 2012 are due to a full year operating status for T-AKE 11 USNS WASHINGTON CHAMBERS which will be offset by the reduced operational status of the T-AE 32 USNS FLINT, T-AE 35 USNS KISKA, and T-AE 33 USNS SHASTA. Increases in FY 2013 are due to a reduced operating status for the USNS T-AOE 7 USNS RAINIER, an increase in full operating status for the T-AOE 8 USNS ARCTIC, and transfer of T-AKE-14 CESAR CHAVEZ from APF-N to NFAF.

**DEPARTMENT OF THE NAVY  
 NAVY WORKING CAPITAL FUND  
 TRANSPORTATION-MILITARY SEALIFT COMMAND  
 NARRATIVE  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
 FEBRUARY 2012**

**SMS** - The decrease in FY 2012 is due to the activation of one TAGS-60 Class which is offset by one TAGS-51 that will be deactivated. Workload is also reduced by TUG Support services being provided on a reimbursable basis vice per diem. Decrease in FY 2013 is reflective of going back to 365 days calendar year.

**APF-N** - Increases in FY 2012 are associated with a full year of operation for T-AKE-12 USNS WILLIAM MCLEAN and the activation of T-AKE-13 EVERS. These increases are offset by the T-AK 4396 MV MAJ BERNARD F. FISHER not being activated as previously planned and the deactivation of the T-AK 5029 SS CAPE JACOB. Decreases in FY 2013 are due to program changes which reduced APF-N from three FOS squadrons to two and the 3rd ROS Squadron will transfer to Surge Sealift, and transfer of T-AKE 14 CESAR CHAVEZ from APF-N to NFAF. These decreases are partially offset by a full year of operation for T-AKE-13 USNS MEDGAR EVERS.

**JHSV** – The increase in FY 2013 is associated with activation of Westpac Express.

<b><u>Reimbursable Orders (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	\$2,697.4	\$2,736.1	\$2,946.9

Orders for MSC equate to revenue. Variances are due to changes in per diem days, fuel price changes, and requirement to attain zero AOR in FY 2013.

<b><u>Direct Labor Hours (000)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	13,550	12,824	12,830

Direct labor hours refer to Civilian Mariners only. Variances across fiscal years are minimal due primarily to new ships coming on line - e.g. T-AKE-12 WILLIAM MCLEAN and TAKE-13 USNS MEDGAR EVERS offset by deactivations – e.g. SHASTA and changes in manning levels.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
TRANSPORTATION-MILITARY SEALIFT COMMAND  
NARRATIVE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Performance Indicators:**

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

A summary of performance goals is reflected below:

<u>Performance Measure</u>	<u>Goal</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Ship Availability	95%	95%	95%	95%

<u>Unit Cost</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
NFAF	107,755	114,782	111,267
SMS	26,537	53,972	57,576
APF-N	67,460	77,893	65,374
JHSV			59,452

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

<u>Percentage Rate Change from Prior Year</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
NFAF	7.5%	3.1%	11.7%
SMS	6.0%	91.1%	17.2%
APF-N	8.6%	17.2%	-17.5%
JHSV			-6.4%

FY 2011 and FY 2012 rates reflect the President’s Budget approved program. Rates for FY 2013 reflect recouplement of AOR.

SMS: As the DoD sealift manager, commencing in FY 2012 MSC will provide tug services to Commander Navy Installations Command (CNIC) on a reimbursable basis. The one-time 91.1% rate increase has negligible impact on customer TOA.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
TRANSPORTATION-MILITARY SEALIFT COMMAND  
NARRATIVE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Staffing:**

<b><u>Civilian/Military ES &amp; Workyears</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Civilian End Strength	6,617	6,374	6,513
Civilian Workyears (Straighttime)	8,839	8,460	8,499
Military End Strength	385	365	181
Military Workyears	397	354	181

Civilian Personnel: End Strength changes are associated mainly with new ships coming on line (e.g., T-AKEs and JHSV), increased ashore to cover new requirements for programs such as Load Management, INFOCON3, and Conservation.

Military Personnel: Variances are due primarily to: 1). Deletion of various Mildets (e.g., T-AO Flint, Kiska) 2). Deletion of T-AKE Supply requirements, and 3). Substitution of Military billets for Civilian billets.

**Capital Investment Program (CIP) Budget Authority:**

<b><u>Capital Investment Program (\$M)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Equipment, Non-ADP / Telecom	\$0.5	\$0.0	\$0.8
Equipment, ADPE / Telecom	\$8.0	\$8.9	\$9.6
Software Development	\$3.6	\$11.3	\$12.1
Minor Construction	\$0.0	\$0.0	\$0.0
<b>Total</b>	<b>\$12.1</b>	<b>\$20.2</b>	<b>\$22.5</b>

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



REVENUE AND EXPENSES  
DEPARTMENT OF THE NAVY  
TRANSPORTATION - MILITARY SEALIFT COMMAND  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<b>Revenue:</b>			
Gross Sales			
Operations	2,711.6	2,729.3	2,924.4
Surcharges	0	0	-16.3
Depreciation excluding Major Construction	6.9	6.8	6.2
Other Income			
Total Income	2,718.5	2,736.1	2,946.9
<b>Expenses</b>			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	26.4	22.4	15
Civilian Personnel	721.6	697.1	709.1
Travel and Transportation of Personnel	33.5	39.8	39.3
Material & Supplies (Internal Operations)	634.4	779.8	679.4
Equipment	95.2	52.2	49.5
Other Purchases from NWCF	1.6	1.5	1.5
Transportation of Things	13.4	10.7	10
Depreciation - Capital	6.9	6.8	6.2
Printing and Reproduction	0.2	0	0
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	419.3	413.7	397.8
Other Purchased Services	812.4	886.9	919.7
Total Expenses	2,764.9	2,910.9	2,827.4
Work in Process Adjustment	0	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	2,764.9	2,910.9	2,827.4
Operating Result	-46.4	-174.7	119.5
Less Surcharges	0	0	-16.3
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	-46.4	-174.7	103.2
Other Changes Affecting AOR	26.6	0	0
Accumulated Operating Result-Prior Year	91.5	71.6	-103.2
Accumulated Operating Result-Current Year	71.6	-103.2	0

SOURCES OF NEW ORDERS & REVENUE  
DEPARTMENT OF THE NAVY  
TRANSPORTATION - MILITARY SEALIFT COMMAND  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
1. New Orders	2,697.4	2,736.1	2,946.9
a. Orders from DoD Components:	2,688.9	2,728.0	2,940.8
Department of the Navy	2,597.6	2,640.8	2,838.5
O & M, Navy	2,086.0	2,531.5	2,771.9
O & M, Marine Corps	23	23.4	21.9
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	0	0	0
Weapons Procurement, Navy	0.4	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	12.9	4.5	1.7
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	9.4	0	0
Military Construction, Navy	0	0	0
National Defense Sealift Fund	466	81.4	43.1
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	2.7	0	0
Army Operation & Maintenance	2.7	0	0
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0	0	0
Army Other	0	0	0
Department of the Air Force	39.5	63.1	77.6
Air Force Operation & Maintenance	39.5	63.1	77.6
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	49	24.1	24.7
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	47.5	0	0
Res, Dev, Test & Eval Accounts	1.4	0	0
Procurement Accounts	0	0	0
Defense Emergency Relief Fund	0	0	0
DOD Other	0.1	24.1	24.7
b. Orders from other Fund Activity Groups	1.8	8.2	6
c. Total DoD	2,690.7	2,736.1	2,946.9
d. Other Orders:	6.7	0	0
Other Federal Agencies	6.7	0	0
Foreign Military Sales	0	0	0
Non Federal Agencies	0	0	0
2. Carry-In Orders	417.7	396.5	396.5
3. Total Gross Orders	3,115.1	3,132.7	3,343.4
a. Funded Carry-Over before Exclusions	396.5	396.5	396.5
b. Total Gross Sales	2,718.5	2,736.1	2,946.9
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-7.2	-7.2	-7.2
6. Net Funded Carryover	389.3	389.3	389.3

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

**CHANGES IN THE COST OF OPERATIONS**  
**DEPARTMENT OF THE NAVY**  
**TRANSPORTATION**  
**MILITARY SEALIFT COMMAND**  
**FISCAL YEAR (FY) 2013 PROGRAM / BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**DOLLARS IN MILLIONS**

	<u><b>Total Cost</b></u>
<b>FY 2011 Actual Execution</b>	<b>\$2,764.9</b>
<b>FY 2012 Estimate in FY 2012 President's Budget:</b>	<b>\$2,745.9</b>
<u>Estimated Impact in FY 2012 of Actual FY 2011 Experience</u>	\$0.0
<u>Price Changes</u>	
Change in FY 2012 Pay Raise Assumptions	\$0.0
Change in FY 2012 Fuel Price Assumptions	\$139.8
Change in FY 2012 General Inflation Assumptions	\$4.1
<u>Productivity Initiatives and Other Efficiencies</u>	
Capital Investment Program Savings	\$0.0
Energy Efficiency and Conservation Savings	\$0.0
Guard Contract Savings	\$0.0
<u>Program Changes</u>	
Increased reimbursable orders associated with operating the HUMPHREYS and FLINT	\$72.7
Reduced reimbursable orders related to Sub-Tenders conversion	-\$16.0
Reduced reimbursable orders associated with Other Reimbursable	-\$55.6
Reduced reimbursable orders associated with Sponser requires for the Block Vessels	-\$8.0
Draw down of the OBREGON operations as a result of RMD 700 restructure	-\$9.9
Increased Utilites and Port cost in support of the MT. WHITNEY home ported in Gaeta	\$3.5
Increased TAGS60 C Band and Waters Communication	\$1.5
Increased Mary Sears overhead	\$3.2
Increased TAGS60 and T-ARS Port and Canal	\$1.8
Increased Contract Civilian Mariners' Rates	\$1.8
<u>Other Changes</u>	
Civilian Mariners Pipeline increase associated with deactivation of T-AE Class	\$16.8
Indirect Afloat IT/TAC	\$10.9
G&A Miscellaneous Overhead reductions	-\$1.1
Reduced CoSC/NGEN (Next Generation Enterprise Network) fixed costs	-\$0.5
<b>FY 2012 Current Estimate</b>	<b>\$2,910.9</b>

**FY 2012 Current Estimate** **\$2,910.9**

Price Changes:

Annualization of Prior Year Pay Raises	
Military	\$0.1
Civilian	\$0.0
FY 2013 Pay Raise	
Military Personnel	0.1
Civilian Personnel	2.4
Fuel Price Changes	-\$21.6
Working Capital Fund Price Changes	\$0.2
General Purchase Inflation	\$24.3

Productivity Initiatives and Other Efficiencies

Energy Efficiency and Conservation Savings	-\$15.1
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Program Changes

Cost savings associated with RMD 700 which restructures the Prepo Program from 3 Squadrons to 2	-\$16.4
Schedule accelerated for the Mobile Landing Pier platforms	\$2.0
Increased Fuel Optempo for Emory Land	\$2.6
Observation Island (OBIS) Fuel Savings	-\$6.9
Reduced reimbursable orders related to Sealift Enhancement	-\$2.1
Transfer of 5 ROS prepositioning ships to Transcom Surge Program	-\$86.9
Transfer of JHSV 1, 3, 5 to Navy/MSC from Army	\$28.3
New Time Charter Contract for a Patrol Craft	\$6.0

Other Changes:

CoSC/NGEN (Next Generation Enterprise Network) fixed costs	-\$0.5
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**FY 2013 Current Estimate** **2,827.4**

DEPARTMENT OF THE NAVY  
TRANSPORTATION - MILITARY SEALIFT COMMAND  
CAPITAL INVESTMENT SUMMARY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
DOLLARS IN MILLIONS

Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	<b>Non-ADPE and Telecom Equipment &gt;= \$.250M</b>	1	\$0.457	0	\$0.000	1	\$0.800
	- Replacement Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Productivity Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- New Mission Capability	1	\$0.457	0	\$0.000	1	\$0.800
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
2	<b>ADPE and Telecom Equipment &gt;= \$.250M</b>	2	\$8.003	3	\$8.900	2	\$9.588
	- Computer Hardware (Production)	2	\$8.003	2	\$7.500	2	\$9.588
	- Computer Software (Operating)	0	\$0.000	1	\$1.400	0	\$0.000
	- Telecommunications	0	\$0.000	0	\$0.000	0	\$0.000
	- Oth Computer & Telecom Spt Equip	0	\$0.000	0	\$0.000	0	\$0.000
3	<b>Software Development &gt;= \$.250M</b>	3	\$3.660	6	\$11.310	6	\$12.108
	MSC-IS Portal	1	\$2.730	2	\$3.350	1	\$1.500
	MSC - Financial Management System	1	\$0.612	1	\$3.140	1	\$2.780
	Human Resources Management System	1	\$0.318	2	\$2.820	1	\$2.070
	Migration of Unified Civmar Payroll System to DFAS	0	\$0.000	1	\$2.000	1	\$2.000
	Department Head Afloat Mgmt System	0	\$0.000	0	\$0.000	1	\$0.758
	Ordnance Load Management	0	\$0.000	0	\$0.000	1	\$3.000
	- Projects < \$1M	0	\$0.000	0	\$0.000	0	\$0.000
4	<b>Minor Construction (&gt;= \$.100M and &lt;= \$.750M)</b>	0	\$0.000	0	\$0.000	0	\$0.000
	- Replacement Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Productivity Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
	<b>Grand Total</b>	6	\$12.120	9	\$20.210	9	\$22.496
	<b>Total Capital Outlays</b>		\$5.255		\$18.274		\$23.726
	<b>Total Depreciation Expense</b>		\$6.862		\$6.777		\$6.182

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Transportation / Military Sealift Command		#001 - Non-ADPE and Telecommunications / Replacement Capabilities			Military Sealift Command (MSC)					
		FY 2011			FY 2012			FY 2013		
Non-ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>New Mission</b>		1	\$ 457	\$ 457				1	\$ 800	\$ 800
Total		1	\$ 457	\$ 457				1	\$ 800	\$ 800
Justification:										
<p><b><u>Non-ADPE and Telecommunications:</u></b></p> <p><b>NEW MISSION:</b></p> <p>Heating/Ventilating/Air Conditioning (HVAC): Current units are old and require constant repair. The current profile provides for replacement of units in two buildings in the Washington, DC area. Funding in FY 2013 is to cover elevator upgrade in the Washington area.</p>										

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Transportation / Military Sealift Command		#002 - ADPE and Telecommunications (Projects = or > \$1 Million)				Military Sealift Command (MSC)				
		FY 2011			FY 2012			FY 2013		
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Computer Hardware (Production)</b>		2	\$ 4,002	\$ 8,003	2	\$ 3,750	\$ 7,500	2	\$ 4,794	\$ 9,588
<b>Computer Software (Operating System)</b>					1	\$ 1,400	\$ 1,400			
Total		2	\$ 4,002	\$ 8,003	3	\$ 2,967	\$ 8,900	2	\$ 4,794	\$ 9,588
Justification:										
<p><b><u>ADPE and Telecommunications Equipment:</u></b></p> <p><b>Computer Hardware (Production):</b> The above represents MSC requirements to implement unclassified and classified Local Area Networks (LANS) at all ships, offices, area command, and headquarters world-wide. Equipment includes servers, routers, modem pools, printers, firewall, etc. Funding also will provide for Crypto Modernization Navy mandate.</p> <p>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. Economic Analysis (EA) for FMS completed January 2005. MSC requires equipment and software to maintain backup sites - i.e. Mission Continuity Plan (MCP.) The refresh requirements are not covered by NMCI or Base Level Infrastructure Implementation (BLII) plans. No EA for afloat ADPE as this was a directed CIP cost by OSD. Software addresses remediation of DOD IG audit findings. This software will provide automated monitoring of key transactions to prevent unauthorized actions and detect patterns that could indicate fraud or errors. This software provides a fully auditable access record of all changes made to MSC FMS and Human Resources Management System (HRMS) systems.</p> <p><b>Computer Software (Operating System):</b> Next Generation Wideband system to replace current Bandwidth Efficiency Satellite Transport (BEST) system which will be obsolete and no longer supported by the end of FY 2010. Shipboard Infrastructure requirements are estimated to be \$250K per ships times 20 ships installed per year. Next Generation Wideband solution is Mission Critical to maintain shipboard communications with no interruption as current BEST system satellites begin to fail.</p>										

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Transportation / Military Sealift Command		#003 - Software Development				Military Sealift Command (MSC)				
		FY 2011			FY 2012			FY 2013		
Software Development		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>MSC-IS Portal (Dev)</b>		1	\$ 2,730	\$ 2,730	1	\$ 3,100	\$ 3,100	1	\$ 1,500	\$ 1,500
<b>MSC-IS Portal (Software)</b>					1	\$ 250	\$ 250			
<b>TOTAL</b>		1	\$ 3,200	\$ 2,730	2	\$ 1,675	\$ 3,350	1	\$ 1,500	\$ 1,500
Justification:										
<b><u>Software Development:</u></b>										
<i>IS Portal Development</i> Various modules integrate existing worldwide procurement system with developing/deploying financial system; this ensures validation of accounting data at time of origination, and tracking of both procurement and funds control from obligation through payment. Includes funding required to implement DOD mandated travel system and integrate it with the Command financial management system as well as the paperless environment.										
<i>Information Systems: IS Portal</i>										
IS Portal: This is a standards based web application that will seamlessly integrate shipboard and shore-side information technology function and processes into one integrated portal. MSC IS Portal will be integrated with the Navy Enterprise Portal (NEO.)										



CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Transportation / Military Sealift Command		#003 - Software Development				Military Sealift Command (MSC)				
		FY 2011			FY 2012			FY 2013		
Software Development		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>MSC - Financial Management System</b>		1	\$ 612	\$ 612	1	\$ 3,140	\$ 3,140	1	\$ 2,780	\$ 2,780
<b>TOTAL</b>		1	\$ 612	\$ 612	1	\$ 3,140	\$ 3,140	1	\$ 2,780	\$ 2,780
Justification:										
<p><b><u>Software Development:</u></b></p> <p><u>FMS</u>: This is a DOD/DFAS migratory finance and accounting system. It is consistent with the requirements of the Financial Integrity Act, Anti-Deficiency Act, Joint Financial Management Improvement Program (JMIP), and the Chief Financial Officer (CFO) Act. This initiative will provide for cross functional requirements and continuing development of enhancement and upgrades to MSC business systems. Supports the introduction of additional modules required to provide a total automated procure to pay solution for MSC. It also will support the development of interfaces required with external systems - e.g. DOD wide implementation of the End -to-End procurement process. Estimates do include requirement to replace current MSC budget development tool (BPS.) Current budget system is not integrated with other MSC business systems. The replacement system will solve this shortcoming.</p> <p>Software addresses remediation of DOD IG audit findings. Business Enterprise Architecture (BEA) 4.1 compliant EA completed in 2007, however, all items have obtained OSD Business Transformation Agency (BTA) certification.</p>										

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Transportation / Military Sealift Command		#003 - Software Development				Military Sealift Command (MSC)				
		FY 2011		FY 2012			FY 2013			
Software Development		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>MSC - Human Resources Management System (Dev)</b>		1	\$ 318	\$ 318	1	\$ 2,570	\$ 2,570	1	\$ 2,070	\$ 2,070
<b>MSC - Human Resources Management System (Software)</b>					1	\$ 250	\$ 250			
<b>TOTAL</b>		1	\$ 318	\$ 318	2	\$ 1,410	\$ 2,820	1	\$ 2,070	\$ 2,070
Justification:										
<b><u>Software Development:</u></b>										
MSC HRMS (Human Resources Management System)										
<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. Implementation of HR also will provide the ability to integrate with MSC's corporate data environment.</p> <p>FY 2012 includes support for implementation of an electronic medical capability which will enable MSC to place qualified civmars aboard MSC ships in a more timely manner. Software addresses remediation of DOD IG audit findings. Note: Civilian Mariner (CIVMAR) personnel functions are not handled by the DOD Modern Defense Civilian Payroll Data System (DCPDS.) Business Enterprise Architecture (BEA) compliant EA was completed in 2007, all items have obtained OSD BTA certification.</p>										

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Transportation / Military Sealift Command	#003 - Software Development						Military Sealift Command (MSC)		
	FY 2011			FY 2012			FY 2013		
Software Development	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Migration of Unified Civmar Payroll System to DFAS</b>				1	\$ 2,000	\$ 2,000	1	\$ 2,000	\$ 2,000
<b>TOTAL</b>				1	\$ 2,000	\$ 2,000	1	\$ 2,000	\$ 2,000
Justification:									
<p><b>Software Development:</b></p> <p>Migration of Unified Civmar Payroll System (UCPS) to DFAS: Currently MSC Civilian Mariners (CIVMAR) are not paid through DFAS. This effort will provide for that transition.</p>									

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012						
Department of the Navy / Transportation / Military Sealift Command	#003 - Software Development					Military Sealift Command (MSC)			
	FY 2011			FY 2012			FY 2013		
Software Development	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Department Head Afloat Mgmt System</b>							1	\$ 758	\$ 758
<b>TOTAL</b>							1	\$ 758	\$ 758
Justification:									
<p><b>Software Development:</b></p> <p>Department Head Afloat Mgmt System (DHAMS): DHAMS is used to perform HR, payroll, and accounting functions. The current system was developed with tools that no longer are available. As a result, DHAMS requires constant helpdesk support. The new system will allow for better data validation, new functionality, and will incorporate new Informations Assurance (IA) and PII (Privacy) safeguards.</p>									

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			FISCAL YEAR (FY) 2013 BUDGET ESTIMATES FEBRUARY 2012								
Department of the Navy / Transportation / Military Sealift Command			#003 - Software Development				Military Sealift Command (MSC)				
			FY 2011			FY 2012			FY 2013		
Software Development			Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
<b>Ordnance Load Management</b>									1	\$ 3,000	\$ 3,000
TOTAL									1	\$ 3,000	\$ 3,000
Justification:											
<p><b><u>Software Development:</u></b></p> <p>MSC has a requirement to support Ordnance Load Management. Data associated with this requirement is CLASSIFIED. In order to provide required support for this initiative MSC will have to establish a version of various afloat and ashore applications on the Secret Internet Protocol Router Network (SIPRNET). If not funded, MSC will be unable to provide support for initiatives supporting the new Ordnance Load effort.</p>											

**CAPITAL BUDGET EXECUTION**  
**DEPARTMENT OF THE NAVY**  
**TRANSPORTATION**  
**MILITARY SEALIFT COMMAND**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**DOLLARS IN MILLIONS**

**Projects in the FY 2012 President's Budget**

	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<b><u>FY 2012</u></b>						
Equipment (Non-ADPE)	0.000	0.000	0.000	0.000	0.000	
Equipment (ADPE)	8.900	0.000	8.900	8.900	0.000	
Software Development	14.310	(3.000)	11.310	11.310	0.000	
Minor Construction	0.000	0.000	0.000	0.000	0.000	
<b>Total FY 2011</b>	<b>23.210</b>	<b>(3.000)</b>	<b>20.210</b>	<b>20.210</b>	<b>0.000</b>	
<b>Non-ADP Equipment &gt;= \$.250M</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>No change</b>
<b>ADPE and telecommunications resources &gt;= \$.250M</b>	<b>8.900</b>	<b>0.000</b>	<b>8.900</b>	<b>8.900</b>	<b>0.000</b>	<b>No change</b>
<b>Software Development &gt;= \$.250M</b>	<b>14.310</b>	<b>(3.000)</b>	<b>11.310</b>	<b>11.310</b>	<b>0.000</b>	<b>DHAMS and Automated Training moved to FY 2013</b>
<b>Minor Construction (&gt;= \$.100M and &lt;= \$.750M)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>No change</b>

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**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**BASE SUPPORT – FACILITIES ENGINEERING COMMANDS**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

**Mission Statement /Overview:**

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

**Activity Group Composition:**

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

**Significant Changes Since the FY 2012 President’s Budget:**

There were no significant changes since the FY 2012 President’s Budget.

**Productivity Initiatives and Other Cost Savings:**

FY 2013 estimates include \$1.6 million in cost reductions associated with steam conservation efforts at FEC Europe-Africa-Southwest Asia and \$0.6 million in savings associated with improved management of mobile devices such as cell phones and smart phones.

**Financial Profile:**

**Revenue/Expense/Operating Results**

<b><u>(\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Revenue	\$2,975.4	\$2,989.6	\$3,210.8
Cost of Goods and Services	\$2,987.7	\$3,021.2	\$3,065.3
Operating Results	-\$12.3	-\$31.6	+\$145.5
Other Changes Affecting AOR	\$0.0	\$0.0	\$0.0
Accumulated Operating Results (AOR)	-\$113.8	-\$145.5	\$0.0

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Revenue and Cost of Goods Sold:** The trend in revenue and expense is primarily a result of general inflation, fuel pricing factors, and pay raise (FY 2013 only).

**Operating Results:** The change in FY 2011 operating results since the FY 2012 President's Budget is primarily due to higher purchased utility costs. In FY 2012, revised fuel prices and updated non-pay inflation indices are the main reasons for the change.

**Collections and Disbursements/Outlays:**

<b><u>Net Outlays (\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Collections	\$2,940.4	\$3,223.2	\$3,113.1
Disbursements	\$2,996.7	\$2,987.7	\$3,019.9
Net Outlays	+\$56.3	-\$235.5	-\$93.3

**Foreign Currency Issues:** Foreign currency exchange rates can impact the FECs' operating results. The table below shows the estimated value of FEC costs that are subject to payment in foreign currency:

<b><u>Costs Subject to Foreign Currency (\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Costs to be Paid in EUROS	\$65.1	\$73.4	\$73.1
Costs to be Paid in YEN	\$116.6	\$130.1	\$132.1
Total Costs to be Paid in Foreign Currency	\$181.7	\$203.5	\$205.2

<b><u>Direct Labor Hours (000)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	13,614	13,425	13,506

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Performance Indicators:**

Among the key financial indicators for the FECs are operating results (as noted above), annual rate changes, and unit costs (as presented below). Other key corporate performance measures include timeliness, workforce safety, and client satisfaction. Timeliness is an extremely important client satisfaction indicator in the area of facilities sustainment; it is reported on a quarterly basis.

The Emergency Work Response Time – Schedule Adherence metric represents the percent of time that emergency work crews arrive on-scene within prescribed time-lines. Another metric, Service/Minor/Specific Work Completion Date – Schedule Adherence reflects the percent of time that work is completed on schedule. The minimum goal in either case is 90%.

<b><u>Performance Measures</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Emergency Work Response Time-Schedule Adherence	90.0%	90.0%	90.0%
Service/Minor/Specific Work Completion Date-Schedule Adherence	90.0%	90.0%	90.0%
<b><u>Rate Changes</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Composite Rate	+7.3%	+0.9%	+8.5%
Utilities and Sanitation	+10.2%	+0.5%	+12.1%
Other Base Services	+1.6%	+1.8%	+1.8%

Annual rate changes reflect the impact of pricing adjustments as well as the impact of returning/recouping operating gains or losses.

**Unit Costs:**

Unit costs for each of the FECs' 24 different product areas are displayed on the following page:

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

<b>Product /Service</b>	<b>Unit of Measure</b>	<b>Unit Costs FY 2011</b>	<b>Unit Costs FY 2012</b>	<b>Unit Costs FY 2013</b>
<b>Utility Services</b>				
Electricity	MWH	149.21	147.04	147.56
Potable Water	KGAL	6.86	6.09	6.12
Salt/River Water	KGAL	1.41	1.07	1.75
Steam	MBTU	35.15	36.64	38.89
Sewage	KGAL	9.17	7.69	8.12
Natural Gas	MBTU	9.81	12.42	12.54
Compressed Air	KCF	1.85	1.96	2.21
<b>Sanitation Services</b>				
Refuse Collection and Disposal I	CUYD	20.16	17.93	15.03
Refuse Collection and Disposal II	TONS	25.40	99.74	180.94
Pest Control	HOURS	51.60	47.56	46.08
Hazardous Waste I	GAL	11.63	12.04	8.25
Hazardous Waste II	LBS	1.50	1.24	1.31
Industrial Waste	KGAL	46.00	37.37	37.35
Environmental Engineering	HOURS	88.68	110.90	96.07
Environmental Lab	TEST	104.54	93.80	91.63
<b>Transportation Services</b>				
Equipment Rental	HOURS	5.55	5.35	5.40
Vehicle Operations	HOURS	71.07	63.35	66.98
Vehicle Maintenance	SRO	255.06	247.58	202.63
<b>Maintenance and Repair</b>				
Specifics	JOBS	3,146.59	3,669.70	3,598.48
Minor Maintenance and Repair	ITEMS	735.46	652.01	637.94
Emergency	CHITS	128.20	86.95	79.03
Service	CHITS	130.31	134.13	131.11
Recurring	ITEMS	368.23	295.87	302.24

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Utilities and Energy Management:** Higher purchased electricity, natural gas and liquid fuel costs will continue to impact the FECs' cost of operations. Even though the FECs are impacted by higher purchased utilities, they are implementing energy conservation measures that are reducing the quantities of electricity and natural gas consumed. These initiatives include managing the kinds of fuel purchased; implementing efficient ways of using fuel to produce steam; aggressive energy management and system recapitalization based on linear segments and consistent system condition information; maximizing the use of energy projects, increasing the use of alternative sources of energy such as geothermal, ocean thermal, wind, solar, and wave; and deploying information assurance industrial control systems.

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

- Central management of BSVE NWCF Rates and Recapitalization
- Management of BSVE across Product Lines at all FECs.
- Lease Passenger Carrying Vehicles (PCVs) from GSA
- Downsize vehicles and equipment to minimum size, including Neighborhood Electric Vehicles and other slow moving vehicles to reduce the per mile cost including fuel
- Standardize vehicle and equipment type, sizes and configurations
- Optimize use of lease and short term rentals for vehicles and heavy equipment and facilitate sharing vehicles via easy to use reservation systems

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

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

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Staffing:**

<b><u>Civilian / Military ES &amp; Work Years</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Civilian End Strength	9,901	9,989	10,044
Civilian Work Years (Straight Time)	9,734	9,852	9,879
Military End Strength	78	78	78
Military Work Years	78	78	78

**Civilian Personnel:** Personnel resources are one of the most valuable assets to the FEC organization. The NWCF FEC Management team continues to focus on the optimal mix and quantity of personnel required to ensure effectiveness in providing quality products and service to our customers. The growth in civilian work years across the budget period reflects increased and improved recruiting efforts and the impact of various joint base initiatives, primarily with the Air Force.

**Military Personnel:** Military end strength remains unchanged.

**Capital Investment Program (CIP):**

The FECs' capital investments are a modest, but important element of successful operations.

<b><u>CIP (\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Equipment, Non-ADP / Telecom	\$9.6	\$12.2	\$11.2
Equipment, ADPE / Telecom	\$0.0	0.0	\$0.0
Software Development	\$0.0	0.0	\$0.0
Minor Construction	\$6.8	\$9.7	\$6.3
<b>Total</b>	<b>\$16.4</b>	<b>\$21.9</b>	<b>\$17.5</b>

**Workload:**

<b><u>Reimbursable Orders (\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	\$2,995.8	\$2,982.7	\$3,141.9

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Workload Acronym List**

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

<b>Product /Service</b>	<b>Unit of Measure</b>	<b>Units FY 2011</b>	<b>Units FY 2012</b>	<b>Units FY 2013</b>
<b>Utility Services</b>				
Electricity	MWH	7,508,192	7,549,402	7,402,551
Potable Water	KGAL	25,229,189	28,954,315	28,295,430
Salt/River Water	KGAL	8,575,943	8,704,150	8,352,614
Steam	MBTU	8,166,558	9,988,841	8,975,502
Sewage	KGAL	16,606,226	20,062,304	19,655,412
Natural Gas	MBTU	3,819,802	3,195,606	3,165,965
Compressed Air	KCF	12,621,760	12,871,777	11,966,159
<b>Sanitation Services</b>				
Refuse Collection and Disposal I	CUYD	942,341	1,068,214	1,021,439
Refuse Collection and Disposal II	TONS	17,733	22,800	48,801
Pest Control	HOURS	64,719	70,274	70,175
Hazardous Waste I	GAL	324,965	327,871	170,000
Hazardous Waste II	LBS	13,379,696	18,275,992	18,995,816
Industrial Waste	KGAL	217,606	319,080	319,080
Environmental Engineering	HOURS	60,003	56,269	56,269
Environmental Lab	TEST	84,676	78,834	93,943
<b>Transportation Services</b>				
Equipment Rental	HOURS	37,501,892	44,804,285	44,727,875
Vehicle Operations	HOURS	1,071,629	1,014,132	1,134,709
Vehicle Maintenance	SRO	66,527	83,821	79,399

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

<b>Product /Service</b>	<b>Unit of Measure</b>	<b>Units FY 2011</b>	<b>Units FY 2012</b>	<b>Units FY 2013</b>
<b>Maintenance and Repair</b>				
Specifics	JOBS	24,992	24,426	23,137
Minor Maintenance and Repair	ITEMS	145,222	142,017	152,838
Emergency	CHITS	135,424	195,214	244,399
Service	CHITS	881,910	698,953	676,415
Recurring	ITEMS	486,311	497,808	498,274

**SUMMARY:**

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



REVENUE AND EXPENSES  
DEPARTMENT OF THE NAVY  
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
DOLLARS IN MILLIONS

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<b>Revenue:</b>			
Gross Sales			
Operations	2,961.1	2,965.0	3,192.4
Surcharges	0.0	0.0	0.0
Depreciation excluding Major Construction	14.3	24.6	18.4
Other Income			
Total Income	2,975.4	2,989.6	3,210.8
<b>Expenses</b>			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	9.2	9.2	9.3
Civilian Personnel	774.6	758.4	766.3
Travel and Transportation of Personnel	9.2	13.4	12.9
Material & Supplies (Internal Operations)	336.2	407.2	401.4
Equipment	61.8	52.8	65.3
Other Purchases from NWCF	32.2	14.6	22.3
Transportation of Things	0.9	0.9	0.9
Depreciation - Capital	14.3	24.6	18.4
Printing and Reproduction	0.8	1.1	1.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication & Utilities	1,082.1	1,090.7	1,070.9
Other Purchased Services	666.4	648.3	696.7
Total Expenses	2,987.7	3,021.2	3,065.3
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,987.7	3,021.2	3,065.3
Operating Result	-12.3	-31.6	145.5
Less Surcharges	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	-12.3	-31.6	145.5
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	-113.8	-145.5	0.0

Exhibit Fund-14 Revenue and Expenses

SOURCES OF REVENUE  
DEPARTMENT OF THE NAVY  
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
1. New Orders	2,995.8	2,982.7	3,141.9
a. Orders from DoD Components:	2,293.6	2,303.4	2,455.9
Department of the Navy	2,072.5	2,023.1	2,163.3
O & M, Navy	1,884.1	1,825.9	1,987.3
O & M, Marine Corps	42.7	54.5	68.2
O & M, Navy Reserve	37.5	32.1	25.2
O & M, Marine Corp Reserve	2.1	4.9	4.0
Aircraft Procurement, Navy	-0.2	1.3	1.5
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	1.7	2.9	3.2
Other Procurement, Navy	0.1	1.5	1.6
Procurement, Marine Corps	0.0	0.0	0.0
Family Housing, Navy/MC	79.8	94.8	66.1
Research, Development, Test, & Evaluation, Navy	1.9	2.8	3.2
Military Construction, Navy	1.8	1.9	2.1
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	21.0	0.4	0.9
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	43.3	55.2	47.8
Army Operation & Maintenance	6.2	26.1	16.3
Army Research, Development, Test, & Evaluation	0.1	2.6	2.2
Army Procurement	0.0	0.0	0.0
Army Other	37.0	26.4	29.2
Department of the Air Force	10.5	48.2	49.2
Air Force Operation & Maintenance	4.3	35.4	36.6
Air Force Research, Development, Test, & Evaluation	0.1	0.0	0.0
Air Force Procurement	0.0	0.0	0.0
Air Force Other	6.0	12.7	12.6
DOD Appropriation Accounts	167.4	176.9	195.6
Base Closure & Realignment	5.6	9.0	7.6
Operation & Maintenance Accounts	74.5	118.3	92.8
Research, Development, Test & Evaluation Accounts	2.1	1.7	1.8
Procurement Accounts	0.2	1.1	1.1
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	85.1	46.8	92.4
b. Orders from other Fund Activity Groups	421.8	418.0	418.9
c. Total DoD	2,715.4	2,721.5	2,874.8
d. Other Orders:	280.4	261.3	267.1
Other Federal Agencies	20.6	13.2	13.4
Foreign Military Sales	0.0	0.7	0.3
Non Federal Agencies	259.8	247.4	253.4
2. Carry-In Orders	210.8	231.2	224.4
3. Total Gross Orders	3,206.6	3,213.9	3,366.3
a. Funded Carry-Over before Exclusions	231.2	224.4	155.5
b. Total Gross Sales	2,975.4	2,989.6	3,210.8
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-29.8	-34.1	-34.6
6. Net Funded Carryover	201.5	190.4	121.0

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

**CHANGES IN THE COST OF OPERATIONS**  
**DEPARTMENT OF THE NAVY**  
**BASE SUPPORT - FACILITIES ENGINEERING COMMANDS**  
**NAVAL FACILITIES ENGINEERING COMMAND**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

	<u>Total Cost</u>
<b>FY 2011 Actual Execution</b>	<b>\$2,987.7</b>
<b>FY 2012 Estimate in FY 2012 President's Budget</b>	<b>\$2,974.0</b>
<u>Other Workload / Program Changes:</u>	<u>-\$0.4</u>
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	-\$0.4
<u>Price Changes:</u>	
Change in FY 2012 Fuel Price Assumptions	\$41.8
Change in FY 2012 General Inflation Assumptions	\$5.9
<b>FY 2012 Current Estimate</b>	<b>\$3,021.2</b>
<u>Price Changes:</u>	<u>\$51.9</u>
Annualization of Prior Year Pay Raises	
Military	\$0.0
Civilian	\$0.0
FY 2013 Pay Raise	
Military Personnel	\$0.0
Civilian Personnel	\$2.0
Fuel Price Changes	-\$6.4
Working Capital Fund Price Changes	\$1.4
Foreign Currency	\$20.8
General Purchase Inflation	\$34.0
<u>Productivity Initiatives and Other Cost Savings</u>	<u>-\$2.2</u>
Steam Conservation at FEC Europe-Africa-Southwest Asia	-\$1.6
Information Technology Policy Changes	-\$0.6
<u>Other Workload / Program Changes:</u>	<u>-\$5.6</u>
Energy Major Maintenance Repair Program	\$10.3
Utilities Infrastructure Investment Program	\$8.0
Facilities Infrastructure Investment Program	\$7.1
Supervisory Control and Data Acquisition Industrial Control System	\$7.0
Centralized and Integrated Reporting for the Comprehensive	
Utilities Information and Tracking System	\$1.5
Cost Reimbursable Workload Changes at FEC Mid-Atlantic	-\$37.2
All Other Workload / Program Changes	-\$2.3
<b>FY 2013 Current Estimate</b>	<b>\$3,065.3</b>

**CAPITAL INVESTMENT SUMMARY**  
**DEPARTMENT OF THE NAVY**  
**BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FEC)**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADP Equipment Total		<u>\$9,606</u>		<u>\$12,180</u>		<u>\$11,242</u>
	- Replacement Capability	9	\$8,248	12	\$8,472	14	\$9,792
	- Productivity Capability	1	\$0.818	1	\$0.450	0	\$0.000
	- New Mission Capability	2	\$0.540	3	\$3,258	1	\$1,450
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
2	ADP and Telecom Equipment Total		<u>\$0.000</u>		<u>\$0.000</u>		<u>\$0.000</u>
	- Computer Hardware (Production)	0	\$0.000	0	\$0.000	0	\$0.000
	- Computer Software (Operating)	0	\$0.000	0	\$0.000	0	\$0.000
	- Telecommunications	0	\$0.000	0	\$0.000	0	\$0.000
	- Oth Computer & Telecom Spt Equip	0	\$0.000	0	\$0.000	0	\$0.000
3	Software Development Total		<u>\$0.000</u>		<u>\$0.000</u>		<u>\$0.000</u>
	- Projects = or > \$1M (List Separately)	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects < \$1M	0	\$0.000	0	\$0.000	0	\$0.000
4	Minor Construction Total		<u>\$6,750</u>		<u>\$9,699</u>		<u>\$6,307</u>
	- Replacement Capability	3	\$1,104	0	\$0.000	0	\$0.000
	- Productivity Capability	6	\$2,518	7	\$3,863	8	\$4,172
	- New Mission Capability	8	\$3,128	9	\$4,738	3	\$1,585
	- Environmental Capability	0	\$0.000	2	\$1,098	2	\$0,550
	<b>Grand Total</b>	<b>29</b>	<b>\$16,356</b>	<b>34</b>	<b>\$21,879</b>	<b>28</b>	<b>\$17,549</b>
	<b>Total Capital Outlays</b>		<b>\$18,894</b>		<b>\$18,434</b>		<b>\$24,702</b>
	<b>Total Depreciation Expense</b>		<b>\$14,292</b>		<b>\$24,594</b>		<b>\$18,444</b>

CAPITAL INVESTMENT JUSTIFICATION			FISCAL YEAR (FY) 2013 BUDGET ESTIMATES						
\$ IN THOUSANDS			FEBRUARY 2012						
Department of the Navy / Base Support / Facilities Engineering Commands	#001 - Non-ADPE and Telecommunications						Facilities Engineering Commands		
Non-ADPE and Telecommunications	FY 2011			FY 2012			FY 2013		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment	9	916	8,248	12	706	8,472	14	699	9,792
Productivity Equipment	1	818	818	1	450	450	0	0	0
New Mission Capability	2	270	540	3	1,086	3,258	1	1,450	1,450
Environmental Capability	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>801</b>	<b>9,606</b>	<b>16</b>	<b>761</b>	<b>12,180</b>	<b>15</b>	<b>749</b>	<b>11,242</b>

**Justification:**

Civil Engineering Support Equipment (CESE) and Industrial Plant Equipment (IPE) - FY11/12/13 Requirements

Requested CESE and IPE will replace overaged, deteriorated, and obsolete inventory covering the full range of public works support functions, e.g., utilities and maintenance. All budgeted CESE and IPE have been determined to meet activity allowances and replacement economic analysis criteria. IPE includes metal lathes, metal shear bending, or any heavy shop machinery used in the accomplishment of shop fabrications. All requested replacements are in support of public works workload. The age of existing equipment contributes to downtime and deteriorating output. In particular, inventories of large equipment such as crawling cranes and/or truck cranes have critical safety lift and operational requirements to meet workload needs. Operational delays for repair or safety downtimes are offset by leasing where and when available. Leasing equipment ranges from 30% - 60% higher in cost per hour than in-house equipment. Replacements provide for more efficient and safe operations as well as providing the latest technology in public works support capabilities.

The timing of placement of these new assets in operation varies depending on the size, complexity, vendor availability, and shipping. Generally, equipment cost avoidance begins within 30 -60 days from receipt of the item.

Each FEC has conducted a comprehensive business review of its equipment inventories and determined an optimal economic approach to containing costs as well as maintaining minimum interruption to services. The proposed replacements are essential to this strategy. If the proposed equipment replacements are not purchased, substantial opportunity to provide safe and reliable services at the least cost to the Navy will be lost.

CAPITAL INVESTMENT JUSTIFICATION			FISCAL YEAR (FY) 2013 BUDGET ESTIMATES							
\$ IN THOUSANDS			FEBRUARY 2012							
Department of the Navy / Base Support / Facilities Engineering Commands		#004 - Minor Construction (\$250K - \$750K)					Facilities Engineering Commands			
Minor Construction		FY 2011			FY 2012			FY 2013		
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment		3	368	1,104	0	0	0	0	0	0
Productivity Equipment		6	420	2,518	7	552	3,863	8	522	4,172
New Mission Capability		8	391	3,128	9	526	4,738	3	528	1,585
Environmental Capability		0	0	0	2	0	1,098	2	275	550
<b>Total</b>		<b>17</b>	<b>397</b>	<b>6,750</b>	<b>18</b>	<b>539</b>	<b>9,699</b>	<b>13</b>	<b>485</b>	<b>6,307</b>

**Justification:**

Minor Construction (\$250 Thousand - \$750 Thousand) - FY 11/12/13 Requirements

FEC minor construction projects represent the full range of public works facilities requirements for transportation, utilities, storage and maintenance. The proposed projects are limited to and strictly controlled by the Capital Investment Program (CIP) thresholds. None of the projects in this budget exceed current MILCON thresholds. Budgeted projects are for construction, expansion, or improvement of a complete and useable building, structure, or other real property.

Each FEC has conducted a comprehensive business review of its facilities needs and determined an optimal economic approach to cost containment, while ensuring that health and safety requirements are met and minimizing service interruptions. The proposed project priorities are determined by economic analyses which are based on cost effective payback solutions which produce the fastest return on investment. Generally, FEC projects have a payback on the initial investment of 5 years or less. Completion of health/safety and environmental compliance projects will provide for cost avoidance resulting from elimination of potential hazmat situations.

The proposed budget is essential to providing planned cost control and service reliability of the FEC plant account. If proposed projects are not approved, substantial opportunity to provide safe, environmentally compliant, and effective services at the least cost to the Navy will be lost.

CAPITAL BUDGET EXECUTION  
DEPARTMENT OF THE NAVY  
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FEC)  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

Projects in the FY 2012 President's Budget

FY	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED	CURRENT	ASSET/ DEFICIENCY
				PROJECT COST	PROJECT COST	
2012	Equipment except ADPE and TELCOM	\$13.215	-\$1.035	\$12.180	\$12.180	\$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	\$10.375	-\$0.676	\$9.699	\$9.699	\$0.000
	<b>TOTAL FY 2012</b>	<b>\$23.590</b>	<b>-\$1.711</b>	<b>\$21.879</b>	<b>\$21.879</b>	<b>\$0.000</b>

EQUIPMENT	FEC	Quantity	Cost
		Change	Change Justification
4000 Gallon Vacuum Truck, Keith Huber Dominator (D40)	HAWAII	1	\$0.350 Emergent requirement
ALTEC D3055A-TR Boom Truck	HAWAII	1	\$0.345 Emergent requirement
Truck Maintenance Overhead Aerial Service Commercial	MARIANAS	1	\$1.008 Emergent requirement
Agent Resupplier Truck/Trailer Mounted	MARIANAS	1	\$0.433 Emergent requirement
Excavator Multi-Purpose Truck Mounted	MIDLANT	-1	-\$0.295 Canceled to accommodate emergent higher priority requirement
Grader Road, Motorized	MIDLANT	-1	-\$0.285 Canceled to accommodate emergent higher priority requirement
Locomotive Railway	NORTHWEST	0	\$0.890 Price increase
Truck Hazardous Response	SOUTHEAST	-1	-\$0.650 Canceled
Truck Hazardous Response	SOUTHEAST	-1	-\$0.650 Canceled
Emergency Response Command Center - PWD Bahrain	EURAFSWA	-1	-\$0.318 Canceled: project review determined that use of CIP was not appropriate
Emergency Response Hazardous Materials -PWD Naples	EURAFSWA	-1	-\$0.392 Canceled: project review determined that use of CIP was not appropriate
Emergency Response Command Center-PWD Souda	EURAFSWA	-1	-\$0.318 Canceled: project review determined that use of CIP was not appropriate
Rescue / Command Truck, Medium (Sasebo)	FAR EAST	-1	-\$0.400 Canceled: project review determined that use of CIP was not appropriate
Hazardous Incident Response Vehicle (Medium Duty)	NORTHWEST	-1	-\$0.320 Canceled: project review determined that use of CIP was not appropriate
Agent Resupplier Truck/Trailer Mounted	MARIANAS	-1	-\$0.433 Canceled: project review determined that use of CIP was not appropriate
Grader Road, Motorized	SOUTHWEST	-1	-\$0.387 Price came in lower than expected; reduced below CIP threshold
Truck Refuse Colletion/Compaction (Vacuum Truck) 5835-00	SOUTHWEST	1	\$0.387 Emergent requirement
	<b>SUBTOTAL</b>	<b>(6)</b>	<b>-\$1.035</b>

CAPITAL BUDGET EXECUTION  
DEPARTMENT OF THE NAVY  
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FEC)  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

Projects in the FY 2012 President's Budget

FY	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED	CURRENT	ASSET/ DEFICIENCY	Cost
				PROJECT COST	PROJECT COST		
			FEC	Quantity	Change	Change	
2012	<b>MINOR CONSTRUCTION</b>						
	Install Phosphorus & Nitrogen Sensors at Waste Water Treatment Plant (Yokosuka)		FAR EAST		-1	-\$0.356	Canceled: price reduction brought project below minor construction threshold
	Provide Interconnection on Saltwater Line between India Basin, Juliet Basin, and Main Base (Sasebo)		FAR EAST		0	\$0.087	Price change
	Install Water Leak Detection System, M/B (Sasebo)		FAR EAST		-1	-\$0.202	Canceled due to minor construction budgetary threshold change
	Construct 50 KGAL Water Tank Final Water (Diego Garcia)		FAR EAST		-1	-\$0.743	Project canceled
	Construct Emergency Generator		HAWAII		-1	-\$0.280	Removed due to threshold change
	Construct UPS for UV System at Waste Water Treatment Plant		HAWAII		1	\$0.738	Higher priority emergent requirement
	Telemetry System for Fena Lake Intake, Springs, Source Water Transmission and Navy Water Treatment Plant		MARIANAS		-1	-\$0.467	Project moved to FY13
	Replace/upgrade existing two (2) Naval Ammunition Depot pumps, Fena Water Treatment Plant		MARIANAS		-1	-\$0.201	Canceled due to minor construction budgetary threshold change
	Replace/Ugrade 10" Cast Iron Pipe (CIP) with 12-inch Polyvinyl Chloride (PVC) & 4-inch CIP with 8-inch PVC, Naval Computer & Telecommunications Station Barrigada.		MARIANAS		1	\$0.381	Project slipped from FY 2011
	Construct Construction Material Storage Cells - Yorktown		MIDLANT			\$0.060	Price increase to accommodate planning and design costs
	Construct 34.5KV Circuit from Switch 300 to Runway Manhole LP Area - Naval Station Norfolk		MIDLANT			\$0.090	Price increase to accommodate planning and design costs
	Construct Salt Storage Shed, NSA Philadelphia		MIDLANT			-\$0.040	Price reduction
	Construct Kitting Project Facility - Philadelphia Naval Business Center		MIDLANT		1	\$0.495	Project slipped from FY 2011
	Replace Sliding Doors Inside Service Warehouse at PWD Corpus Christi		SOUTHEAST		-1	-\$0.200	Canceled due to minor construction budgetary threshold change
	Repair Interior at PWD Ft Worth Work Shop		SOUTHEAST		-1	-\$0.250	Canceled due to minor construction budgetary threshold change
	Construct 3000 SF Warehouse Garage at PWD Panama City		SOUTHEAST		-1	-\$0.400	Project moved to FY13
	Expand Garage Associated with Call Center B-27 NAS Jax Support		SOUTHEAST		1	\$0.250	Emergent higher priority requirement
	Install Elevator in B-19 CC to increase safety and improve mission efficiency		SOUTHEAST		1	\$0.362	Emergent higher priority requirement
	Wastewater Lift Station Upgrade Pier 5, Naval Air Base		SOUTHWEST		-1	-\$0.271	Canceled to accommodate emergent higher priority requirement
	Install Drying Beds at Wastewater Treatment Plant El Centrol		SOUTHWEST		1	\$0.271	Emergent higher priority requirement
				<b>SUBTOTAL</b>	<b>(4)</b>	<b>-\$0.676</b>	
				<b>FEC TOTAL ALL</b>	<b>(10)</b>	<b>-\$1.711</b>	



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**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Mission Statement / Overview**

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

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

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

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

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

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

**DEPARTMENT OF THE NAVY  
 NAVY WORKING CAPITAL FUND  
 BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
 FEBRUARY 2012**

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

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

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

**Activity Group Composition:**

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

**Significant Changes Since the FY 2012 President's Budget:**

There are no significant changes since the FY12 President's Budget.

**Workload:**

<b><u>Reimbursable Orders (\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	\$84.8	\$102.7	\$106.2

Reimbursable orders are based on projected customer requirements.

<b><u>Direct Labor Hours (000)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Current Estimate	568	535	537

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

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Financial Profile:**

<b><u>Revenue/Expense/NOR/AOR (\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Revenue	\$86.5	\$104.9	\$105.9
Expense	\$85.9	\$105.1	\$105.6
Operating Results	\$0.6	-\$0.2	\$0.3
Other Changes Affecting AOR	\$0.0	\$0.0	\$0.0
Accumulated Operating Results (AOR)	\$0.0	-\$0.3	\$0.0

**Revenue and Expense:**

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

**Operating Results:**

Operating results have only changed slightly from levels approved in the FY 2012 President's Budget.

**Collections/Disbursements/Outlays**

<b><u>Outlays (\$Millions)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Collections	\$88.0	\$115.8	\$100.1
Disbursements	\$90.5	\$113.5	\$99.6
Net Outlays	\$2.5	-\$2.3	-\$0.5

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

**Performance Indicators:**

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

<b><u>Unit Cost</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Total Stabilized Cost (\$M)	\$55.8	\$55.3	\$52.6
Workload (DLHs) (000)	567.968	534.699	537.150
Unit Cost (per DLH)	\$98.19	\$103.36	\$97.98

DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012

<u>Stabilized/Composite Rate</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Stabilized Rate (\$)	\$100.03	\$97.85	\$ 98.63
Change from Prior Year	+2.2%	-2.2%	+0.8%
Composite Rate Change	+1.8%	-0.3%	+1.3%

Staffing:

<u>Civilian/Military ES &amp; Work Years</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Civilian End Strength	402	402	402
Civilian Work Years	404	399	399
Military End Strength	3	3	3
Military Work Years	3	3	3

Civilian Personnel:

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

Military Personnel:

Military end strength and work years remain level.

Capital Investment Program (CIP) Budget Authority:

NFESC does not plan to procure any items using CIP.

<u>Capital Investment Program (\$M)</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Equipment, Non-ADP / Telecom	\$ 0.0	\$ 0.0	\$ 0.0
Equipment ADPE / Telecom	\$ 0.0	\$ 0.0	\$ 0.0
Software Development	\$ 0.0	\$ 0.0	\$ 0.0
Minor Construction	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
<b>Total</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>

**REVENUE AND EXPENSE  
DEPARTMENT OF THE NAVY  
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue:			
Gross Sales			
Operations	86.4	104.8	105.9
Surcharges	0	0	0
Depreciation excluding Major Construction	0.1	0	0
Other Income			
Total Income	86.5	104.9	105.9
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	0.4	0.4	0.4
Civilian Personnel	52.7	52.3	52.6
Travel and Transportation of Personnel	5.0	3.9	4.1
Material & Supplies (Internal Operations)	3.2	3.8	3.5
Equipment	0	1.8	1.7
Other Purchases from NWCF	2.1	1.6	1.5
Transportation of Things	0.7	0.5	0.6
Depreciation - Capital	0.1	0	0
Printing and Reproduction	0	0	0
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	0.7	0.7	0.6
Other Purchased Services	21.0	40.1	40.6
Total Expenses	85.9	105.1	105.6
Work in Process Adjustment	0	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	85.9	105.1	105.6
Operating Result	0.6	-0.2	0.3
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	0.6	-0.2	0.3
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	0	-0.3	0

**SOURCES OF NEW ORDERS & REVENUE  
DEPARTMENT OF THE NAVY  
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN MILLIONS)**

	FY 2011 -----	FY 2012 -----	FY 2013 -----
1. New Orders	84.8	102.7	106.2
a. Orders from DoD Components:	63.2	86.4	89.1
Department of the Navy	52.0	71.9	76.2
O & M, Navy	28.6	40.5	41.9
O & M, Marine Corps	2.9	1.3	1.9
O & M, Navy Reserve	0.2	0	0
O & M, Marine Corp Reserve	0.6	0	0
Aircraft Procurement, Navy	-0.1	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	1.3	5.7	7.6
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	17.3	20.9	21.4
Military Construction, Navy	1.2	0.6	0.5
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	2.8	2.8
Other Marine Corps Appropriations	0	0.1	0.1
Department of the Army	3.4	3.2	4.0
Army Operation & Maintenance	1.4	0.8	0.9
Army Res, Dev, Test, Eval	1.7	1.8	1.9
Army Procurement	0.3	0.6	0.6
Army Other	0	0	0.6
Department of the Air Force	0.6	1.7	0.3
Air Force Operation & Maintenance	0.6	0.1	0.3
Air Force Res, Dev, Test, Eval	0	0.3	0
Air Force Procurement	0	1.3	0
Air Force Other	0	0	0.1
DOD Appropriation Accounts	7.2	9.6	8.6
Base Closure & Realignment	1.4	0.2	0.2
Operation & Maintenance Accounts	0.4	0.6	0.7
Res, Dev, Test & Eval Accounts	5.3	8.0	7.7
Procurement Accounts	0	0.8	0
Defense Emergency Relief Fund	0	0	0
DOD Other	0	0	0
b. Orders from other Fund Activity Groups	19.0	8.6	9.1
c. Total DoD	82.3	95.0	98.2
d. Other Orders:	2.6	7.7	8.0
Other Federal Agencies	1.5	2.4	2.6
Foreign Military Sales	0.3	0.1	0.4
Non Federal Agencies	0.7	5.2	5.1
2. Carry-In Orders	32.4	30.7	28.6
3. Total Gross Orders	117.2	133.4	134.8
a. Funded Carry-Over before Exclusions	30.7	28.6	28.9
b. Total Gross Sales	86.5	104.9	105.9
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-1.5	-3.0	-1.0
6. Net Funded Carryover	29.2	25.6	27.9

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



**CHANGES IN THE COST OF OPERATIONS**  
**DEPARTMENT OF THE NAVY**  
**BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)**  
**FISCAL YEAR (FY) 2013 PROGRAM/BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**DOLLARS IN MILLIONS**

	<u>Total Cost</u>
<b>FY 2011 Current Estimate</b>	<b>85.9</b>
<b>FY 2012 Estimate in FY 2012 President's Budget</b>	<b>104.9</b>
<u>Price Changes</u>	
Fuel Price changes	0.1
General Purchase Inflation	0.1
<b>FY 2012 Current Estimate</b>	<b>105.1</b>
<u>Price Changes:</u>	<b>1.0</b>
Annualization of Prior Year Pay Raises	
Military	0.0
Civilian	0.0
FY 2012 Pay Raise	
Military Personnel	-0.1
Civilian Personnel	0.2
Fuel	0.1
General Purchase Inflation	0.8
<u>Productivity Initiatives</u>	
IT Policy Changes	<b>-0.1</b>
<u>Program Changes</u>	<b>-0.4</b>
Decrease in DFAS cost	-0.3
Decrease in Contract cost	-0.5
Other	0.4
<b>FY 2013 Current Estimate</b>	<b>105.6</b>

CAPITAL INVESTMENT SUMMARY							
DEPARTMENT OF THE NAVY							
BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)							
FISCAL YEAR (FY) 2013 PROGRAM/BUDGET ESTIMATES							
FEBRUARY 2012							
\$ IN MILLIONS							
Line #	Description	FY 2011		FY 2012		FY 2013	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADP Equipment Total		\$0.000		\$0.000		\$0.000
	- Replacement Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Productivity Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
2	ADP and Telecom Equipment Total		\$0.000		\$0.000		\$0.000
	- Computer Hardware (Production)	0	\$0.000	0	\$0.000	0	\$0.000
	- Computer Software (Operating)	0	\$0.000	0	\$0.000	0	\$0.000
	- Telecommunications	0	\$0.000	0	\$0.000	0	\$0.000
	- Oth Computer & Telecom Spt Equip	0	\$0.000	0	\$0.000	0	\$0.000
3	Software Development Total		\$0.000		\$0.000		\$0.000
	- Projects = or > \$1M (List Separately)	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects < \$1M	0	\$0.000	0	\$0.000	0	\$0.000
4	Minor Construction Total		\$0.000		\$0.000		\$0.000
	- Replacement Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Productivity Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
	<b>Grand Total</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>
	<b>Total Capital Outlays</b>		<b>\$0.341</b>		<b>\$0.000</b>		<b>\$0.000</b>
	<b>Total Depreciation Expense</b>		<b>\$0.085</b>		<b>\$0.022</b>		<b>\$0.038</b>

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES						
\$ IN THOUSANDS								February 2012		
DEPARTMENT OF THE NAVY/BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)		#001 - Non-ADPE and Telecommunications					NAVAL FACILITIES ENGINEERING SERVICE CENTER			
		FY 2011			FY 2012			FY 2013		
Non-ADPE and Telecommunications		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment										
Productivity Equipment										
New Mission Capability										
Environmental Capability										
Total										
<p><b>Justification: N/A</b></p>										

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2013 BUDGET ESTIMATES						
\$ IN THOUSANDS								February 2012		
DEPARTMENT OF THE NAVY/BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)		#004 - Minor Construction (\$250K - \$750K)				NAVAL FACILITIES ENGINEERING SERVICE CENTER				
		FY 2011			FY 2012			FY 2013		
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Minor Construction										
Replacement Equipment										
Productivity Equipment										
New Mission Capability										
Environmental Capability										
Total										
<p><b>Justification: N/A</b></p>										

**CAPITAL BUDGET EXECUTION**  
**DEPARTMENT OF THE NAVY**  
**BASE SUPPORT - NAVAL FACILITIES ENGINEERING SERVICE CENTER (NFESC)**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**\$ IN MILLIONS**

**Projects in the FY 2012 President's Budget**

<u>FY</u>	<u>Approved Project</u>	<u>PRESIDENT'S</u> <u>BUDGET</u>	<u>REPROGS</u>	<u>APPROVED</u> <u>PROJECT</u> <u>COST</u>	<u>CURRENT</u> <u>PROJECT</u> <u>COST</u>	<u>ASSET/</u> <u>DEFICIENCY JUSTIFICATION</u>
2012	Equipment except ADPE and TELCOM	\$0.000	\$0.000	\$0.000	\$0.000	\$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
	<b>TOTAL FY 2012</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

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**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Mission Statement/Overview:**

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

	<b><u>Budget Project</u></b>
<b>Wholesale</b>	
Aviation Consumables	BP34
Ship Repairables and Consumables	BP81
Aviation Repairables	BP85
<b>Retail</b>	
Ship's Store	BP21
General Consumables	BP28
<b>Operations</b>	
Operations and Reimbursables	BP91

**Activity Group Composition:**

Navy Working Capital Fund Supply Management (NWCF-SM) activity group is comprised of:  
Naval Supply Systems Command Weapons System Support (NAVSUP WSS):

NAVSUP WSS Mechanicsburg, PA

NAVSUP WSS Philadelphia, PA

NAVSUP Global Logistics Support:

NAVSUP Fleet Logistics Center, San Diego, CA

NAVSUP Fleet Logistics Center, Jacksonville, FL

NAVSUP Fleet Logistics Center, Norfolk, VA

NAVSUP Fleet Logistics Center, Pearl Harbor, HI

NAVSUP Fleet Logistics Center, Puget Sound, WA

NAVSUP Fleet Logistics Center, Yokosuka, JP

NAVSUP Fleet Logistics Center, Sigonella, IT

NAVSUP Business Systems Center, Mechanicsburg, PA

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Executive Summary:**

**Significant Changes Since the FY 2012 President's Budget:**

The following significant changes have occurred since the FY 2012 President's Budget:

**Cost Reductions**

Naval Supply Systems Command's (NAVSUP's) FY 2013 budget estimates reflect the impact of a number of cost reduction measures and overhead cuts to include: Navy Enterprise Resource Planning (ERP) implementation, legacy Information Technology (IT) system retirement, and inventory savings. The impact of these initiatives on customer pricing is a reduction of \$47.4 million in FY 2012 and \$57.4 million in FY 2013 for a cumulative savings of \$104.8 million that was reapplied to the DON's force structure and modernization requirements. In addition, ERP effectiveness facilitates budget estimate reductions for material obligations by \$48 million in FY 2012 and \$76 million in FY 2013.

**Consumable Item Transfer (CIT)**

NWCF-SM CIT is a biennial event that typically occurs in the odd numbered years. A recent Financial Management Regulation (FMR) change allows all services to request reimbursement from Defense Logistics Agency (DLA) for the value due-in at the time of each transfer. NWCF-SM had a substantial transfer in FY 2011, with another transfer scheduled in FY 2012. In accordance with FMR guidance, NAVSUP is requesting reimbursement from DLA for on-order pre-award and post-award procurement actions. The CIT transfer, receipt validation, and reimbursement process continues, with \$72.8 million to Funds Balance with Treasury (FBwT) in FY 2011. \$65.2 million is expected to reimburse FBwT in FY 2012 through Collections vice Transfers.

**Emergent Special Program Requirements**

Since FY 2012 President's Budget (PB12), NAVSUP has identified several special program requirements requiring increased contract authority in FY 2012. Acquisition and/or repair of material starting in FY 2012 is necessary to support projected customer demands a lead-time away which is generally in FY 2013 – FY 2014 timeframe. Key drivers include:

**F/A-18 FIRST Optimization and Pipeline Reconstitution**

The F/A-18 Integrated Readiness Support Teaming (FIRST) Performance Based Logistics (PBL) contract five-year base period expired in September 2010 but has a five-year option through FY 2015. Declining trends in contract performance resulted in a restructuring of the five-year option to facilitate a phased and optimized exit from PBL

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

to traditional support of the aircraft through 2015. Phase I of the optimization transitions approximately 25% of the items to traditional organic or Original Equipment Manufacturer (OEM) support beginning in FY 2012. Shelf stock has been depleted requiring new investment in FY 2012 of \$75 million to reconstitute the pipeline for high priority repairable items. In addition, increased demand and low shelf stock is driving a \$42.3 million increase in consumable requirements. Total requirement above PB12 to support this aircraft is **\$117.3 million**.

F/A-18 Flight Control Surfaces

F/A-18 Service Life Bulletin (SLB 010) reduces the flight control surface life limit from 10,000 to 7,000 hours. Based upon forecasted fall-out by the Program Office (NAVAIR PMA-265), unanticipated procurement requirements are necessary to support this reduction in service life to the aircraft. Dollar value of FY 2012 requirement is **\$19.6 million** and the FY 2013 requirement is **\$53.7 million**.

F/A-18 Outer Wing Panels

F/A-18 Accessory Bulletin (AYB 1214) mandates Organizational (O) & Intermediate (I) level inspection of the outer wing panel missile support rib for stress corrosion cracking. Based upon engineering forecasts, a total of 47 will fail inspection and require replacement. Dollar value of FY 2012 requirement is **\$24.1 million**.

Logistic Engineering Change Proposals (LECP)

During the last several years, NWCF-SM has budgeted \$25 million annually to execute the LECP program. This budget request includes contract authority of \$35 million in each FY 2012 and FY 2013 as a result of new candidates for reliability improvement. The V-22 and H-53 platforms are key drivers of increased candidate population. Future year cost reductions associated with LECPs represent opportunities for "Tail to Tooth" resource shift.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Budget Highlights:**

**Operating Results:**

<b><u>Revenue/Expense/NOR/AOR (\$ million)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Net Revenue	6,349.8	6,554.1	6,626.6
Expenses	6,160.4	6,551.6	6,656.2
Operating Results	189.4	2.5	-29.6
Less Capital Surcharge	-19.1	-12.7	-7.8
Net Operating Results	208.5	15.2	-60.8
Accumulated Operating Result (AOR)	45.7	60.8	0.0

Revenue and Expense: Revenue increases are driven by wholesale Aviation programs. Expense changes are consistent with revenue adjustments.

<b><u>Obligation Authority (\$ million):</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Wholesale	4,163.5	4,533.4	4,418.4
Retail	1,057.8	1,080.2	1,073.2
Operating	1,307.3	1,297.0	1,315.1
CIP	6.9	6.3	4.3
Total	6,535.5	6,916.9	6,811.0

Note: Amounts may not add due to rounding

Wholesale: The increase in obligation authority from FY 2011 to FY 2012 of \$300.2 million is driven primarily by the Emergent Special Program requirements summarized above (\$161 million) with the balance attributable to guidance escalation. The decrease from FY 2012 to FY 2013 in obligation authority is due primarily to non-recurrence of some Special Program requirements in FY 2012.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

Retail: Obligation increases attributable to CIT and inflation.

Operating: No significant changes are forecast from FY 2011 to FY 2013 obligations.

**Cash Management:**

As a primary consideration of this budget, NAVSUP has carefully balanced concerns of NWCF solvency, impacts of potential changes to customer rates, and customer support effectiveness. FY 2011 CIT reimbursement is included in collections.

<b><u>Collections/Disbursement/Outlays (\$ million)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Collections	6,402.9	6,564.1	6,626.6
Disbursements	6,449.5	6,599.3	6,637.5
Transfers (CIT Reimbursement)		65.2	
Outlays (Incorporates CIT)	-46.6	30.0	-10.9

Note: Amounts may not add due to rounding

**Sales:**

<b><u>Gross Sales</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Wholesale	4,869.6	5,081.0	5,224.0
Retail	1,121.0	1,084.4	1,077.3
Total	5,990.6	6,165.4	6,301.3

Wholesale & Retail: Sales are tied to customer funding and NAVSUP Weapon Systems Support's ability to fill orders.

<b><u>Metrics:</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Items Managed	351,537	351,903	347,727
Requisitions Received	507,847	526,893	525,940
Receipts	841,293	927,444	925,515
Issues	956,192	1,060,639	1,055,411
Contracts Executed	47,311	48,695	47,624
Purchase Inflation	1.1%	1.8%	1.7%

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

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

	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Undelivered Orders (\$ million)	5,021.6	5,351.1	5,659.2
<b><u>Performance Indicators:</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Customer Wait Time (CWT) in days	11.4	15.0	15.0
Ship Operating Time w/C3/C4 CASREP			
Deployed	39%	25%	25%
Non-deployed	40%	28%	28%
Aircraft Non Mission Capable Supply			
Deployed	8.4%	10%	10%
Non-Deployed	8.7%	10%	10%
Supply Material Availability	79%	85%	85%
<b><u>Unit Cost:</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Wholesale	1.050	1.070	1.034
Retail	0.954	1.001	1.001
<b><u>Composite Rates:</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Annual Price Change (APC)	3.231%	0.642%	2.470%
Composite Cost Recovery Rate (CRR)	15.239%	14.866%	16.734%
<b><u>Staffing:</u></b>			
<b><u>Civilian/Military ES &amp; Workyears</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Civilian End Strength	6,750	6,984	7,009
Civilian Workyears	6,799	6,962	6,984
Military End Strength	364	364	364
Military Workyears	364	364	364

**DEPARTMENT OF THE NAVY**  
**NAVY WORKING CAPITAL FUND**  
**SUPPLY MANAGEMENT - NAVY**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**

**Civilian Personnel:** The increase of Civilian Workyears from FY 2011 to FY 2012 is primarily a result of the following issues: Alongside Aircraft Refueling functional transfer (+124 FTE), POM13 issue Littoral Combat Ship (LCS) Logistics Support Team (+14 FTE), and Contractor Services Reduction (CSR) & Defense Acquisition Workforce Development Fund (DAWDF) Personnel Transition (+17 FTE).

The increase of 22 Civilian Workyears from FY 2012 to FY 2013 is a result of the POM13 issue LCS Logistics Support Team (+5 FTE), and CSR & DAWDF Personnel Transition (+17 FTE).

**Capital Investment Program (CIP) Budget Authority:**

<b><u>CIP (\$ million)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Equipment, Non-ADPE* / Telecom	1.8	1.9	1.9
Equipment, ADPE / Telecom	0.9	0.9	0.9
Software Development	2.0	2.0	0.0
Minor Construction	2.3	1.5	1.5
<b>Total</b>	<b>6.9</b>	<b>6.3</b>	<b>4.3</b>

Note: Amounts may not add due to rounding.

\*Automatic Data Processing Equipment (ADPE)

When taking prior years into account, the Navy Working Capital Fund Supply Management's CIP authority reflects a reduction in the out years due to reduced requirements. Legacy system costs, specifically within the software development line, have been eliminated due to implementation of ERP.

**SUMMARY OF PRICE, PROGRAM, AND OTHER CHANGES (OPERATING BUDGET)-COSTS**  
**DEPARTMENT OF THE NAVY**  
**SUPPLY MANAGEMENT - NAVY**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012**  
(\$ in Millions)

	<u>Cost of Opns FY 11</u>	<u>Annulaization of Pay Raises</u>	<u>Price Growth</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Opns FY 12</u>	<u>Annulaization of Pay Raises</u>	<u>Price Growth</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Opns FY 13</u>
Military Personnel Compensation	30.749		(0.771)	-	29.978		-	-	29.978
Civilian Personnel Compensation and Benefits	553.114		(2.096)	6.214	557.232		12.722	(3.301)	566.653
Travel and Transportation of Personnel	7.603		0.223	4.781	12.607		0.214	-	12.821
Material & Supplies (For Internal Operations)	33.814		0.608	0.053	34.475		0.586	-	35.061
Equipment	12.707		0.203	(0.000)	12.910		0.203	-	13.113
Other Purchases from Revolving Funds	257.406		2.344	(14.989)	244.761		1.776	(2.610)	243.927
Transportation of Things	130.353		2.973	34.865	168.191		2.859	-	171.050
Depreciation	26.068		-	(7.075)	18.993		-	(6.865)	12.128
Printing and Reproduction	9.740		0.152	(1.293)	8.599		0.146	-	8.745
Advisory and Assistance Services	11.851		0.213	(0.000)	12.064		0.205	-	12.269
Rent, Communications Utilities & Misc. Charges	28.445		0.518	0.327	29.290		0.498	-	29.788
Other Purchased Services	231.424		3.485	(48.047)	186.862		3.241	1.268	191.670
<b>Total Operating Budget</b>	<b>1,333.274</b>		<b>7.852</b>	<b>(25.164)</b>	<b>1,315.962</b>		<b>22.462</b>	<b>(11.520)</b>	<b>1,327.203</b>
Less Depreciation	(26.068)		-	7.075	(18.993)		-	6.865	(12.128)
Inventory Procurement Expenses	4,827.134		-	408.479	5,235.613		-	93.363	5,328.976
<b>Total Expenses</b>	<b>6,134.340</b>		<b>7.852</b>	<b>390.390</b>	<b>6,532.582</b>		<b>22.462</b>	<b>88.708</b>	<b>6,644.051</b>



ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Millions)

LINE NUMBER	ITEM DESCRIPTION	FY 2011		FY 2012		FY 2013	
		QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST
0001	Equipment Capabilities		1.802		1.930		1.946
	-Replacement	VAR	1.802	VAR	1.930	VAR	1.946
	-Productivity						
	-New Mission						
	-Environmental						
0002	ADPE & Telecommunications Equipment Capabilities		0.880		0.886		0.893
	Computer Hardware (Production)	VAR	0.880	VAR	0.886	VAR	0.893
	Computer Software (Operating System)						
	Telecoms, Other Computer & Telecom Sup Equip.						
0003	Software Development		1.950		2.000		0.000
	Internally Developed		1.950		2.000		0.000
	One Touch v3.0	VAR	0.650	VAR	0.700	VAR	0.000
	UADPS-ICP/UADPS-U2/SP		0.000		0.000		0.000
	One Supply	VAR	1.300	VAR	1.300	VAR	0.000
	Externally Development		0.000		0.000		0.000
	Enterprise Resource Planning		0.000		0.000		0.000
0004	Minor Construction Capabilities		2.308		1.500		1.500
	-Replacement						
	-Productivity	VAR	2.308	VAR	1.500	VAR	1.500
	-New Mission						
	-Environmental						
	TOTAL		6.940		6.316		4.339
	Total Capital Outlays		9.013		6.527		4.560
	Total Depreciation Expense		26.068		18.993		12.128

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Thousands)

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. BUDGET SUBMISSION FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012			
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2012			C. Line No. & Item Description 0001 Material Handling Equipment (Forklifts)			D. Activity Identification NWCF			
Element of Cost	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability Replacement Productivity New Mission Environmental	VAR	VAR	905.291	VAR	VAR	1,000.000	VAR	VAR	1,000.000
<p>Narrative Justification:</p> <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 over aged non-repairable equipment used in material handling operations at various activities. With a large inventory of equipment at the various Fleet Logistics Centers (FLCs) there will always be units eligible for replacement through procurement. If fully supported, this funding will allow the Navy to develop the right mix of new procurements, resulting in overall requirement reductions, and resolving the problem of trying to maintain old equipment at high maintenance cost and reduced state of readiness. MHE funding limitations in past years has precluded the purchase of required MHE planned for issue. We can not emphasize enough that this is a continuing program and one year builds on the next. Delaying any funding only postpones the inevitable requirement to procure a new unit at a higher cost. Supply readiness and logistical support are dependent upon the availability of reliable MHE. Non-repairable equipment is not cost effective to maintain for continued operation, and repair parts are difficult to obtain. Replacement of non-repairable equipment with new and more efficient models will reduce excessive costs attributed to repair/overhaul, downtime and maintenance. New equipment will enhance productivity and enable users to meet handling and logistics requirements in an efficient and effective manner. For these reasons it is essential to maintain funding to cover procurement of new equipment as required.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Thousands)

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2012				C. Line No. & Item Description 0001 Civil Engineering Support Equipment			D. Activity Identification NWCF		
Element of Cost	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability Replacement Productivity New Mission Environmental	VAR	VAR	896.972	VAR	VAR	930.000	VAR	VAR	946.000
<p>Narrative Justification:</p> <p>Naval Supply Systems Command (NAVSUP) is responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for fuel depot operations throughout the Navy. This equipment is necessary to maintain and improve the working conditions and assist NAVSUP operations employees. Safety, reliability, maintenance cost and customer support are directly impacted by age and condition of this equipment. Economic analysis is not provided since equipment is only replaced as useful life has been exceeded due to age and or usage. Dollar values are established by NAVFAC procuring activity in Port Hueneme, CA. Examples: Tanker truck, 20 ton semi trailer stake 2 axle, 20 ton semi trailer van 2 axle.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Thousands)

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2012				C. Line No. & Item Description 0002 Information Technology			D. Activity Identification NWCF		
Element of Cost	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE & Telecommunications Equipment Capabilities									
Computer Hardware (Production)	VAR	VAR	879.772	VAR	VAR	886.000	VAR	VAR	893.000
Computer Software (Operating System)									
Telecoms, Other Computer & Telecom Sup Equip.									
<p>Narrative Justification:</p> <p>NAVSUP Business Systems Center (BSC) - Funds provide support to the NAVSUP BSC Legacy/Non-Navy/Marine Corps Intranet (NMCI) Network Plan. As part of the plan, NAVSUP BSC is upgrading its NETWARCOM approved legacy network, which will replace obsolete non-NMCI ADP equipment to provide an environment for client/server development. A variety of PC hardware platforms currently exists in NAVSUP BSC that prevents deployment of the development tools needed to maintain its competitiveness. Upgrading and standardizing hardware infrastructure will allow NAVSUP BSC to use the network to deploy the latest legacy/non-NMCI software products.</p>									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Thousands)

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012		
Department of the Navy/Supply Management - FEBRUARY 2012				C. Line No. & Item Description			D. Activity Identification		
FY 2011			FY 2012			FY 2013			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development									
One Touch Support	VAR	VAR	650.000	VAR	VAR	700.000	VAR	VAR	0.000

**Narrative Justification:**

OTS is a web-based, real-time data access, status information and transaction processing system for logistics. It interfaces with major Navy and DLA systems, as well as other service and commercial databases. OTS is now the primary bolt-on system to Navy Enterprise Resource Planning (NERP) for providing logistics information to external NERP users. The OTS design, coupled with agreements with external systems, allows OTS to initiate multiple requests to over 30 external data sources for data on behalf of users based on a single NSN, document number, serial number, part number, etc. OTS eliminates the need for individual user logons and passwords. Back end connections run faster and multiple transactions occur in parallel vice a user connecting and manually processing transactions in series. FY10 OTS volumes include 9.974M transactions generated by over 11,000 registered users. We conservatively estimate OTS users avoided 152,101 man-hours of work, while retrieving more complete data. Ongoing system development is focused on tools enabling logistics support for the Littoral Combat Ship (LCS) and other Distance Support initiatives, integration with the Navy Information Application Product Suite (NIAPS) for afloat users and enhancements supporting Navy ERP.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Thousands)

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2012				C. Line No. & Item Description 0003 One Supply			D. Activity Identification NWCF		
Element of Cost	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development One Supply	VAR	VAR	1,300.000	VAR	VAR	1,300.000	VAR	VAR	0.000

Narrative Justification:

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

The FY12 information technology plan for One Supply, which is the final year of funding includes a continuation and expansion of the functionalities created in FY9-FY11. Web application software engineering and development, database design and interface, data warehousing development/integration, as well as interface development/linkage with existing systems. Using the data from Inform 21 and the Enterprise Data Warehouse, One Supply will continue to provide the information tools to improve fleet readiness. The capabilities of One Supply will provide the foundation data for Operating Forces decisions. One Supply will provide tools to enable Strategic Sourcing decisions and Distance Support to remove workload from the ships to Ashore. The capabilities to tie parts and costs to specific mission capabilities through the Logistic Parts to Mission (LP2M) functionality started in FY09 will expand for FY12 providing more distance support tools to both the fleet and TYCOMS. These tools will provide the fleet a higher degree of readiness. Functional Integration of existing systems into fewer modern applications will continue for those areas outside the scope of the Single Supply Solution (ERP). One Supply will expand analytical processing (e.g., ACWT, LRT, stock positioning and trend analysis) using next generation information technology standards. One Supply will ensure seamless integration between the Single Supply Baseline (SSB) Afloat and the Single Supply Solution (ERP) Ashore. While One Supply supports capabilities not in scope for Navy ERP, One Supply will continue to be designed with Navy ERP as the end-state for respective commodity management and statistical analysis.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Thousands)

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012		
B. Component/Business Area/Date Department of the Navy/Supply Management - FEBRUARY 2012				C. Line No. & Item Description 0004 Minor Construction			D. Activity Identification NWCF		
Element of Cost	FY 2011			FY 2012			FY 2013		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction Capabilities									
-Replacement									
-Productivity	VAR	VAR	2,307.874	VAR	VAR	1,500.000	VAR	VAR	1,500.000
-New Mission									
-Environmental									
<p>Narrative Justification:</p> <p>Minor Construction: NAVSUP, as the maintenance UIC for all facilities occupied and operated by NAVSUP employees, is responsible for Real Property Maintenance (Minor Construction portion) of facilities occupied and operated. These NWCF Supply Management projects are necessary to maintain and improve the working conditions for NAVSUP claimancy employees. Projects include Minor Construction requirements of facilities as well as Quality of Life and correction of Safety deficiencies. Minor Construction funding requested supports the overall RPM objectives of the NAVFAC recommended spending limits of between 2% to 4% annually based on the associated property values. Economic analysis are not performed since Minor Construction funding limits keep investment percentage to such a small percentage of the total facility value. Cost savings if identified are provided as part of the project documentation developed. Each minor construction project must be less that \$750,000. No minor construction project exceeds the current MILCON threshold.</p>									

CAPITAL BUDGET EXECUTION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Millions)  
FY 2011

<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>
11	Non-ADP Equipment	- .119	1.921	1.802	.000	Adjusted requirements
11	ADP Equipment	.000	.880	.880	.000	
11	Software Development	.000	1.950	1.950	.000	
11	Minor Construction	- .192	2.500	2.308	.000	Adjusted requirements
	Total Capital Investment	- .311	7.251	6.940	.000	



CAPITAL BUDGET EXECUTION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Millions)  
FY 2012

<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>
12	Non-ADP Equipment	.000	1.930	1.930	.000	
12	ADP Equipment	.000	.886	.886	.000	
12	Software Development	.000	2.000	2.000	.000	
12	Minor Construction	.000	1.500	1.500	.000	
	Total Capital Investment	.000	6.316	6.316	.000	

CAPITAL BUDGET EXECUTION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Millions)  
FY 2013

<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>
13	Non-ADP Equipment	.000	1.946	1.946	.000	
13	ADP Equipment	.000	.893	.893	.000	
13	Software Development	.000	.000	.000	.000	
13	Minor Construction	.000	1.500	1.500	.000	
	Total Capital Investment	.000	4.339	4.339	.000	

SOURCES OF REVENUE  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
1. New Orders			
a. Orders from DoD Components:			
Own Component			
1105 Military Personnel, M.C.	0.000	0.000	0.000
1106 O&M Marine Corps	18.106	16.167	16.498
1108 Reserve Personnel, M.C.	0.000	0.000	0.000
1109 Procurement, M.C.	6.833	6.101	6.226
1205 Military Construction, Navy	0.000	0.000	0.000
1319 RDT & E, Navy	0.911	0.813	0.830
1405 Reserve Personnel, Navy	0.000	0.000	0.000
1453 Military Personnel, Navy	0.000	0.000	0.000
1506 Aircraft Procurement, Navy	573.401	533.321	580.644
1507 Weapons Procurement, Navy	3.182	7.500	5.900
1611-1811 Shipbuilding & Conv. Navy	15.833	19.800	31.300
1804 O&M, Navy	4,706.445	4,156.253	4,196.876
1806 O&M, Navy Reserve	65.380	57.736	58.301
1810 Other Procurement, Navy	31.807	51.700	60.400
4930 Navy Working Capital Fund	<u>844.821</u>	<u>746.143</u>	<u>753.213</u>
	6,266.719	5,595.534	5,710.188
Orders from other DoD Components			
2100 Army	16.284	14.540	14.838
5700 Air Force	200.194	178.753	182.416
9700 Other DoD	<u>1.594</u>	<u>1.424</u>	<u>1.453</u>
	218.073	194.717	198.706
b. Orders from other Fund Business Areas:			
Distribution Depots, Navy	0.000	0.000	0.000
Logistics Support, Navy	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
	0.000	0.000	0.000
c. Total DoD	6,484.792	5,790.251	5,908.894
d. Other Orders:			
Other Federal Agencies	15.373	13.727	14.008
Trust Fund	0.000	0.000	0.000
Non-Federal Agencies *	140.600	137.765	139.434
Foreign Military Sales (FMS)	<u>75.044</u>	<u>67.007</u>	<u>68.380</u>
	231.018	218.499	221.822
Total New Orders	6,715.810	6,008.749	6,130.716
2. Carry-In Orders	1,073.873	1,799.117	1,642.524
3. Total Gross Orders	7,789.683	7,807.866	7,773.240
4. Carry-Out Orders (-)	1,799.117	1,642.524	1,471.979
5. Gross Sales	5,990.566	6,165.342	6,301.261
Reimbursable Orders (BP 91)	419.962	427.133	428.317
6. Credit (-)	60.720	38.397	103.027
7. Net Sales	6,349.808	6,554.078	6,626.551

\* Non-federal agencies line includes cash sales

CASH MANAGEMENT PLAN  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN THOUSANDS)  
FY 2012

	Disbursements			Collections			Net Outlays	Total
	Operations	Transfers	Total	Operations	Appropriations	Transfers		
<b>Cummulative</b>		<u>OUT</u>				<u>IN</u>		<u>Cash</u>
October	\$477,818	\$0	\$477,818	\$578,816	\$0	\$0	(\$100,998)	\$332,492
November	\$1,008,870	\$0	\$1,008,870	\$1,121,277	\$0	\$0	(\$112,407)	\$343,901
December	\$1,621,483	\$0	\$1,621,483	\$1,657,924	\$0	\$28,796	(\$65,237)	\$296,731
January	\$2,123,164	\$0	\$2,123,164	\$2,176,228	\$0	\$28,796	(\$81,860)	\$313,354
February	\$2,698,800	\$0	\$2,698,800	\$2,692,958	\$0	\$28,796	(\$22,954)	\$254,448
March	\$3,274,234	\$0	\$3,274,234	\$3,255,151	\$0	\$28,796	(\$9,713)	\$241,207
April	\$3,842,301	\$0	\$3,842,301	\$3,801,439	\$0	\$28,796	\$12,066	\$219,428
May	\$4,405,824	\$0	\$4,405,824	\$4,329,158	\$0	\$52,000	\$24,666	\$206,828
June	\$4,933,776	\$0	\$4,933,776	\$4,879,318	\$0	\$65,200	(\$10,742)	\$242,236
July	\$5,485,262	\$0	\$5,485,262	\$5,422,932	\$0	\$65,200	(\$2,870)	\$234,364
August	\$6,077,719	\$0	\$6,077,719	\$5,997,696	\$0	\$65,200	\$14,823	\$216,671
September	\$6,599,277	\$0	\$6,599,277	\$6,564,077	\$0	\$65,200	(\$30,000)	\$261,494
<b>Monthly</b>		<u>OUT</u>				<u>IN</u>		<u>Cash</u>
October	\$477,818	\$0	\$477,818	\$578,816	\$0	\$0	(\$100,998)	\$332,492
November	\$531,052	\$0	\$531,052	\$542,461	\$0	\$0	(\$11,409)	\$343,901
December	\$612,613	\$0	\$612,613	\$536,647	\$0	\$28,796	\$47,170	\$296,731
January	\$501,681	\$0	\$501,681	\$518,304	\$0	\$0	(\$16,623)	\$313,354
February	\$575,636	\$0	\$575,636	\$516,730	\$0	\$0	\$58,906	\$254,448
March	\$575,434	\$0	\$575,434	\$562,193	\$0	\$0	\$13,241	\$241,207
April	\$568,067	\$0	\$568,067	\$546,288	\$0	\$0	\$21,779	\$219,428
May	\$563,523	\$0	\$563,523	\$527,719	\$0	\$23,204	\$12,600	\$206,828
June	\$527,952	\$0	\$527,952	\$550,160	\$0	\$13,200	(\$35,408)	\$242,236
July	\$551,486	\$0	\$551,486	\$543,614	\$0	\$0	\$7,872	\$234,364
August	\$592,457	\$0	\$592,457	\$574,764	\$0	\$0	\$17,693	\$216,671
September	\$521,558	\$0	\$521,558	\$566,381	\$0	\$0	(\$44,823)	\$261,494

**CASH MANAGEMENT PLAN  
 DEPARTMENT OF THE NAVY  
 SUPPLY MANAGEMENT - NAVY  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
 FEBRUARY 2012**

**(DOLLARS IN THOUSANDS)**

**FY 2013**

**Cummulative**

	<b>Disbursements</b>			<b>Collections</b>			<b>Net Outlays</b>	<b>Total</b>
	<b>Transfers</b>			<b>Transfers</b>				
	<u>Operations</u>	<u>OUT</u>	<u>Total</u>	<u>Operations</u>	<u>IN</u>	<u>Total</u>		
October	\$564,905	\$0	\$564,905	\$563,403	\$0	\$0	\$1,502	\$259,992
November	\$1,125,599	\$0	\$1,125,599	\$1,084,138	\$0	\$0	\$41,461	\$220,033
December	\$1,688,300	\$0	\$1,688,300	\$1,614,502	\$0	\$0	\$73,798	\$187,696
January	\$2,233,933	\$0	\$2,233,933	\$2,147,930	\$0	\$0	\$86,003	\$175,491
February	\$2,809,131	\$0	\$2,809,131	\$2,703,957	\$0	\$0	\$105,174	\$156,320
March	\$3,369,639	\$0	\$3,369,639	\$3,263,698	\$0	\$0	\$105,941	\$155,553
April	\$3,924,438	\$0	\$3,924,438	\$3,814,189	\$0	\$0	\$110,249	\$151,245
May	\$4,495,251	\$0	\$4,495,251	\$4,384,707	\$0	\$0	\$110,544	\$150,950
June	\$5,034,400	\$0	\$5,034,400	\$4,940,197	\$0	\$0	\$94,203	\$167,291
July	\$5,587,905	\$0	\$5,587,905	\$5,498,633	\$0	\$0	\$89,272	\$172,222
August	\$6,188,952	\$0	\$6,188,952	\$6,093,343	\$0	\$0	\$95,609	\$165,885
September	\$6,637,519	\$0	\$6,637,519	\$6,626,551	\$0	\$0	\$10,968	\$250,526

**Monthly**

	<b>Disbursements</b>			<b>Collections</b>			<b>Net Outlays</b>	<b>Total</b>
	<b>Transfers</b>			<b>Transfers</b>				
	<u>Operations</u>	<u>OUT</u>	<u>Total</u>	<u>Operations</u>	<u>IN</u>	<u>Total</u>		
October	\$564,905	\$0	\$564,905	\$563,403	\$0	\$0	\$1,502	\$259,992
November	\$560,694	\$0	\$560,694	\$520,735	\$0	\$0	\$39,959	\$220,033
December	\$562,701	\$0	\$562,701	\$530,364	\$0	\$0	\$32,337	\$187,696
January	\$545,633	\$0	\$545,633	\$533,428	\$0	\$0	\$12,205	\$175,491
February	\$575,198	\$0	\$575,198	\$556,027	\$0	\$0	\$19,171	\$156,320
March	\$560,508	\$0	\$560,508	\$559,741	\$0	\$0	\$767	\$155,553
April	\$554,799	\$0	\$554,799	\$550,491	\$0	\$0	\$4,308	\$151,245
May	\$570,813	\$0	\$570,813	\$570,518	\$0	\$0	\$295	\$150,950
June	\$539,149	\$0	\$539,149	\$555,490	\$0	\$0	<b>(\$16,341)</b>	\$167,291
July	\$553,505	\$0	\$553,505	\$558,436	\$0	\$0	<b>(\$4,931)</b>	\$172,222
August	\$601,047	\$0	\$601,047	\$594,710	\$0	\$0	\$6,337	\$165,885
September	\$448,567	\$0	\$448,567	\$533,208	\$0	\$0	<b>(\$84,641)</b>	\$250,526

REVENUE AND EXPENSE SUMMARY  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Millions)

	FY 2011	FY 2012	FY 2013
Revenue:			
Gross Sales			
Operations	5,983.626	6,159.026	6,296.922
Capital Surcharge	(19.128)	(12.677)	(7.789)
Depreciation except Maj Const	26.068	18.993	12.128
Total Gross Sales	5,990.566	6,165.342	6,301.261
Major Construction Dep	0.000	0.000	0.000
Other Income	419.962	427.133	428.317
Refunds/Discounts (- Credit Sales)	(60.720)	(38.397)	(103.027)
Total Income:	6,349.808	6,554.078	6,626.551
Expenses:			
Cost of Material Sold from Inventory	4,827.134	5,235.613	5,328.976
Salaries and Wages:			
Military Personnel	30.749	29.978	29.978
Civilian Personnel	553.114	557.232	566.653
Travel & Transportation of Personnel	7.603	12.607	12.821
Materials & Supplies	33.814	34.475	35.061
Equipment	12.707	12.910	13.113
Other Purchases from Revolving Funds	257.406	244.761	243.927
Transportation of Things	130.353	168.191	171.050
Depreciation - Capital	26.068	18.993	12.128
Printing and Reproduction	9.740	8.599	8.745
Advisory and Assistance Services	11.851	12.064	12.269
Rent, Communication, Utilities & Misc	28.445	29.290	29.788
Other Purchased Services	231.424	186.862	191.670
<b>TOTAL EXPENSES</b>	<b>6,160.408</b>	<b>6,551.575</b>	<b>6,656.179</b>
Operating Result	189.400	2.503	(29.628)
Less Capital Surcharge reservation	(19.128)	(12.677)	(7.789)
Plus Appro Affecting NOR/AOR	0.000	0.000	0.000
Plus Other Changes Affecting NOR	0.000	0.000	(39.000)
Net Operating Result	208.528	15.180	(60.839)
Prior Year AOR	(162.869)	45.659	60.839
Other Changes Affecting AOR			
Accumulated Operating Result	45.659	60.839	0.000

**REVENUE AND EXPENSE PHASING PLAN**  
**SUPPLY MANAGEMENT - NAVY**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(DOLLARS IN THOUSANDS)**

FY 2012

**Cumulative**

	<b>Revenue</b>	<b>Expenses</b>	<b>Adjustments to NOR(1)</b>	<b>NOR</b>	<b>Adjustments to AOR(1)</b>	<b>AOR</b>
October	\$588,593	\$714,540	\$1,056	(\$124,891)	\$0	(\$79,232)
November	\$1,122,869	\$1,148,616	\$2,113	(\$23,634)	\$0	\$22,025
December	\$1,653,732	\$1,656,098	\$3,169	\$803	\$0	\$46,462
January	\$2,178,333	\$2,221,939	\$4,226	(\$39,380)	\$0	\$6,279
February	\$2,695,590	\$2,694,920	\$5,282	\$5,952	\$0	\$51,611
March	\$3,258,309	\$3,226,174	\$6,339	\$38,474	\$0	\$84,133
April	\$3,805,122	\$3,789,474	\$7,395	\$23,043	\$0	\$68,702
May	\$4,333,369	\$4,279,378	\$8,451	\$62,442	\$0	\$108,101
June	\$4,884,054	\$4,782,576	\$9,508	\$110,986	\$0	\$156,645
July	\$5,428,196	\$5,340,850	\$10,564	\$97,910	\$0	\$143,569
August	\$6,003,486	\$5,876,659	\$11,621	\$138,448	\$0	\$184,107
September	\$6,554,078	\$6,551,575	\$12,677	\$15,180	\$0	\$60,839

**Monthly**

	<b>Revenue</b>	<b>Expenses</b>	<b>Adjustments to NOR(1)</b>	<b>NOR</b>	<b>Adjustments to AOR(1)</b>	<b>AOR</b>
October	\$588,593	\$714,540	\$1,056	(\$124,891)	\$0	(\$79,232)
November	\$534,276	\$434,076	\$1,057	\$101,257	\$0	\$22,025
December	\$530,863	\$507,482	\$1,056	\$24,437	\$0	\$46,462
January	\$524,601	\$565,841	\$1,057	(\$40,183)	\$0	\$6,279
February	\$517,257	\$472,981	\$1,056	\$45,332	\$0	\$51,611
March	\$562,719	\$531,254	\$1,057	\$32,522	\$0	\$84,133
April	\$546,813	\$563,300	\$1,056	(\$15,431)	\$0	\$68,702
May	\$528,247	\$489,904	\$1,056	\$39,399	\$0	\$108,101
June	\$550,685	\$503,198	\$1,057	\$48,544	\$0	\$156,645
July	\$544,142	\$558,274	\$1,056	(\$13,076)	\$0	\$143,569
August	\$575,290	\$535,809	\$1,057	\$40,538	\$0	\$184,107
September	\$550,592	\$674,916	\$1,056	(\$123,268)	\$0	\$60,839

**REVENUE AND EXPENSE PHASING PLAN**  
**SUPPLY MANAGEMENT - NAVY**  
**FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**  
**FEBRUARY 2012**  
**(DOLLARS IN THOUSANDS)**

FY 2013

**Cumulative**

	<b>Revenue</b>	<b>Expenses</b>	<b>Adjustments to NOR(1)</b>	<b>NOR</b>	<b>Adjustments to AOR(1)</b>	<b>AOR</b>
October	\$563,403	\$631,511	\$649	(\$67,459)	\$0	(\$6,620)
November	\$1,084,138	\$1,138,617	\$1,298	(\$53,181)	\$0	\$7,658
December	\$1,614,502	\$1,646,441	\$1,947	(\$29,992)	\$0	\$30,847
January	\$2,147,930	\$2,216,426	\$2,596	(\$65,900)	\$0	(\$5,061)
February	\$2,703,957	\$2,734,798	\$3,245	(\$27,596)	\$0	\$33,243
March	\$3,263,698	\$3,263,670	\$3,895	\$3,923	\$0	\$64,762
April	\$3,814,189	\$3,834,653	\$4,544	(\$15,920)	\$0	\$44,919
May	\$4,384,707	\$4,355,440	\$5,193	\$34,460	\$0	\$95,299
June	\$4,940,197	\$4,863,138	\$5,842	\$82,901	\$0	\$143,740
July	\$5,498,633	\$5,419,730	\$6,491	\$85,394	\$0	\$146,233
August	\$6,093,343	\$5,975,299	\$7,140	\$125,184	\$0	\$186,023
September	\$6,626,551	\$6,656,179	(\$31,211)	(\$60,839)	\$0	\$0

**Monthly**

	<b>Revenue</b>	<b>Expenses</b>	<b>Adjustments to NOR(1)</b>	<b>NOR</b>	<b>Adjustments to AOR(1)</b>	<b>AOR</b>
October	\$563,403	\$631,511	\$649	(\$67,459)	\$0	(\$6,620)
November	\$520,735	\$507,106	\$649	\$14,278	\$0	\$7,658
December	\$530,364	\$507,824	\$649	\$23,189	\$0	\$30,847
January	\$533,428	\$569,985	\$649	(\$35,908)	\$0	(\$5,061)
February	\$556,027	\$518,372	\$649	\$38,304	\$0	\$33,243
March	\$559,741	\$528,872	\$650	\$31,519	\$0	\$64,762
April	\$550,491	\$570,983	\$649	(\$19,843)	\$0	\$44,919
May	\$570,518	\$520,787	\$649	\$50,380	\$0	\$95,299
June	\$555,490	\$507,698	\$649	\$48,441	\$0	\$143,740
July	\$558,436	\$556,592	\$649	\$2,493	\$0	\$146,233
August	\$594,710	\$555,569	\$649	\$39,790	\$0	\$186,023
September	\$533,208	\$680,880	(\$38,351)	(\$186,023)	\$0	\$0



SUPPLY MANAGEMENT SUMMARY  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET SUBMISSION - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2011

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
<b>BP 21</b>										
Approved	30.005	67.200	67.200	67.950	0.000	67.950	0.000	67.950	0.000	0.000
Request	20.882	72.507	72.507	65.279	0.000	65.279	0.000	65.279	0.000	0.000
Delta	(9.123)	5.307	5.307	(2.671)	0.000	(2.671)	0.000	(2.671)	0.000	0.000
<b>BP 28</b>										
Approved	1,455.090	966.755	966.755	966.755	0.000	966.755	0.000	966.755	0.000	4.888
Request	1,486.700	1,037.326	1,037.326	992.566	0.000	992.566	0.000	992.566	0.000	11.140
Delta	31.610	70.571	70.571	25.811	0.000	25.811	0.000	25.811	0.000	6.252
<b>BP 34</b>										
Approved	793.848	340.058	346.232	248.126	0.000	248.126	31.894	280.020	0.000	0.200
Request	977.557	339.080	343.796	245.861	0.000	245.861	0.000	245.861	0.000	0.584
Delta	183.709	(0.978)	(2.436)	(2.265)	0.000	(2.265)	(31.894)	(34.159)	0.000	0.384
<b>BP 81</b>										
Approved	8,535.718	863.011	863.011	780.433	0.000	780.433	72.160	852.593	0.000	25.000
Request	9,932.951	947.763	947.763	833.022	0.000	833.022	0.000	833.022	0.000	22.153
Delta	1,397.233	84.752	84.752	52.589	0.000	52.589	(72.160)	(19.571)	0.000	(2.847)
			** REPAIR->	337.461						
<b>BP85</b>										
Approved	39,922.302	3,423.426	3,616.066	3,207.401	0.000	3,207.401	339.270	3,546.671	0.000	52.800
Request	43,923.145	3,986.157	3,528.454	3,084.613	0.000	3,084.613	0.000	3,084.613	0.000	26.843
Delta	4,000.843	562.731	(87.612)	(122.788)	0.000	(122.788)	(339.270)	(462.058)	0.000	(25.957)
			** REPAIR->	2,214.472						
<b>BP 91</b>										
Approved	0.000	0.000	523.279	1,341.581	0.000	1,341.581	0.000	1,341.581	7.251	0.000
Request	0.000	0.000	419.962	1,307.206	0.000	1,307.206	0.000	1,307.206	6.940	0.000
Delta	0.000	0.000	(103.317)	(34.375)	0.000	(34.375)	0.000	(34.375)	(0.311)	0.000
<b>TOTAL</b>										
Approved	50,736.963	5,660.450	6,382.543	6,612.246	0.000	6,612.246	443.324	7,055.570	7.251	82.888
Request	56,341.235	6,382.833	6,349.808	6,528.547	0.000	6,528.547	0.000	6,528.547	6.940	60.720
Delta	5,604.272	722.383	(32.735)	(83.699)	0.000	(83.699)	(443.324)	(527.023)	(0.311)	(22.168)

SUPPLY MANAGEMENT SUMMARY  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET SUBMISSION - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2012

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
<b>BP 21</b>										
Approved	32.010	68.208	68.208	68.969	0.000	68.969	0.000	68.969	0.000	0.000
Request	21.636	66.271	66.271	67.000	0.000	67.000	0.000	67.000	0.000	0.000
Delta	(10.374)	(1.937)	(1.937)	(1.969)	0.000	(1.969)	0.000	(1.969)	0.000	0.000
<b>BP 28</b>										
Approved	1,479.960	986.495	986.495	986.495	0.000	986.495	0.000	986.495	0.000	4.888
Request	1,514.333	1,013.211	1,013.211	1,013.211	0.000	1,013.211	0.000	1,013.211	0.000	4.888
Delta	34.373	26.716	26.716	26.716	0.000	26.716	0.000	26.716	0.000	0.000
<b>BP 34</b>										
Approved	670.468	364.143	366.239	229.483	0.000	229.483	0.000	229.483	0.000	0.200
Request	813.324	368.124	374.295	229.963	0.000	229.963	31.894	261.857	0.000	0.309
Delta	142.856	3.981	8.056	0.480	0.000	0.480	31.894	32.374	0.000	0.109
<b>BP 81</b>										
Approved	8,217.434	843.480	843.480	794.999	0.000	794.999	0.000	794.999	0.000	25.000
Request	9,237.119	834.055	861.955	819.046	0.000	819.046	72.160	891.206	0.000	25.000
Delta	1,019.685	(9.425)	18.475	24.047	0.000	24.047	72.160	96.207	0.000	0.000
			** REPAIR->	344.934						
<b>BP85</b>										
Approved	39,938.476	3,736.155	3,704.821	3,300.078	0.000	3,300.078	0.000	3,300.078	0.000	52.800
Request	45,235.899	3,688.691	3,811.213	3,484.375	0.000	3,484.375	339.270	3,823.645	0.000	8.200
Delta	5,297.423	(47.464)	106.392	184.297	0.000	184.297	339.270	523.567	0.000	(44.600)
			** REPAIR->	2,283.171						
<b>BP 91</b>										
Approved	0.000	0.000	449.306	1,310.903	0.000	1,310.903	0.000	1,310.903	7.316	0.000
Request	0.000	0.000	427.133	1,296.968	0.000	1,296.968	0.000	1,296.968	6.316	0.000
Delta	0.000	0.000	(22.173)	(13.935)	0.000	(13.935)	0.000	(13.935)	(1.000)	0.000
<b>TOTAL</b>										
Approved	50,338.348	5,998.481	6,418.549	6,690.927	0.000	6,690.927	0.000	6,690.927	7.316	82.888
Request	56,822.311	5,970.352	6,554.078	6,910.563	0.000	6,910.563	443.324	7,353.887	6.316	38.397
Delta	6,483.963	(28.129)	135.529	219.636	0.000	219.636	443.324	662.960	(1.000)	(44.491)

SUPPLY MANAGEMENT SUMMARY  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET SUBMISSION - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2013

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
<b>BP 21</b>										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	22.406	67.260	67.260	68.000	0.000	68.000	0.000	68.000	0.000	0.000
Delta	22.406	67.260	67.260	68.000	0.000	68.000	0.000	68.000	0.000	0.000
<b>BP 28</b>										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	1,519.684	1,005.147	1,005.147	1,005.147	0.000	1,005.147	0.000	1,005.147	0.000	4.888
Delta	1,519.684	1,005.147	1,005.147	1,005.147	0.000	1,005.147	0.000	1,005.147	0.000	4.888
<b>BP 34</b>										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	736.169	350.451	349.820	219.532	0.000	219.532	31.894	251.426	0.000	0.339
Delta	736.169	350.451	349.820	219.532	0.000	219.532	31.894	251.426	0.000	0.339
<b>BP 81</b>										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	8,848.068	852.322	863.222	797.497	0.000	797.497	72.160	869.657	0.000	25.000
Delta	8,848.068	852.322	863.222	797.497	0.000	797.497	72.160	869.657	0.000	25.000
			** REPAIR->	345.210						
<b>BP85</b>										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	49,252.352	3,752.509	3,912.785	3,401.385	0.000	3,401.385	339.270	3,740.655	0.000	72.800
Delta	49,252.352	3,752.509	3,912.785	3,401.385	0.000	3,401.385	339.270	3,740.655	0.000	72.800
			** REPAIR->	2,494.903						
<b>BP 91</b>										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	428.317	1,315.075	0.000	1,315.075	0.000	1,315.075	4.339	0.000
Delta	0.000	0.000	428.317	1,315.075	0.000	1,315.075	0.000	1,315.075	4.339	0.000
<b>TOTAL</b>										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	60,378.679	6,027.689	6,626.551	6,806.636	0.000	6,806.636	443.324	7,249.960	4.339	103.027
Delta	60,378.679	6,027.689	6,626.551	6,806.636	0.000	6,806.636	443.324	7,249.960	4.339	103.027

OPERATING REQUIREMENTS BY WEAPON SYSTEM  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 34  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2011

<u>Weapon System</u>	<u>NMCS Rates</u> <sup>1</sup>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Total</u>
F/A-18	8.6	2.045	0.000	20.231	22.276
AV-8B/T-45	9.2/na	0.226	0.000	0.397	0.623
EA-6B	6.7	0.600	0.000	0.521	1.121
V-22	13.0	14.619	3.450	64.525	82.594
C-130	6.3	0.000	0.000	0.039	0.039
P-3	6.9	0.227	0.000	1.484	1.711
E-2/C-2	7.8/8.9	0.000	0.000	0.341	0.341
Common Systems	n/a	0.931	0.000	4.569	5.500
Aircraft Engines	n/a	0.000	22.223	12.335	34.558
Aviation Support Systems	n/a	0.000	0.000	22.747	22.747
H-1	11.0	4.020	0.000	5.714	9.734
H-46	6.7	0.000	0.000	0.586	0.586
H-53	9.9	0.055	0.000	1.432	1.487
H-60	6.3	9.511	0.000	9.151	18.662
VTUAV	n/a	0.088	0.000	0.000	0.088
Multi-application	n/a	0.000	0.000	14.350	14.350
Efficiencies/Self Financing		0.000	0.000	(0.514)	(0.514)
Anticipated Special Programs		0.000	0.000	0.000	0.000
Full PBL		0.000	0.000	29.959	29.959
Total		32.322	25.673	187.866	245.861

<sup>1</sup>Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate (Status from Oct 2010 through Sep 2011). Provided by: WSS

OPERATING REQUIREMENTS BY WEAPON SYSTEM  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 34  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2012

<u>Weapon System</u>	<u>NMCS Rates<sup>1</sup></u>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Total</u>
F/A-18	8.6	2.836	0.000	11.405	14.241
AV-8B/T-45	9.2/na	0.634	0.000	0.527	1.161
EA-6B	6.7	1.032	0.000	0.691	1.723
V-22	13.0	17.438	0.000	55.355	72.793
C-130	6.3	0.000	0.000	0.052	0.052
P-3	6.9	0.298	0.000	1.970	2.268
E-2/C-2	7.8/8.9	0.000	0.000	0.453	0.453
Common Systems	n/a	2.729	0.000	6.842	9.571
Aircraft Engines	n/a	0.000	10.000	16.371	26.371
Aviation Support Systems	n/a	0.000	0.000	30.189	30.189
H-1	11.0	3.337	0.000	7.646	10.983
H-46	6.7	0.000	0.000	0.777	0.777
H-53	9.9	0.007	0.000	1.900	1.907
H-60	6.3	7.321	0.000	8.674	15.995
VTUAV	n/a	3.928	0.000	1.964	5.892
Multi-application	n/a	0.000	0.000	19.045	19.045
Efficiencies/Self Financing		0.000	0.000	(2.022)	(2.022)
Anticipated Special Programs		0.000	15.000	0.000	15.000
Full PBL		0.000	0.000	6.000	6.000
ERP Inventory Reduction		0.000	0.000	(2.435)	(2.435)
<b>Total</b>		<b>39.560</b>	<b>25.000</b>	<b>165.403</b>	<b>229.963</b>

<sup>1</sup>Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate (Status from Oct 2010 through Sep 2011). Provided by: WSS

OPERATING REQUIREMENTS BY WEAPON SYSTEM  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 34  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2013

<u>Weapon System</u>	<u>NMCS Rates<sup>1</sup></u>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Total</u>
F/A-18	8.6	9.137	0.000	8.051	17.188
AV-8B/T-45	9.2/na	0.648	0.000	0.561	1.209
EA-6B	6.7	1.052	0.000	0.737	1.789
V-22	13.0	4.694	0.000	53.463	58.157
C-130	6.3	0.000	0.000	0.056	0.056
P-3	6.9	0.303	0.000	2.099	2.402
E-2/C-2	7.8/8.9	0.000	0.000	0.483	0.483
Common Systems	n/a	0.000	0.000	6.462	6.462
Aircraft Engines	n/a	0.000	10.000	17.445	27.445
Aviation Support Systems	n/a	0.000	0.000	32.170	32.170
H-1	11.0	5.860	0.000	10.765	16.625
H-46	6.7	0.000	0.000	0.828	0.828
H-53	9.9	0.000	0.000	2.025	2.025
H-60	6.3	3.688	0.000	9.119	12.807
VTUAV	n/a	2.622	0.000	0.656	3.278
Multi-application	n/a	0.000	0.000	20.295	20.295
Efficiencies/Self Financing		0.000	0.000	-0.911	(0.911)
Anticipated Special Programs		0.000	15.000	0.000	15.000
Full PBL		0.000	0.000	6.000	6.000
ERP Inventory Reduction		0.000	0.000	(3.776)	(3.776)
<b>Total</b>		<b>28.004</b>	<b>25.000</b>	<b>166.528</b>	<b>219.532</b>

<sup>1</sup>Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate (Status from Oct 2010 through Sep 2011). Provided by: WSS

OPERATING REQUIREMENTS BY WEAPON SYSTEM  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 81  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2011

<u>Weapon System Name</u>	<u>Basic Replen</u>	<u>Outfitting</u>	<u>Special Programs</u>	<u>Rework</u>	<u>Total</u>
AIR TRAFFIC CONTROL	17.841	18.079	7.180	30.200	73.300
NUCLEAR	63.487	8.986	15.427	3.600	91.500
SUBSAFE LI/ASDS/DSSP	29.913	0.000	18.987	15.650	64.550
HM&E	74.579	0.672	50.710	76.261	202.222
END ITEM MGT/CARPER/MSC	4.500	0.000	1.700	5.600	11.800
GPETE	1.725	0.000	16.975	2.200	20.900
FIRE CONTROL/DET	10.403	3.364	19.633	68.800	102.200
INTEGRATED SELF-DEFENSE	14.682	8.090	14.828	26.850	64.450
COMMUNICATION/SURVEILLANCE	30.529	21.548	16.223	31.500	99.800
FULL PBL	25.500	0.000	0.000	76.800	102.300
Gross Requirement	273.159	60.739	161.663	337.461	833.022

<u>Platform</u>	<u>FY11 POTF</u>	
AIRCRAFT CARRIERS	64%	* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level. FY11 POTF is actual performance.
AMPHIBIOUS WARFARE	41%	
COMBAT LOGISTICS SHIPS	24%	
MINE WARFARE SHIPS	24%	
SUBMARINES	96%	
SURFACE COMBATANTS	41%	
MISCELLANEOUS	0%	
ACROSS ALL PLATFORMS	39%	

OPERATING REQUIREMENTS BY WEAPON SYSTEM  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 81  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2012

<u>Weapon System Name</u>	<u>Basic Replen</u>	<u>Outfitting</u>	<u>Special Programs</u>	<u>Rework</u>	<u>Total</u>
AIR TRAFFIC CONTROL	29.743	7.948	15.231	28.592	81.514
NUCLEAR	65.379	9.308	11.800	3.700	90.187
SUBSAFE LI/ASDS/DSSP	32.368	0.007	28.014	14.425	74.814
HM&E	47.786	0.327	49.721	74.701	172.535
END ITEM MGT/CARPER/MSC	5.790	0.000	1.990	10.304	18.084
GPETE	1.782	0.000	17.684	0.773	20.239
FIRE CONTROL/DET	13.195	17.415	9.975	75.216	115.801
INTEGRATED SELF-DEFENSE	22.271	13.358	16.397	21.122	73.148
COMMUNICATION/SURVEILLANCE	19.613	13.005	11.847	32.456	76.921
FULL PBL	20.829	0.000	0.000	83.645	104.474
ERP INVENTORY REDUCTION	(8.672)	0.000	0.000	0.000	(8.672)
Gross Requirement	250.084	61.368	162.659	344.934	819.046

<u>Platform</u>	<u>FY12 POTF</u>	<u>* POTF (Percentage of Time Free) is an accepted</u>
AIRCRAFT CARRIERS	74%	Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level. FY12 POTF projections are based on FY12 First Quarter Actuals.
AMPHIBIOUS WARFARE	36%	
COMBAT LOGISTICS SHIPS	76%	
MINE WARFARE SHIPS	31%	
SUBMARINES	98%	
SURFACE COMBATANTS	43%	
MISCELLANEOUS	2%	
ACROSS ALL PLATFORMS	41%	



OPERATING REQUIREMENTS BY WEAPON SYSTEM  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 81  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2013

<u>Weapon System Name</u>	<u>Basic</u> <u>Replen</u>	<u>Outfitting</u>	<u>Special</u> <u>Programs</u>	<u>Rework</u>	<u>Total</u>
AIR TRAFFIC CONTROL	25.433	6.098	7.212	28.648	67.391
NUCLEAR	64.991	9.494	11.678	3.700	89.863
SUBSAFE LI/ASDS/DSSP	33.405	0.000	26.141	14.453	73.999
HM&E	49.409	0.510	27.914	74.847	152.680
END ITEM MGT/CARPER/MSC	5.976	0.000	1.709	10.324	18.009
GPETE	1.839	0.000	17.625	0.774	20.238
FIRE CONTROL/DET	11.749	18.346	10.637	75.364	116.096
INTEGRATED SELF-DEFENSE	22.794	14.329	20.482	21.164	78.769
COMMUNICATION/SURVEILLANCE	27.275	24.881	10.779	32.520	95.455
FULL PBLs	15.299	0.000	0.000	83.416	98.715
ERP INVENTORY REDUCTION	(13.718)	0.000	0.000	0.000	-13.718
Gross Requirement	244.452	73.658	134.177	345.210	797.497

<u>Platform</u>	<u>FY12 POTF</u>	<u>* POTF (Percentage of Time Free) is an accepted</u>
AIRCRAFT CARRIERS	74%	Department of Defense readiness metric and is used in assessing ship and submarine readiness vice
AMPHIBIOUS WARFARE	36%	NMCS (aviation metric). It measures the percentage
COMBAT LOGISTICS SHIPS	76%	of operating time free of mission-degrading
MINE WARFARE SHIPS	31%	casualties for active ships in all fleets (i.e. the
SUBMARINES	98%	percentage of operating time that a platform has no
SURFACE COMBATANTS	43%	C3/C4 casualty reports (CASREPs). POTF is
MISCELLANEOUS	2%	measured by platform. There is no means of
ACROSS ALL PLATFORMS	41%	obtaining POTF data at the Weapon System level. FY13 POTF projections are carried forward from FY12.

OPERATING REQUIREMENTS BY WEAPON SYSTEM  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 85  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2011

<u>Weapon System</u>	<u>NMCS Rates<sup>1</sup></u>	<u>Buy-In Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Repair</u>	<u>Total</u>
F/A-18	8.6	98.533	11.333	91.429	253.968	455.264
AV-8B/T-45	9.2/na	1.683	0.000	1.577	7.219	10.478
EA-6B	6.7	6.704	10.459	9.249	43.637	70.049
VTUAV	n/a	0.000	0.000	0.000	0.000	0.000
V-22	13.0	131.327	0.000	38.059	114.938	284.324
S-3	n/a	0.000	0.000	0.000	4.130	4.130
C-130	6.3	0.000	0.000	2.876	4.996	7.872
P-3	6.9	2.168	0.000	8.341	44.252	54.760
E-2/C-2	7.8/8.9	0.000	20.551	14.188	43.793	78.532
Common Systems	n/a	27.585	0.000	10.881	58.304	96.770
Aircraft Engines	n/a	0.000	10.520	21.314	141.100	172.934
Aviation Support Systems	n/a	0.000	0.000	1.891	28.798	30.689
H-1	11.0	29.947	2.870	39.987	58.094	130.899
H-46	6.7	0.000	0.000	2.237	37.651	39.888
H-53	9.9	0.800	0.000	22.327	120.012	143.139
H-60	6.3	101.255	0.000	59.209	73.334	233.798
Multi-application	n/a	0.000	0.000	101.549	217.628	319.177
Efficiencies/Self Financing		(188.413)	0.490	(4.721)	0.000	(192.644)
Anticipated Special Programs			0.000		0.000	0.000
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	151.851	974.753	1126.605
LECP Investment/Savings		0.000	0.000	12.085	(12.135)	(0.050)
Total		211.589	56.223	602.329	2214.472	3084.613

<sup>1</sup>Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate (Status from October 2010 to September 2011). Provided by: WSS.

OPERATING REQUIREMENTS BY WEAPON SYSTEM  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 85  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2012

<u>Weapon System</u>	<u>NMCS Rates<sup>1</sup></u>	<u>Buy-In Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Repair</u>	<u>Total</u>
F/A-18	8.6	101.182	178.006	81.842	223.369	584.399
AV-8B/T-45	9.2/na	4.541	0.000	1.064	6.349	11.954
EA-6B	6.7	7.388	0.000	11.448	38.379	57.215
VTUAV	n/a	28.119	0.000	5.886	0.000	34.005
V-22	13.0	124.833	0.000	39.931	107.247	272.012
S-3	n/a	0.000	0.000	0.000	3.963	3.963
C-130	6.3	0.000	0.000	2.608	4.394	7.002
P-3	6.9	2.133	0.000	10.563	38.920	51.616
E-2/C-2	7.8/8.9	0.000	0.000	11.571	38.517	50.088
Common Systems	n/a	21.704	0.000	13.225	51.279	86.208
Aircraft Engines	n/a	0.000	0.000	29.922	124.100	154.022
Aviation Support Systems	n/a	0.000	0.000	3.817	25.329	29.146
H-1	11.0	23.891	8.304	62.186	51.095	145.476
H-46	6.7	0.000	0.000	3.150	33.115	36.265
H-53	9.9	0.000	0.000	23.836	105.552	129.388
H-60	6.3	52.413	0.000	37.653	64.499	154.565
Multi-application	n/a	0.000	0.000	105.771	334.236	440.007
Efficiencies/Self Financing		(87.738)	0.490	(3.928)	0.000	(91.176)
Anticipated Special Programs		0.000	38.000	0.000	20.000	58.000
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	261.600	1026.670	1288.270
LECP Investment/Savings		0.000	0.000	14.684	(13.842)	0.842
ERP Inventory Reduction		0.000	0.000	(36.893)	0.000	(36.893)
<b>Total</b>		<b>278.466</b>	<b>224.800</b>	<b>697.938</b>	<b>2283.171</b>	<b>3484.375</b>

<sup>1</sup>Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate (Status from October 2010 to September 2011). Provided by: WSS.

OPERATING REQUIREMENTS BY WEAPON SYSTEM  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 85  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2013

<u>Weapon System</u>	<u>NMCS Rates<sup>1</sup></u>	<u>Buy-In Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Repair</u>	<u>Total</u>
F/A-18	8.6	92.994	61.026	66.926	250.447	471.393
AV-8B/T-45	9.2/na	5.408	0.000	1.095	7.324	13.827
EA-6B	6.7	8.780	0.000	11.780	45.849	66.409
VTUAV	n/a	21.895	0.000	4.287	0.000	26.183
V-22	13.0	39.189	0.000	21.953	109.290	170.432
S-3	n/a	0.000	0.000	0.000	3.963	3.963
C-130	6.3	0.000	0.000	2.734	5.227	7.961
P-3	6.9	2.530	0.000	10.870	46.286	59.686
E-2/C-2	7.8/8.9	0.000	0.000	17.155	43.825	60.980
Common Systems	n/a	20.013	0.000	12.663	58.346	91.022
Aircraft Engines	n/a	0.000	0.000	30.790	142.725	173.515
Aviation Support Systems	n/a	0.000	0.000	3.928	26.720	30.648
H-1	11.0	53.101	4.225	39.575	58.713	155.613
H-46	6.7	0.000	0.000	3.241	36.556	39.797
H-53	9.9	0.000	0.000	24.527	120.098	144.625
H-60	6.3	38.135	0.000	19.740	87.234	145.109
Multi-application	n/a	0.000	0.000	111.547	389.851	501.398
Efficiencies/Self Financing		(74.670)	0.490	(1.554)	0.000	(75.734)
Anticipated Special Programs		0.000	38.000	0.000	20.000	58.000
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	221.600	1055.795	1277.395
LECP Investment/Savings		0.000	0.000	33.016	(13.346)	19.670
ERP Inventory Reduction		0.000	0.000	(58.506)	0.000	(58.506)
<b>Total</b>		<b>207.375</b>	<b>103.741</b>	<b>595.366</b>	<b>2494.903</b>	<b>3401.385</b>

<sup>1</sup>Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines. Data Source: NAVAIR Deckplate (Status from October 2010 to September 2011). Provided by: WSS.

INVENTORY STATUS  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT SUMMARY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2011

	Total	Mobilization	---Peacetime---	
			Operating	Other
1. INVENTORY BOP	50,661.358	2.732	26,946.296	23,712.330
2. BOP INVENTORY ADJUSTMENTS	(13,541.408)	0.002	(3,878.128)	(9,663.282)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,234.869	(4,234.869)
B. PRICE CHANGE AMOUNT (memo)	(13,541.408)	0.002	(8,112.997)	(5,428.413)
C. INVENTORY RECLASSIFIED AND REPRICED	37,119.951	2.734	23,068.169	14,049.048
3. RECEIPTS AT STANDARD	2,791.182	0.000	2,889.869	(98.687)
4. SALES AT STANDARD	5,990.566	0.000	5,990.566	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	35,091.052	0.000	33,606.482	1,484.570
B. RETURNS FROM CUSTOMERS FOR CREDIT	60.720	0.000	39.317	21.403
C. RETURNS FROM CUSTOMERS, NO CREDIT	16,178.507	0.000	5,712.566	10,465.941
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(4,216.133)	0.000	0.000	(4,216.133)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(13,215.990)	0.000	(512.078)	(12,703.912)
G. OTHER (listed in Section 9)	(13,782.506)	(0.085)	(29,629.696)	15,847.275
H. TOTAL ADJUSTMENTS	22,423.317	(0.085)	9,216.590	13,206.812
6. INVENTORY EOP	56,343.884	2.649	29,184.062	27,157.173
7. INVENTORY EOP (REVALUED)	32,037.717	2.649	18,383.686	13,651.382
A. APPROVED ACQUISITION OBJECTIVE (memo)				12,001.926
B. ECONOMIC RETENTION (memo)				1,146.029
C. CONTINGENCY RETENTION (memo)				454.569
D. POTENTIAL DOD REUTILIZATION (memo)				48.857
8. INVENTORY ON ORDER EOP (memo)	2,048.721	0.000	1,952.353	96.368
<b>9. NARRATIVE:</b>				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(4,284.308)	0.000	(4,376.157)	91.849
Strata Transfers	0.000	(0.085)	(15,755.341)	15,755.426
Net/Standard Difference	(9,498.198)	0.000	(9,498.198)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
<b>Total</b>	<b>(13,782.506)</b>	<b>(0.085)</b>	<b>(29,629.696)</b>	<b>15,847.275</b>

INVENTORY STATUS  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT SUMMARY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2012

	Total	Mobilization	---Peacetime---	
			Operating	Other
1. INVENTORY BOP	56,343.884	2.649	29,184.062	27,157.173
2. BOP INVENTORY ADJUSTMENTS	107.066	0.000	5,429.330	(5,322.264)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,238.182	(4,238.182)
B. PRICE CHANGE AMOUNT (memo)	107.066	0.000	1,191.148	(1,084.082)
C. INVENTORY RECLASSIFIED AND REPRICED	56,450.950	2.649	34,613.392	21,834.909
3. RECEIPTS AT STANDARD	3,630.944	0.000	3,635.042	(4.098)
4. SALES AT STANDARD	6,165.342	0.000	6,165.342	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	3.308	0.000	14.018	(10.710)
B. RETURNS FROM CUSTOMERS FOR CREDIT	38.397	0.000	11.306	27.091
C. RETURNS FROM CUSTOMERS, NO CREDIT	19,992.290	0.000	10,864.011	9,128.279
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,537.341)	0.000	0.000	(3,537.341)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(108.075)	0.000	(97.760)	(10.315)
G. OTHER (listed in Section 9)	(13,480.170)	0.000	(13,366.159)	(114.011)
H. TOTAL ADJUSTMENTS	2,908.408	0.000	(2,574.585)	5,482.993
6. INVENTORY EOP	56,824.960	2.649	29,508.507	27,313.804
7. INVENTORY EOP (REVALUED)	32,139.589	2.649	18,395.693	13,741.247
A. APPROVED ACQUISITION OBJECTIVE (memo)				12,126.092
B. ECONOMIC RETENTION (memo)				1,127.175
C. CONTINGENCY RETENTION (memo)				439.844
D. POTENTIAL DOD REUTILIZATION (memo)				48.136
8. INVENTORY ON ORDER EOP (memo)	2,396.055	0.000	2,394.176	1.879
<b>9. NARRATIVE:</b>				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(4.409)	0.000	71.925	(76.334)
Strata Transfers	0.000	0.000	37.677	(37.677)
Net/Standard Difference	(13,475.761)	0.000	(13,475.761)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
<b>Total</b>	<b>(13,480.170)</b>	<b>0.000</b>	<b>(13,366.159)</b>	<b>(114.011)</b>

INVENTORY STATUS  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT SUMMARY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2013

	Total	Mobilization	---Peacetime---	
			Operating	Other
1. INVENTORY BOP	56,824.960	2.649	29,508.507	27,313.804
2. BOP INVENTORY ADJUSTMENTS	1,109.863	0.000	8,882.280	(7,772.417)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,274.499	(4,274.499)
B. PRICE CHANGE AMOUNT (memo)	1,109.863	0.000	4,607.781	(3,497.918)
C. INVENTORY RECLASSIFIED AND REPRICED	57,934.823	2.649	38,390.787	19,541.387
3. RECEIPTS AT STANDARD	5,699.859	0.000	5,709.715	(9.856)
4. SALES AT STANDARD	6,301.261	0.000	6,301.261	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	23.365	0.000	14.256	9.109
B. RETURNS FROM CUSTOMERS FOR CREDIT	103.027	0.000	32.058	70.969
C. RETURNS FROM CUSTOMERS, NO CREDIT	21,240.967	0.000	11,623.226	9,617.741
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,596.438)	0.000	0.000	(3,596.438)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(129.921)	0.000	(119.430)	(10.491)
G. OTHER (listed in Section 9)	(14,593.093)	0.000	(17,656.263)	3,063.170
H. TOTAL ADJUSTMENTS	3,047.907	0.000	(6,106.153)	9,154.060
6. INVENTORY EOP	60,381.328	2.649	31,693.088	28,685.591
7. INVENTORY EOP (REVALUED)	34,728.338	2.649	20,091.886	14,633.803
A. APPROVED ACQUISITION OBJECTIVE (memo)				12,982.343
B. ECONOMIC RETENTION (memo)				1,161.003
C. CONTINGENCY RETENTION (memo)				438.177
D. POTENTIAL DOD REUTILIZATION (memo)				52.279
8. INVENTORY ON ORDER EOP (memo)	2,450.530	0.000	2,448.500	2.030
<b>9. NARRATIVE:</b>				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(48.353)	0.000	29.284	(77.637)
Strata Transfers	0.000	0.000	(3,140.807)	3,140.807
Net/Standard Difference	(14,544.740)	0.000	(14,544.740)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
<b>Total</b>	<b>(14,593.093)</b>	<b>0.000</b>	<b>(17,656.263)</b>	<b>3,063.170</b>

COST RECOVERY RATE CALCULATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Millions)

Ships/Aviation	FY 2011	FY 2011	FY 2012	FY 2012	FY 2012	FY 2013	FY 2013
1. Sales at LAP/LRP	4252.914		4346.405			4475.119	
a. Material Inflation	61.500		40.250			36.879	
b. Revised sales at Cost	4191.414		4306.155			4438.240	
2. Cost Recovery Rate Elements							
a. Supply Ops Obs	547.737	12.9%	495.261	11.4%	511.570	11.4%	
b. Distribution Depot Obs	79.907	1.9%	84.794	2.0%	86.704	1.9%	
c. DLSC/DAASC/DRMS	119.721		106.866		110.316		
1. DLSC	46.645	1.1%	45.153	1.0%	46.300	1.0%	
2. DAASC	16.376	0.4%	13.241	0.3%	16.936	0.4%	
3. DRMS	56.700	1.3%	48.472	1.1%	47.080	1.1%	
d. DFAS Obs	6.895	0.2%	6.978	0.2%	7.118	0.2%	
e. Depreciation	26.068	0.6%	18.993	0.4%	12.128	0.3%	
f. Material Inflation	N/A		N/A		N/A		
g. Net Loss/Carcass Loss	56.975	1.3%	18.877	0.4%	8.048	0.2%	
h. Condemnation	0.000	0.0%	0.000	0.0%	0.000	0.0%	
i. Transportation Obs	0.000	0.0%	167.696	3.9%	171.050	3.8%	
j. Capital Cost Recovery	(18.817)	(0.4%)	(11.677)	(0.3%)	(7.789)	(0.2%)	
k. AOR Recovery	164.479	3.9%	(12.694)	(0.3%)	(60.839)	(1.4%)	
l. Other:	(334.877)		(228.961)		(89.459)		
MTIS Reutilization	(35.957)	(0.8%)	0.000	0.0%	0.000	0.0%	
Cash Surcharge	(298.920)	(7.0%)	(228.961)	(5.3%)	(89.459)	(2.0%)	
NOR Benefit	0.000	0.0%	0.000	0.0%	0.000	0.0%	
Rate Stabilization	0.000	0.0%	0.000	0.0%	0.000	0.0%	
m. Total Cost Recovery Rate	648.088	15.2%	646.135	14.9%	748.847	16.7%	

## NOTES:

1. Lines 2b, c, d, e, and j are provided as detail breakout of original submission. These figures are not broken out by budget project.



COST RECOVERY RATE CALCULATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 34  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Millions)

BP34-Aviation Consumables	FY 2011	FY 2011	FY 2012	FY 2012	FY 2013	FY 2013
1. Sales at LAP/LRP	320.543		312.228		312.277	
a. Material Inflation	(18.209)		2.756		0.974	
b. Revised sales at Cost	338.752		309.472		311.303	
2. Cost Recovery Rate Elements						
a. Supply Ops Obs	49.918	15.6%	45.646	14.6%	44.178	14.1%
b. Distribution Depot Obs	#1		#1		#1	
c. DLSC/DAASC/DRMS Obs	#1		#1		#1	
1. DLSC	#1		#1		#1	
2. DAASC	#1		#1		#1	
3. DRMS	#1		#1		#1	
d. DFAS Obs	#1		#1		#1	
e. Depreciation	#1		#1		#1	
f. Material Inflation	N/A		N/A		N/A	
g. Net Loss/Carcass Loss	5.973	1.9%	0.460	0.1%	0.000	0.0%
h. Condemnation	0.000	0.0%	0.000	0.0%	0.000	0.0%
i. Transportation Obs	#1		12.465	4.0%	12.454	4.0%
j. Capital Cost Recovery	#1		#1		#1	
k. AOR Recovery	13.161	4.1%	(0.944)	(0.3%)	(4.430)	(1.4%)
l. Other:						
MTIS Reutilization	(4.255)	(1.3%)	0.000	0.0%	0.000	0.0%
Cash Surcharge	(24.079)	(7.5%)	(6.514)	(2.1%)	(16.951)	(5.4%)
NOR Benefit	0.000	0.0%	0.000	0.0%	0.000	0.0%
Rate Stabilization	5.247	1.6%	3.098	1.0%	2.630	0.8%
m. Total Cost Recovery Rate	45.965	14.3%	54.211	17.4%	37.882	12.1%

## NOTES:

#1 Values, if any, are included in Supply Operations Obligations

COST RECOVERY RATE CALCULATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 81  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Millions)

BP81-Ships	FY 2011	FY 2011	FY 2012	FY 2012	FY 2013	FY 2013
1. Sales at LAP/LRP	686.419		748.032		758.805	
a. Material Inflation	14.582		6.625		1.266	
b. Revised sales at Cost	671.837		741.407		757.539	
2. Cost Recovery Rate Elements						
a. Supply Ops Obs	206.102	30.0%	189.086	25.3%	194.295	25.6%
b. Distribution Depot Obs	#1		#1		#1	
c. DLSC/DAASC/DRMS Obs	#1		#1		#1	
1. DLSC	#1		#1		#1	
2. DAASC	#1		#1		#1	
3. DRMS	#1		#1		#1	
d. DFAS Obs	#1		#1		#1	
e. Depreciation	#1		#1		#1	
f. Material Inflation	N/A		N/A		N/A	
g. Net Loss/Carcass Loss	20.251	3.0%	4.758	0.6%	0.000	0.0%
h. Condemnation	0.000	0.0%	0.000	0.0%	0.000	0.0%
i. Transportation Obs	#1		27.981	3.7%	28.598	3.8%
j. Capital Cost Recovery	#1		#1		#1	
k. AOR Recovery	26.627	3.9%	(2.117)	(0.3%)	(10.172)	(1.3%)
l. Other:						
MTIS Reutilization	(16.356)	(2.4%)	0.000	0.0%	0.000	0.0%
Cash Surcharge	(45.997)	(6.7%)	(64.539)	(8.6%)	(53.215)	(7.0%)
NOR Benefit	0.000	0.0%	0.000	0.0%	0.000	0.0%
Rate Stabilization	(54.953)	(8.0%)	(34.721)	(4.6%)	(30.089)	(4.0%)
m. Total Cost Recovery Rate	135.674	19.8%	120.448	16.1%	129.418	17.1%

## NOTES:

#1 Values, if any, are included in Supply Operations Obligations

COST RECOVERY RATE CALCULATION  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
BUDGET PROJECT 85  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ in Millions)

BP85-Aviation Repairables	FY 2011	FY 2011	FY 2012	FY 2012	FY 2013	FY 2013
1. Sales at LAP/LRP	3245.952		3286.145		3404.037	
a. Material Inflation	64.585		34.634		34.345	
b. Revised sales at Cost	3181.367		3251.511		3369.692	
2. Cost Recovery Rate Elements						
a. Supply Ops Obs	505.491	15.6%	466.484	14.2%	481.573	14.1%
b. Distribution Depot Obs	#1		#1		#1	
c. DLSC/DAASC/DRMS Obs	#1		#1		#1	
1. DLSC	#1		#1		#1	
2. DAASC	#1		#1		#1	
3. DRMS	#1		#1		#1	
d. DFAS Obs	#1		#1		#1	
e. Depreciation	#1		#1		#1	
f. Material Inflation	N/A		N/A		N/A	
g. Net Loss/Carcass Loss	30.751	0.9%	13.659	0.4%	8.048	0.2%
h. Condemnation Obs	0.000	0.0%	0.000	0.0%	0.000	0.0%
i. Transportation Obs	#1		127.250	3.9%	129.999	3.8%
j. Capital Cost Recovery	#1		#1		#1	
k. AOR Recovery	124.691	3.8%	(9.633)	(0.3%)	(46.238)	(1.4%)
l. Other:						
MTIS Reutilization	(15.346)	(0.5%)	0.000	0.0%	0.000	0.0%
Cash Surcharge	(228.844)	(7.1%)	(157.908)	(4.8%)	(19.292)	(0.6%)
NOR Benefit	0.000	0.0%	0.000	0.0%	0.000	0.0%
Rate Stabilization	49.706	1.5%	31.624	1.0%	27.458	0.8%
m. Total Cost Recovery Rate	466.449	14.4%	471.475	14.3%	581.548	17.1%

## NOTES:

#1 Values, if any, are included in Supply Operations Obligations

SM-5B

CUSTOMER PRICE CHANGE  
 DEPARTMENT OF THE NAVY  
 SUPPLY MANAGEMENT - NAVY  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
 (\$ in Millions)

SHIPS/AVIATION	FY 2011	FY 2012	FY 2013
1. Gross Sales at Cost	4252.914	4346.405	4475.119
2. Less: Material Inflation Adj	61.500	40.250	36.879
3. Revised Gross Sales at Cost	4191.414	4306.155	4438.240
4. Surcharge (\$)	648.088	646.135	748.847
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.133	0.152	0.149
b. This year's Surcharge and material inflation divided by line 3 above	0.169	0.159	0.177
c. Percent change to customer	3.2%	0.6%	2.5%

SM-5B

CUSTOMER PRICE CHANGE  
 DEPARTMENT OF THE NAVY  
 SUPPLY MANAGEMENT - NAVY  
 BUDGET PROJECT 34  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
 (\$ in Millions)

BP34-AVIATION CONSUMABLES	FY 2011	FY 2012	FY 2013
1. Gross Sales at Cost	320.543	312.228	312.277
2. Less: Material Inflation Adj	-18.209	2.756	0.974
3. Revised Gross Sales at Cost	338.752	309.472	311.303
4. Surcharge (\$)	45.965	54.211	37.882
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.111	0.143	0.174
b. This year's Surcharge and material inflation divided by line 3 above	0.082	0.184	0.125
c. Percent change to customer	-2.6%	3.6%	-4.2%

SM-5B

CUSTOMER PRICE CHANGE  
 DEPARTMENT OF THE NAVY  
 SUPPLY MANAGEMENT - NAVY  
 BUDGET PROJECT 81  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
 (\$ in Millions)

BP81-SHIPS	FY 2011	FY 2012	FY 2013
1. Gross Sales at Cost	686.419	748.032	758.805
2. Less: Material Inflation Adj	14.582	6.625	1.266
3. Revised Gross Sales at Cost	671.837	741.407	757.539
4. Surcharge (\$)	135.674	120.448	129.418
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.174	0.198	0.161
b. This year's Surcharge and material inflation divided by line 3 above	0.224	0.171	0.173
c. Percent change to customer	4.2%	-2.2%	1.0%

SM-5B

CUSTOMER PRICE CHANGE  
 DEPARTMENT OF THE NAVY  
 SUPPLY MANAGEMENT - NAVY  
 BUDGET PROJECT 85

FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
 (\$ in Millions)

BP85-AVIATION REPAIRABLES	FY 2011	FY 2012	FY 2013
1. Gross Sales at Cost	3245.952	3286.145	3404.037
2. Less: Material Inflation Adj	64.585	34.634	34.345
3. Revised Gross Sales at Cost	3181.367	3251.511	3369.692
4. Surcharge (\$)	466.449	471.475	581.548
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.126	0.144	0.143
b. This year's Surcharge and material inflation divided by line 3 above	0.167	0.156	0.183
c. Percent change to customer	3.7%	1.0%	3.4%

WAR RESERVE MATERIAL (WRM)  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2011

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	2.732	2.732	
2. Price Change	0.002	0.002	
3. Reclassification	0.000	0.000	
4. Inventory Changes	(0.085)	(0.085)	0.000
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.000	0.000	
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	0.000	0.000	
c. Adjustments @ std	(0.085)	(0.085)	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	(0.085)	(0.085)	
5. Inventory EOP	2.649	2.649	0.000

STOCKPILE COSTS

1. Storage	0.002
2. Management	0.000
3. Maintenance/Other	<u>0.000</u>
Total Cost	0.002

WRM BUDGET REQUEST

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



WAR RESERVE MATERIAL (WRM)  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2012

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	2.649	2.649	
2. Price Change	0.000	0.000	
3. Reclassification	0.000	0.000	
4. Inventory Changes	0.000	0.000	0.000
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.000	0.000	
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	0.000	0.000	
c. Adjustments @ std	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	0.000	0.000	
5. Inventory EOP	2.649	2.649	0.000

STOCKPILE COSTS

1. Storage	0.002
2. Management	0.000
3. Maintenance/Other	<u>0.000</u>
Total Cost	0.002

WRM BUDGET REQUEST

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

WAR RESERVE MATERIAL (WRM)  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)  
FY 2013

STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	2.649	2.649	
2. Price Change	0.000	0.000	
3. Reclassification	0.000	0.000	
4. Inventory Changes	0.000	0.000	0.000
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.000	0.000	
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	0.000	0.000	
c. Adjustments @ std	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	0.000	0.000	
5. Inventory EOP	2.649	2.649	0.000

STOCKPILE COSTS

1. Storage	0.002
2. Management	0.000
3. Maintenance/Other	<u>0.000</u>
Total Cost	0.002

WRM BUDGET REQUEST

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

TOTAL COST PER OUTPUT SUMMARY  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - NAVY  
FISCAL YEAR (FY) 2013 PROGRAM BUDGET ESTIMATES - FEBRUARY 2012  
(\$ IN MILLIONS)

<u>Operating Budget</u>	<u>Gross Sales</u>			<u>Unit Cost</u>			<u>Total Cost</u>		
	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
<b>Wholesale Sales</b>	4,869.593	5,080.972	5,223.966	1.050	1.070	1.034	5,112.450	5,436.728	5,403.311
Material							4,163.496	4,533.384	4,418.414
Customer Returns							49.580	33.509	98.139
A-Goal:							706.578	675.378	689.704
ICP Operations							503.155	415.393	431.950
Transportation (includes CONUS and EX-CONUS)							130.353	168.191	171.050
DLA (Depot Reimbursables)							73.070	91.794	86.704
Other Outputs:							192.796	194.457	197.054
Centrally Mgd Programs							111.176	112.288	113.411
NAVSISA							31.363	31.772	32.186
Real Property Maintenance							19.508	20.419	21.479
MILPERS							30.749	29.978	29.978
<b>Retail Sales</b>	1,120.973	1,084.370	1,077.295	0.954	1.001	1.001	1,068.985	1,085.099	1,078.035
Material							1,057.845	1,080.211	1,073.147
Material Credits							11.140	4.888	4.888
<b>Reimbursables</b>							407.832	427.133	428.317
Total Operating Authority	5,990.566	6,165.342	6,301.261				6,589.267	6,948.960	6,909.663
Less Customer Returns							60.720	38.397	103.027
Total Operating Budget							6,528.547	6,910.563	6,806.636
Capital Budget							6.940	6.316	4.339

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**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT – MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Mission Statement/Overview**

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

**Activity Group Composition**

The following Marine Corps organizations are funded in this activity group:

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

**Significant Changes Since the FY 2012 President's Budget**

Defense Logistics Agency (DLA) Supply Cost reductions were factored in between FY 2012 and FY 2013 as detailed in the Cash Management and Sales sections.

**Budget Highlights/Special Interest Items**

This budget includes all known requirements to implement Base Realignment and Closure (BRAC) Committee Law #176 (SS&D), which disestablishes and consolidates Depot Level Repairable (DLR) procurement requirements from DoD services to DLA. For MC SMAG, the impact of this law transfers reimbursable full-time equivalent (FTE) labor and support costs related to procurement of DLRs, from the Marine Corps to DLA. Transfer of the SMAG billet and associated costs were completed through remainder of FY 2011. The MC and DLA continue to work, plan, and coordinate all actions and processes required to fully implement this BRAC law. In addition, Cost of Operations had an increase of three FTE in FY 2012 and FY 2013 (24 to 27) for technical maintenance and transitional legacy system support for the sole Automated Information System (AIS) for billing and accounting processes. Added cost of \$1.4 million in FY 2013 was also included for a market assessment of the AIS.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT – MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Operating Results**

<b><u>Revenue/Expense/NOR/AOR (\$ million)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Net Revenue	158.629	158.135	146.938
Expenses	149.507	153.706	145.515
Net Operating Results	9.122	4.429	1.423
Prior Year AOR	-2.041	7.081	11.510
Accumulated Operating Result (AOR)	7.081	11.510	0.000

Note: Amounts may not add due to rounding

Revenue and Expenses: Annual Revenue and Expenses fluctuate slightly across the budget years in relation to sales and obligations. The net result is a balanced budget that achieves a zero AOR in FY 2013.

**Cash Management**

<b><u>Collections/Disbursement/Outlays (\$ million)</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Collections	160.178	158.135	146.938
Disbursements	125.522	163.093	146.878
Outlays	-34.656	4.958	-0.060

Note: Amounts may not add due to rounding

Collections: Actual execution in FY 2011 is higher than the FY 2012 President's Budget due to higher Operation Enduring Freedom demand. FY 2012 and FY 2013 fluctuate slightly across budget years commensurate with sales.

Disbursements: FY 2011 Disbursements are lower than President's Budget submission, solely due to receipt of on order items and completion/receipt of assets from sources of repair later than anticipated. Disbursements in FY 2012 are higher due to anticipated receipt of on order items and completion/receipt of assets to fill the large backorder position. FY 2013 decreases are due to a reduction in DLA Supply costs.

Net Outlays: Net Outlays fluctuate across the budget years based on the effects of Collections and Disbursements.



**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT – MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Sales**

<b><u>Gross Sales</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Wholesale	81.847	78.550	77.550
Retail	84.128	86.670	77.799
Provisioning	0.446	0.350	0.250
Total	166.421	165.570	155.599

Note: Amounts may not add due to rounding

Wholesale: FY 2011 Gross Sales decreased from the FY 2012 President’s Budget due to lower price reductions and normalizing of Wholesale vs. Retail requirements. The percentage of sales at exchange/reduced price is expected to increase in FY 2012, thus price reductions will cause a drop in gross sales that same fiscal year.

Retail: FY 2011 and FY 2012 Gross Sales increased from the FY 2012 President’s Budget due to customer demand for the Tripod Mount in support of the M3 Tripod. Direct Support Stock Control (DSSC) Stock Fund Inventory is transitioning to the Garrison Retail Supply Chain, who is taking control of all Government Managed Inventory; these items are products that are vendor-owned, and is causing a large decrease in sales for the DSSCs future months. Sales decrease in FY 2013 due to reductions in DLA Supply costs.

<b><u>Metrics</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Items Managed	3,631	4,450	4,450
Requisitions Received	3,609	3,565	3,521
Receipts	1,344	1,331	1,322
Issues	4,758	4,711	4,663
Contracts Executed	67	37	37
Purchase Inflation	1.4%	1.5%	1.7%
Supply Material Availability	65%	75%	85%

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT – MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

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

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Undelivered Orders (\$ million)	99.212	100.793	123.626

**War Reserve Material (WRM):** WRM funding supports the procurement, replenishment, reconstitution, stock and contracted asset availability guarantee of consumable and reparable items deemed necessary for war reserve. No obligational authority is anticipated during this budget cycle.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
WRM (\$ million)	0.000	0.000	0.000

**Performance Indicators:** In addition to core metrics such as net and accumulated operating results, Supply Chain Channel Performance measures the capacity of the supply chain to respond to customer demand.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Supply Chain Channel Performance	65%	75%	85%
Report of Discrepancy	0%	0%	0%
Report of Discrepancy Processing Time	24	24	24

<u>Unit Cost</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Wholesale	0.985	0.909	0.971
Retail	0.978	0.959	0.978

<u>Composite Rates</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Annual Price Change	5.63%	-4.59%	-2.92%
Composite Cost Recovery Rate (CRR)	34.69%	26.74%	22.36%

The FY 2012 and FY 2013 CRR and Annual Price Change decreases are due to a combination of higher sales at cost, components of the surcharge elements, and lower AOR recovery rates.

**DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT – MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012**

**Staffing**

<b><u>Civilian/Military End Strength &amp; Work Years</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>
Civilian End Strength	24	27	27
Civilian Work years	24	27	27
Military End Strength	0	0	0
Military Work years	0	0	0

Civilian and Military staffing increases in FY 2012 and FY 2013 due to the requirement for maintenance and legacy support of the AIS system.

**Capital Investment Program (CIP) Budget Authority**

The Marine Corps SMAG does not have a CIP budget.

SUMMARY OF PRICE, PROGRAM, & OTHER CHANGES  
 DEPARTMENT OF THE NAVY  
 NAVY WORKING CAPITAL FUND  
 SUPPLY MANAGEMENT - MARINE CORPS  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
 FEBRUARY 2012  
 \$ IN MILLIONS

	Cost of Operations <u>FY 2011</u>	Price Growth	Program & Other Changes	Cost of Operations <u>FY 2012</u>	Price Growth	Program & Other Changes	Cost of Operations <u>FY 2013</u>
Military Personnel Compensation	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Civilian Personnel Compensation and Benefits	2.102	0.000	0.266	2.368	0.012	0.004	2.384
Travel and Transportation of Personnel	0.075	0.001	0.024	0.100	0.002	(0.002)	0.100
Material & Supplies (For Internal Operations)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Equipment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Purchases from Revolving Funds	9.506	0.143	(1.501)	8.148	0.138	(0.138)	8.148
Transportation of Things	0.011	0.000	0.089	0.100	0.002	(0.002)	0.100
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Printing and Reproduction	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Advisory and Assistance Services:	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Rent, Communications, Utilities and Miscellaneous Charges:	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Purchased Services	1.199	0.018	0.436	1.653	0.028	1.324	3.005
<b>Total Operating Budget</b>	<b>12.893</b>	<b>0.162</b>	<b>(0.686)</b>	<b>12.369</b>	<b>0.182</b>	<b>1.186</b>	<b>13.737</b>
Less Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Inventory Procurement Expenses	136.614	0.000	0.000	141.337	0.000	0.000	131.747
<b>Total Costs</b>	<b>149.507</b>	<b>0.162</b>	<b>4.037</b>	<b>153.706</b>	<b>0.182</b>	<b>(8.404)</b>	<b>145.484</b>

SOURCES OF REVENUE  
 DEPARTMENT OF THE NAVY  
 NAVY WORKING CAPITAL FUND  
 SUPPLY MANAGEMENT - MARINE CORPS  
 SUMMARY OF WHOLESALE AND RETAIL  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
 FEBRUARY 2012  
 \$ IN MILLIONS

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
1. New Orders			
1a. Orders from DoD Components:			
Own Component			
Military Personnel, M.C.	0.000	0.000	0.000
O & M, M.C.	140.713	125.399	119.781
O & M, M.C. Reserve	0.000	0.000	0.000
Reserve Personnel, M.C.	0.000	0.000	0.000
Procurement, M.C.	0.446	0.350	0.250
Other Services (O&M)			
Army	2.598	3.025	3.047
Air Force	0.760	1.235	1.235
Navy	2.701	2.525	2.139
All Other DOD	4.447	3.000	3.000
Subtotal	151.665	135.534	129.452
1b. Orders from other Fund Business Areas:			
Navy Supply Management	0.007	0.007	0.006
M.C. Depot Maintenance	19.391	18.700	16.795
Subtotal	19.398	18.707	16.801
1c. Total DoD	171.063	154.241	146.253
1d. Other Orders:			
Other Federal Agencies	0.303	0.306	0.279
Foreign Military Sales	0.876	0.834	0.834
Non Federal Agencies	0.015	0.012	0.013
Subtotal	1.194	1.152	1.126
Total New Orders	172.257	155.393	147.379
2. Carry-In Orders	29.863	35.699	25.522
3. Total Gross Orders:	202.120	191.092	172.901
4. Funded Carry-over:	35.699	25.522	17.302
5. Total Gross Sales:	166.421	165.570	155.599

**CASH MANAGEMENT PLAN  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
SEPTEMBER 2012**

**(DOLLARS IN THOUSANDS)**

**FY 2012**

<b>Cummulative</b>	<b>Disbursements</b>			<b>Collections</b>			<b>Net Outlays</b>		<b>Total</b>	
	<b>Operations</b>	<b>Transfers</b>		<b>Operations</b>	<b>Appropriations</b>		<b>Transfers</b>	<b>Total</b>	<b>Cash</b>	<b>Balances</b>
		<b>OUT</b>	<b>IN</b>		<b>IN</b>	<b>IN</b>				
October	\$14,221	\$0	\$0	\$13,968	\$0	\$0	\$0	\$253	\$38,896	\$38,896
November	\$27,704	\$0	\$0	\$24,303	\$0	\$0	\$0	\$3,401	\$35,748	\$35,748
December	\$38,918	\$0	\$0	\$35,824	\$0	\$0	\$0	\$3,094	\$36,055	\$36,055
January	\$49,331	\$0	\$0	\$48,216	\$0	\$0	\$0	\$1,115	\$38,034	\$38,034
February	\$58,513	\$0	\$0	\$61,640	\$0	\$0	\$0	(\$3,127)	\$42,276	\$42,276
March	\$69,546	\$0	\$0	\$74,050	\$0	\$0	\$0	(\$4,504)	\$43,653	\$43,653
April	\$85,682	\$0	\$0	\$85,692	\$0	\$0	\$0	(\$10)	\$39,159	\$39,159
May	\$98,105	\$0	\$0	\$98,205	\$0	\$0	\$0	(\$100)	\$39,249	\$39,249
June	\$111,197	\$0	\$0	\$115,045	\$0	\$0	\$0	(\$3,848)	\$42,997	\$42,997
July	\$128,456	\$0	\$0	\$131,159	\$0	\$0	\$0	(\$2,703)	\$41,852	\$41,852
August	\$148,129	\$0	\$0	\$142,013	\$0	\$0	\$0	\$6,116	\$33,033	\$33,033
September	\$163,093	\$0	\$0	\$158,135	\$0	\$0	\$0	\$4,958	\$34,191	\$34,191
<b>Monthly</b>	<b>Operations</b>	<b>Transfers</b>	<b>Total</b>	<b>Operations</b>	<b>Appropriations</b>	<b>Transfers</b>	<b>Total</b>	<b>Net Outlays</b>	<b>Total</b>	<b>Cash</b>
October	\$14,221	\$0	\$14,221	\$13,968	\$0	\$0	\$13,968	\$253	\$38,896	\$38,896
November	\$13,483	\$0	\$13,483	\$10,335	\$0	\$0	\$10,335	\$3,148	\$35,748	\$35,748
December	\$11,214	\$0	\$11,214	\$11,521	\$0	\$0	\$11,521	(\$307)	\$36,055	\$36,055
January	\$10,413	\$0	\$10,413	\$12,392	\$0	\$0	\$12,392	(\$1,979)	\$38,034	\$38,034
February	\$9,182	\$0	\$9,182	\$13,424	\$0	\$0	\$13,424	(\$4,242)	\$42,276	\$42,276
March	\$11,033	\$0	\$11,033	\$12,410	\$0	\$0	\$12,410	(\$1,377)	\$43,653	\$43,653
April	\$16,136	\$0	\$16,136	\$11,642	\$0	\$0	\$11,642	\$4,494	\$39,159	\$39,159
May	\$12,423	\$0	\$12,423	\$12,513	\$0	\$0	\$12,513	(\$90)	\$39,249	\$39,249
June	\$13,092	\$0	\$13,092	\$16,840	\$0	\$0	\$16,840	(\$3,748)	\$42,997	\$42,997
July	\$17,259	\$0	\$17,259	\$16,114	\$0	\$0	\$16,114	\$1,145	\$41,852	\$41,852
August	\$19,673	\$0	\$19,673	\$10,854	\$0	\$0	\$10,854	\$8,819	\$33,033	\$33,033
September	\$14,964	\$0	\$14,964	\$16,122	\$0	\$0	\$16,122	(\$1,158)	\$34,191	\$34,191

CASH MANAGEMENT PLAN  
DEPARTMENT OF THE NAVY  
SUPPLY MANAGEMENT - MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
SEPTEMBER 2012

(DOLLARS IN THOUSANDS)

FY 2013

	Disbursements			Collections			Net Outlays		Total
	Operations	Transfers	Total	Operations	Appropriations	Transfers	Total	Cash	
<b>Cummulative</b>		<u>OUT</u>		<u>IN</u>					
October	\$11,715	\$0	\$11,715	\$12,966	\$0	\$0	(\$1,251)	\$35,442	
November	\$23,514	\$0	\$23,514	\$24,270	\$0	\$0	(\$756)	\$34,947	
December	\$36,427	\$0	\$36,427	\$35,843	\$0	\$0	\$584	\$33,607	
January	\$46,741	\$0	\$46,741	\$48,335	\$0	\$0	(\$1,594)	\$35,785	
February	\$54,903	\$0	\$54,903	\$61,859	\$0	\$0	(\$6,956)	\$41,147	
March	\$66,223	\$0	\$66,223	\$74,369	\$0	\$0	(\$8,146)	\$42,337	
April	\$81,359	\$0	\$81,359	\$86,111	\$0	\$0	(\$4,752)	\$38,943	
May	\$93,782	\$0	\$93,782	\$98,724	\$0	\$0	(\$4,942)	\$39,133	
June	\$105,161	\$0	\$105,161	\$112,659	\$0	\$0	(\$7,498)	\$41,689	
July	\$119,409	\$0	\$119,409	\$126,873	\$0	\$0	(\$7,464)	\$41,655	
August	\$131,082	\$0	\$131,082	\$137,827	\$0	\$0	(\$6,745)	\$40,936	
September	\$146,878	\$0	\$146,878	\$146,938	\$0	\$0	(\$60)	\$34,251	
<b>Monthly</b>		<u>OUT</u>		<u>IN</u>					
October	\$11,715	\$0	\$11,715	\$12,966	\$0	\$0	(\$1,251)	\$35,442	
November	\$11,799	\$0	\$11,799	\$11,304	\$0	\$0	\$495	\$34,947	
December	\$12,913	\$0	\$12,913	\$11,573	\$0	\$0	\$1,340	\$33,607	
January	\$10,314	\$0	\$10,314	\$12,492	\$0	\$0	(\$2,178)	\$35,785	
February	\$8,162	\$0	\$8,162	\$13,524	\$0	\$0	(\$5,362)	\$41,147	
March	\$11,320	\$0	\$11,320	\$12,510	\$0	\$0	(\$1,190)	\$42,337	
April	\$15,136	\$0	\$15,136	\$11,742	\$0	\$0	\$3,394	\$38,943	
May	\$12,423	\$0	\$12,423	\$12,613	\$0	\$0	(\$190)	\$39,133	
June	\$11,379	\$0	\$11,379	\$13,935	\$0	\$0	(\$2,556)	\$41,689	
July	\$14,248	\$0	\$14,248	\$14,214	\$0	\$0	\$34	\$41,655	
August	\$11,673	\$0	\$11,673	\$10,954	\$0	\$0	\$719	\$40,936	
September	\$15,796	\$0	\$15,796	\$9,111	\$0	\$0	\$6,685	\$34,251	

REVENUE AND EXPENSES  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
SUMMARY OF WHOLESALE AND RETAIL  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<b>Revenue</b>			
Operations (Gross Sales)	165.975	165.220	154.344
Capital Surcharge	0.000	0.000	0.000
Depreciation except Maj Const	0.000	0.000	0.000
Major Construction Depreciation	0.000	0.000	0.000
Other Income	0.446	0.350	0.250
Refunds/Discounts	(7.792)	(7.435)	(7.656)
<b>Total Income:</b>	<b>158.629</b>	<b>158.135</b>	<b>146.938</b>
<b>Expenses</b>			
Cost of Materiel Sold from Inventory	136.614	141.337	131.747
Salaries and Wages			
Military Personnel Compensation & Benefit:	0.000	0.000	0.000
Civilian Personnel & Compensation & Benefit:	2.102	2.368	2.415
Travel & Transportation of Personnel	0.075	0.100	0.100
Materials & Supplies (For internal Operations)	0.000	0.000	0.000
Mobilization	0.000	0.000	0.000
Other Purchases from Revolving Fund:	9.506	8.148	8.148
Transportation of Things	0.011	0.100	0.100
Depreciation - Capital	0.000	0.000	0.000
Printing and Reproduction	0.000	0.000	0.000
Advisory and Assistance Service	0.000	0.000	0.000
Rent, Communication, Utilities, & Misc. Charge	0.000	0.000	0.000
Other Purchased Services	1.199	1.653	3.005
<b>Total Expenses:</b>	<b>149.507</b>	<b>153.706</b>	<b>145.515</b>
<b>Operating Result:</b>	<b>9.122</b>	<b>4.429</b>	<b>1.423</b>
Less Capital Surcharge Reservatior	0.000	0.000	0.000
Plus Appropriations Affecting NOR/AOR -WRM	0.000	0.000	0.000
Other Changes Affecting NOR/AOR	0.000	0.000	0.000
<b>Net Operating Result:</b>	<b>9.122</b>	<b>4.429</b>	<b>1.423</b>
Other Changes Affecting AOR			
Prior Year AOR	(2.041)	7.081	11.510
AOR Redistribution	0.000	0.000	0.000
Cash Factor	0.000	0.000	(12.933)
<b>Accumulated Operating Result:</b>	<b>7.081</b>	<b>11.510</b>	<b>0.000</b>



FUEL DATA  
 DEPARTMENT OF THE NAVY  
 NAVY WORKING CAPITAL FUND  
 SUPPLY MANAGEMENT - MARINE CORPS  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
 FEBRUARY 2012  
 \$ IN MILLIONS

FY 2011

1 BARREL = 42 GALLONS

PRODUCT	----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED
	BARRELS	U/P	EXT COST	BARRELS	U/P	EXT COST	PRICE
AVGAS (CONUS)	0.000	145.32	0.000	0.000	0.00	0.000	145.32
Distillates - F76	0.000	126.84	0.000	0.000	0.00	0.000	126.84
High Sulfur - DF1	0.000	127.26	0.000	0.000	0.00	0.000	127.26
High Sulfur - DF2	0.000	114.24	0.000	0.000	0.00	0.000	114.24
Ultra Low Sulfur - DS1	0.006	127.26	0.802	0.000	0.00	0.000	127.26
Ultra Low Sulfur - DS2	0.000	122.64	0.000	0.000	0.00	0.000	122.64
Burner Grade - FS1	0.000	124.32	0.000	0.000	0.00	0.000	124.32
Burner Grade - FS2	0.000	109.20	0.000	0.000	0.00	0.000	109.20
JP-5	0.000	128.10	0.000	0.000	0.00	0.000	128.10
JP-8	0.002	127.26	0.308	0.000	0.00	0.000	127.26
Midgrade, Unleaded - MUM	0.000	131.04	0.000	0.000	0.00	0.000	131.04
Regular, Unleaded - MUR	0.000	124.32	0.000	0.000	0.00	0.000	124.32
Bunker Grade - FS4	0.000	80.64	0.000	0.000	0.00	0.000	80.64
Bunker Grade - FS6	0.000	63.84	0.000	0.000	0.00	0.000	63.84
Navy Reclaimed - FOR	0.000	44.10	0.000	0.000	0.00	0.000	44.10
Kerosene - KS1	0.000	125.58	0.000	0.000	0.00	0.000	125.58
Propane	0.000	57.61	0.000	0.005	80.51	0.435	57.61
Natural Gas - CNG	0.000	68.49	0.000	0.004	63.00	0.221	68.49
Other (List)	0.000	0.00	0.000	0.000	0.00	0.000	0.00
<b>TOTAL</b>	<b>0.009</b>		<b>1.110</b>	<b>0.009</b>		<b>0.655</b>	

FUEL DATA  
 DEPARTMENT OF THE NAVY  
 NAVY WORKING CAPITAL FUND  
 SUPPLY MANAGEMENT - MARINE CORPS  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
 FEBRUARY 2012  
 \$ IN MILLIONS

FY 2012

1 BARREL = 42 GALLONS

PRODUCT	----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED
	BARRELS	U/P	EXT COST	BARRELS	U/P	EXT COST	PRICE
AVGAS (CONUS)	0.000	149.64	0.000	0.000	0.00	0.000	149.64
Distillates - F76	0.000	130.62	0.000	0.000	0.00	0.000	130.62
High Sulfur - DF1	0.000	131.04	0.000	0.000	0.00	0.000	131.04
High Sulfur - DF2	0.000	117.63	0.000	0.000	0.00	0.000	117.63
Ultra Low Sulfur - DS1	0.003	131.04	0.393	0.000	0.00	0.000	131.04
Ultra Low Sulfur - DS2	0.000	126.00	0.000	0.000	0.00	0.000	126.00
Burner Grade - FS1	0.000	127.68	0.000	0.000	0.00	0.000	127.68
Burner Grade - FS2	0.000	112.56	0.000	0.000	0.00	0.000	112.56
JP-5	0.000	131.88	0.000	0.000	0.00	0.000	131.88
JP-8	0.001	131.04	0.131	0.000	0.00	0.000	131.04
Midgrade, Unleaded - MUM	0.000	134.82	0.000	0.000	0.00	0.000	134.82
Regular, Unleaded - MUR	0.000	127.68	0.000	0.000	0.00	0.000	127.68
Bunker Grade - FS4	0.000	83.16	0.000	0.000	0.00	0.000	83.16
Bunker Grade - FS6	0.000	65.94	0.000	0.000	0.00	0.000	65.94
Navy Reclaimed - FOR	0.000	44.10	0.000	0.000	0.00	0.000	44.10
Kerosene - KS1	0.000	129.36	0.000	0.000	0.00	0.000	129.36
Propane	0.000	59.34	0.000	0.001	82.49	0.108	59.34
Natural Gas - CNG	0.000	70.54	0.000	0.005	63.00	0.315	70.54
Other (List)	0.000	0.00	0.000	0.000	0.00	0.000	0.00
<b>TOTAL</b>	<b>0.004</b>		<b>0.524</b>	<b>0.006</b>		<b>0.423</b>	

FUEL DATA  
 DEPARTMENT OF THE NAVY  
 NAVY WORKING CAPITAL FUND  
 SUPPLY MANAGEMENT - MARINE CORPS  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
 FEBRUARY 2012  
 \$ IN MILLIONS

FY 2013

1 BARREL = 42 GALLONS

PRODUCT	----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED PRICE
	BARRELS	U/P	EXT COST	BARRELS	U/P	EXT COST	
AVGAS (CONUS)	0.000	178.92	0.000	0.000	0.00	0.000	178.92
Distillates - F76	0.000	156.24	0.000	0.000	0.00	0.000	156.24
High Sulfur - DF1	0.000	156.66	0.000	0.000	0.00	0.000	156.66
High Sulfur - DF2	0.000	140.70	0.000	0.000	0.00	0.000	140.70
Ultra Low Sulfur - DS1	0.003	135.62	0.396	0.000	0.00	0.000	135.62
Ultra Low Sulfur - DS2	0.000	130.20	0.000	0.000	0.00	0.000	130.20
Burner Grade - FS1	0.000	131.88	0.000	0.000	0.00	0.000	131.88
Burner Grade - FS2	0.000	116.76	0.000	0.000	0.00	0.000	116.76
JP-5	0.000	136.08	0.000	0.000	0.00	0.000	136.08
JP-8	0.001	135.36	0.135	0.000	0.00	0.000	135.36
Midgrade, Unleaded - MUM	0.000	139.02	0.000	0.000	0.00	0.000	139.02
Regular, Unleaded - MUR	0.000	131.88	0.000	0.000	0.00	0.000	131.88
Bunker Grade - FS4	0.000	87.36	0.000	0.000	0.00	0.000	87.36
Bunker Grade - FS6	0.000	70.14	0.000	0.000	0.00	0.000	70.14
Navy Reclaimed - FOR	0.000	44.10	0.000	0.000	0.00	0.000	44.10
Kerosene - KS1	0.000	133.56	0.000	0.000	0.00	0.000	133.56
Propane	0.000	53.34	0.000	0.003	82.49	0.247	53.34
Natural Gas - CNG	0.000	63.42	0.000	0.004	63.00	0.252	63.42
Other (List)	0.000	0.00	0.000	0.000	0.00	0.000	0.00
<b>TOTAL</b>	<b>0.004</b>		<b>0.531</b>	<b>0.007</b>		<b>0.499</b>	

**REVENUE AND EXPENSE PHASING PLAN  
SUPPLY MANAGEMENT - MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN THOUSANDS)**

FY 2012

**Cumulative**

	<b>Revenue</b>	<b>Expenses</b>	<b>Adjustments to AOR</b>	<b>NOR</b>	<b>Adjustments to AOR</b>	<b>AOR</b>
October	\$14,519	\$14,867	\$0	(\$348)	\$0	\$6,733
November	\$24,631	\$23,838	\$0	\$793	\$0	\$7,874
December	\$36,182	\$38,141	\$0	(\$1,959)	\$0	\$5,122
January	\$46,220	\$48,808	\$0	(\$2,588)	\$0	\$4,493
February	\$64,767	\$65,270	\$0	(\$503)	\$0	\$6,578
March	\$81,013	\$79,875	\$0	\$1,138	\$0	\$8,219
April	\$92,990	\$92,534	\$0	\$456	\$0	\$7,537
May	\$106,185	\$104,627	\$0	\$1,558	\$0	\$8,639
June	\$115,527	\$113,554	\$0	\$1,973	\$0	\$9,054
July	\$129,242	\$127,816	\$0	\$1,426	\$0	\$8,507
August	\$149,812	\$146,442	\$0	\$3,370	\$0	\$10,451
September	\$158,135	\$153,706	\$0	\$4,429	\$0	\$11,510

**Monthly**

	<b>Revenue</b>	<b>Expenses</b>	<b>Adjustments to AOR</b>	<b>NOR</b>	<b>Adjustments to AOR</b>	<b>AOR</b>
October	\$14,519	\$14,867	\$0	(\$348)	\$0	\$6,733
November	\$10,112	\$8,971	\$0	\$1,141	\$0	\$7,874
December	\$11,551	\$14,303	\$0	(\$2,752)	\$0	\$5,122
January	\$10,038	\$10,667	\$0	(\$629)	\$0	\$4,493
February	\$18,547	\$16,462	\$0	\$2,085	\$0	\$6,578
March	\$16,246	\$14,605	\$0	\$1,641	\$0	\$8,219
April	\$11,977	\$12,659	\$0	(\$682)	\$0	\$7,537
May	\$13,195	\$12,093	\$0	\$1,102	\$0	\$8,639
June	\$9,342	\$8,927	\$0	\$415	\$0	\$9,054
July	\$13,715	\$14,262	\$0	(\$547)	\$0	\$8,507
August	\$20,570	\$18,626	\$0	\$1,944	\$0	\$10,451
September	\$8,323	\$7,264	\$0	\$1,059	\$0	\$11,510

**REVENUE AND EXPENSE PHASING PLAN  
SUPPLY MANAGEMENT - MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
(DOLLARS IN THOUSANDS)**

**FY 2013**

**Cumulative**

	<b>Revenue</b>	<b>Expenses</b>	<b>Adjustments to AOR</b>	<b>NOR</b>	<b>Adjustments to AOR</b>	<b>AOR</b>
October	\$10,451	\$11,942	\$0	(\$1,491)	\$0	\$10,019
November	\$19,695	\$20,235	\$0	(\$540)	\$0	\$10,970
December	\$35,491	\$33,788	\$0	\$1,703	\$0	\$13,213
January	\$42,737	\$42,584	\$0	\$153	\$0	\$11,663
February	\$59,675	\$57,591	\$0	\$2,084	\$0	\$13,594
March	\$73,272	\$69,721	\$0	\$3,551	\$0	\$15,061
April	\$83,475	\$80,744	\$0	\$2,731	\$0	\$14,241
May	\$94,269	\$90,757	\$0	\$3,512	\$0	\$15,022
June	\$104,256	\$101,513	\$0	\$2,743	\$0	\$14,253
July	\$116,850	\$114,734	\$0	\$2,116	\$0	\$13,626
August	\$133,197	\$129,942	\$0	\$3,255	\$0	\$14,765
September	\$146,938	\$145,515	\$0	\$1,423	(\$12,933)	\$0

**Monthly**

	<b>Revenue</b>	<b>Expenses</b>	<b>Adjustments to AOR</b>	<b>NOR</b>	<b>Adjustments to AOR</b>	<b>AOR</b>
October	\$10,451	\$11,942	\$0	(\$1,491)	\$0	\$10,019
November	\$9,244	\$8,293	\$0	\$951	\$0	\$10,970
December	\$15,796	\$13,553	\$0	\$2,243	\$0	\$13,213
January	\$7,246	\$8,796	\$0	(\$1,550)	\$0	\$11,663
February	\$16,938	\$15,007	\$0	\$1,931	\$0	\$13,594
March	\$13,597	\$12,130	\$0	\$1,467	\$0	\$15,061
April	\$10,203	\$11,023	\$0	(\$820)	\$0	\$14,241
May	\$10,794	\$10,013	\$0	\$781	\$0	\$15,022
June	\$9,987	\$10,756	\$0	(\$769)	\$0	\$14,253
July	\$12,594	\$13,221	\$0	(\$627)	\$0	\$13,626
August	\$16,347	\$15,208	\$0	\$1,139	\$0	\$14,765
September	\$13,741	\$15,573	\$0	(\$1,832)	(\$12,933)	\$0

SUPPLY MANAGEMENT SUMMARY BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
SUMMARY OF WHOLESALE AND RETAIL  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2011 Approved Request Delta	1,200,703	128,156	144,544	127,046	0.000	0.000	127,046	35,000	142,046	6,100
	1,309,421	157,529	158,629	158,490	0.000	0.000	158,490	0.000	193,490	7,792
	108,718	29,373	14,085	31,444	0.000	0.000	31,444	(35,000)	51,444	1,692
FY 2012 Approved Request Delta	1,100,917	130,447	133,512	129,374	0.000	0.000	129,374	0.000	129,374	6,100
	1,051,686	147,872	158,135	147,347	0.000	0.000	147,347	35,000	182,347	7,435
	(49,231)	17,425	24,623	17,973	0.000	0.000	17,973	35,000	52,973	1,335
FY 2013 Approved Request Delta	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	933,557	139,723	147,943	144,050	0.000	0.000	144,050	35,000	179,050	7,656
	933,557	139,723	147,943	144,050	0.000	0.000	144,050	35,000	179,050	7,656

SUPPLY MANAGEMENT SUMMARY BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
SUMMARY OF WHOLESALE AND RETAIL  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2011

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 28										
Approved	211.349	54.874	55.341	55.533	0.000	0.000	55.533	20.000	55.533	0.100
Request	268.308	49.350	49.290	52.170	0.000	0.000	52.170	0.000	72.170	0.046
Delta	56.959	(5.524)	(6.051)	(3.363)	0.000	0.000	(3.363)	(20.000)	16.637	(0.054)
BP 38										
Approved	0.364	1.051	1.051	0.959	0.000	0.000	0.959	0.000	0.959	0.000
Request	0.581	1.765	1.765	0.715	0.000	0.000	0.715	0.000	0.715	0.000
Delta	0.217	0.714	0.714	(0.244)	0.000	0.000	(0.244)	0.000	(0.244)	0.000
BP 84										
Approved	988.990	72.231	88.152	57.631	0.000	0.000	57.631	15.000	72.631	6.000
Request	1,040.532	106.414	107.574	92.712	0.000	0.000	92.712	0.000	107.712	7.746
Delta	51.542	34.183	19.422	35.081	0.000	0.000	35.081	(15.000)	35.081	1.746
			*REPAIR ----->	27.203						
BP 91										
Approved	0.000	0.000	0.000	12.923	0.000	0.000	12.923	0.000	12.923	0.000
Request	0.000	0.000	0.000	12.893	0.000	0.000	12.893	0.000	12.893	0.000
Delta	0.000	0.000	0.000	(0.030)	0.000	0.000	(0.030)	0.000	(0.030)	0.000
TOTAL										
Approved	1,200.703	128.156	144.544	127.046	0.000	0.000	127.046	35.000	142.046	6.100
Request	1,309.421	157.529	158.629	158.490	0.000	0.000	158.490	0.000	193.490	7.792
Delta	108.718	29.373	14.085	31.444	0.000	0.000	31.444	(35.000)	51.444	1.692

\*REPAIR = Value of Total Operating Obligations allocated to Rebuild Spares

SUPPLY MANAGEMENT SUMMARY BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
SUMMARY OF WHOLESALE AND RETAIL  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2012

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	<u>OBLIGATION TARGETS</u>			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 28										
Approved	187.710	56.137	56.312	56.506	0.000	0.000	56.506	0.000	56.506	0.100
Request	234.916	50.332	51.090	50.599	0.000	0.000	50.599	20.000	70.599	0.100
Delta	47.206	(5.805)	(5.222)	(5.907)	0.000	0.000	(5.907)	20.000	14.093	0.000
BP 38										
Approved	0.270	1.086	1.086	0.992	0.000	0.000	0.992	0.000	0.992	0.000
Request	0.544	0.947	0.947	0.895	0.000	0.000	0.895	0.000	0.895	0.000
Delta	0.274	(0.139)	(0.139)	(0.097)	0.000	0.000	(0.097)	0.000	(0.097)	0.000
BP 84										
Approved	912.937	73.224	76.114	58.988	0.000	0.000	58.988	0.000	58.988	6.000
Request	816.226	96.593	106.098	83.484	0.000	0.000	83.484	15.000	98.484	7.335
Delta	(96.711)	23.369	29.984	24.496	0.000	0.000	24.496	15.000	39.496	1.335
			*REPAIR ----->	28.849						
BP 91										
Approved	0.000	0.000	0.000	12.888	0.000	0.000	12.888	0.000	12.888	0.000
Request	0.000	0.000	0.000	12.369	0.000	0.000	12.369	0.000	12.369	0.000
Delta	0.000	0.000	0.000	(0.519)	0.000	0.000	(0.519)	0.000	(0.519)	0.000
TOTAL										
Approved	1,100.917	130.447	133.512	129.374	0.000	0.000	129.374	0.000	129.374	6.100
Request	1,051.686	147.872	158.135	147.347	0.000	0.000	147.347	35.000	182.347	7.435
Delta	(49.231)	17.425	24.623	17.973	0.000	0.000	17.973	35.000	52.973	1.335

\*REPAIR = Value of Total Operating Obligations allocated to Rebuild Spares



SUPPLY MANAGEMENT SUMMARY BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
SUMMARY OF WHOLESALE AND RETAIL  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2013

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	<u>OBLIGATION TARGETS</u>			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 28										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	236.247	41.661	41.748	41.314	0.000	0.000	41.314	20.000	61.314	0.100
Delta	236.247	41.661	41.748	41.314	0.000	0.000	41.314	20.000	61.314	0.100
BP 38										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.431	1.031	1.031	0.868	0.000	0.000	0.868	0.000	0.868	0.000
Delta	0.431	1.031	1.031	0.868	0.000	0.000	0.868	0.000	0.868	0.000
BP 84										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	696.879	97.031	105.164	88.131	0.000	0.000	88.131	15.000	103.131	7.556
Delta	696.879	97.031	105.164	88.131	0.000	0.000	88.131	15.000	103.131	7.556
			*REPAIR ----->	29.426						
BP 91										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	13.737	0.000	0.000	13.737	0.000	13.737	0.000
Delta	0.000	0.000	0.000	13.737	0.000	0.000	13.737	0.000	13.737	0.000
TOTAL										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	933.557	139.723	147.943	144.050	0.000	0.000	144.050	35.000	179.050	7.656
Delta	933.557	139.723	147.943	144.050	0.000	0.000	144.050	35.000	179.050	7.656

\*REPAIR = Rebuild Spares

OPERATING REQUIREMENT BY WEAPONS SYSTEM BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT-MARINE CORPS  
BP 28 RCM  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2011

WEAPON SYSTEM	BASIC REPLENISHMENT		TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/REPAIR	TOTAL	MCRS PERCENT
	REPARABLES	CONSUMABLES					
MRAP	0.000	0.000	0.000	3.435	0.000	3.435	
BASIC REPLEN/BASIC REWORK	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL ORDNANCE TANK AUTOMOTIVE	0.000	0.000	0.000	3.435	0.000	3.435	
BASIC REPLEN/BASIC REWORK	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.000	0.000	0.000	0.000	0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.914	0.914	0.000	0.000	0.914	
TOTAL COMMUNICATION AND ELECTRONICS	0.000	0.914	0.914	0.000	0.000	0.914	
BASIC REPLEN/BASIC REWORK	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.000	0.000	0.000	0.000	0.000	0.000	
BASIC REPLEN/BASIC REWORK	0.000	0.174	0.174	0.000	0.000	0.174	
TOTAL GENERAL PROPERTY	0.000	0.174	0.174	0.000	0.000	0.174	
TOTAL PROCUREMENT	0.000	1.088	1.088	3.435	0.000	4.523	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	0.000	1.088	1.088	3.435	0.000	4.523	

OPERATING REQUIREMENT BY WEAPONS SYSTEM BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT-MARINE CORPS  
BP 28 RCM  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
**FY 2012**

WEAPON SYSTEM	BASIC REPLENISHMENT		TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/REPAIR	TOTAL	MCRS PERCENT
	REPARABLES	CONSUMABLES					
BASIC REPLEN/BASIC REWORK TOTAL ORDNANCE TANK AUTOMOTIVE	0.000 0.000	0.854 0.854	0.854 0.854	0.000 0.000	0.000 0.000	0.854 0.854	
BASIC REPLEN/BASIC REWORK TOTAL GUIDED MISSILES AND EQUIPMENT	0.000 0.000	0.822 0.822	0.822 0.822	0.000 0.000	0.000 0.000	0.822 0.822	
BASIC REPLEN/BASIC REWORK TOTAL COMMUNICATION AND ELECTRONICS	0.000 0.000	1.055 1.055	1.055 1.055	0.000 0.000	0.000 0.000	1.055 1.055	
BASIC REPLEN/BASIC REWORK TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.000 0.000	0.424 0.424	0.424 0.424	0.000 0.000	0.000 0.000	0.424 0.424	
BASIC REPLEN/BASIC REWORK TOTAL GENERAL PROPERTY	0.000 0.000	0.245 0.245	0.245 0.245	0.000 0.000	0.000 0.000	0.245 0.245	
TOTAL PROCUREMENT	0.000	3.400	3.400	0.000	0.000	3.400	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	0.000	3.400	3.400	0.000	0.000	3.400	

OPERATING REQUIREMENT BY WEAPONS SYSTEM BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT-MARINE CORPS  
BP 28 RCM  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2013

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
BASIC REPLEN/BASIC REWORK TOTAL ORDNANCE TANK AUTOMOTIVE	0.000 0.000	0.681 0.681	0.681 0.681	0.000 0.000	0.000 0.000	0.681 0.681	
BASIC REPLEN/BASIC REWORK TOTAL GUIDED MISSILES AND EQUIPMENT	0.000 0.000	0.520 0.520	0.520 0.520	0.000 0.000	0.000 0.000	0.520 0.520	
BASIC REPLEN/BASIC REWORK TOTAL COMMUNICATION AND ELECTRONICS	0.000 0.000	0.984 0.984	0.984 0.984	0.000 0.000	0.000 0.000	0.984 0.984	
BASIC REPLEN/BASIC REWORK TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.000 0.000	0.250 0.250	0.250 0.250	0.000 0.000	0.000 0.000	0.250 0.250	
BASIC REPLEN/BASIC REWORK TOTAL GENERAL PROPERTY	0.000 0.000	0.360 0.360	0.360 0.360	0.000 0.000	0.000 0.000	0.360 0.360	
TOTAL PROCUREMENT	0.000	2.795	2.795	0.000	0.000	2.795	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	0.000	2.795	2.795	0.000	0.000	2.795	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
BP 84 - WHOLESALE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2011

WEAPON SYSTEM	BASIC REPLENISHMENT		TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
	REPARABLES	CONSUMABLES					
BASIC REPLEN/BASIC REWORK	11.629	0.000	11.629	0.000	11.507	23.136	
TOTAL ORDNANCE TANK AUTOMOTIVE	11.629	0.000	11.629	0.000	11.507	23.136	
BASIC REPLEN/BASIC REWORK	0.748	0.000	0.748	0.000	0.000	0.748	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.748	0.000	0.748	0.000	0.000	0.748	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	(0.088)	0.000	(0.088)	
BASIC REPLEN/BASIC REWORK	28.739	0.000	28.739	0.000	17.517	46.256	
TOTAL COMMUNICATION AND ELECTRONICS	28.739	0.000	28.739	(0.088)	17.517	46.168	
BASIC REPLEN/BASIC REWORK	11.400	0.000	11.400	0.000	(0.567)	10.833	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	11.400	0.000	11.400	0.000	(0.567)	10.833	
BASIC REPLEN/BASIC REWORK	12.376	0.000	12.376	0.000	(0.550)	11.826	
TOTAL GENERAL PROPERTY	12.376	0.000	12.376	0.000	(0.550)	11.826	
TOTAL PROCUREMENT	64.892	0.000	64.892	(0.088)	27.907	92.711	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	64.892	0.000	64.892	(0.088)	27.907	92.711	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
BP 84 - WHOLESALE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2012

WEAPON SYSTEM	BASIC REPLENISHMENT		TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
	REPARABLES	CONSUMABLES					
BASIC REPLEN/BASIC REWORK	15.562	0.000	15.562	0.000	12.672	28.234	
TOTAL ORDNANCE TANK AUTOMOTIVE	15.562	0.000	15.562	0.000	12.672	28.234	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.250	0.000		
BASIC REPLEN/BASIC REWORK	6.428	0.000	6.428	0.000	1.062	7.490	
TOTAL GUIDED MISSILES AND EQUIPMENT	6.428	0.000	6.428	0.250	1.062	7.740	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.000	3.738	3.738	
BASIC REPLEN/BASIC REWORK	7.458	0.000	7.458	0.000	9.600	17.058	
TOTAL COMMUNICATION AND ELECTRONICS	7.458	0.000	7.458	0.000	13.338	20.796	
BASIC REPLEN/BASIC REWORK	16.124	0.000	16.124	0.000	1.647	17.771	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	16.124	0.000	16.124	0.000	1.647	17.771	
BASIC REPLEN/BASIC REWORK	8.813	0.000	8.813	0.000	0.130	8.943	
TOTAL GENERAL PROPERTY	8.813	0.000	8.813	0.000	0.130	8.943	
TOTAL PROCUREMENT	54.385	0.000	54.385	0.250	28.849	83.484	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	54.385	0.000	54.385	0.250	28.849	83.484	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
BP 84 - WHOLESALE  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2013

WEAPON SYSTEM	BASIC REPLENISHMENT		TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/REPAIR	TOTAL	MCRS PERCENT
	REPARABLES	CONSUMABLES					
BASIC REPLEN/BASIC REWORK	10.487	0.000	10.487	0.000	10.781	21.268	
TOTAL ORDNANCE TANK AUTOMOTIVE	10.487	0.000	10.487	0.000	10.781	21.268	
BASIC REPLEN/BASIC REWORK	20.448	0.000	0.000	0.000	8.968	29.416	
TOTAL GUIDED MISSILES AND EQUIPMENT	20.448	0.000	20.448	0.000	8.968	29.416	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.250	0.000	0.250	
BASIC REPLEN/BASIC REWORK	10.476	0.000	10.476	0.000	4.781	15.257	
TOTAL COMMUNICATION AND ELECTRONICS	10.476	0.000	10.476	0.250	4.781	15.507	
BASIC REPLEN/BASIC REWORK	11.788	0.000	11.788	0.000	3.214	15.002	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	11.788	0.000	11.788	0.000	3.214	15.002	
BASIC REPLEN/BASIC REWORK	5.256	0.000	5.256	0.000	1.682	6.938	
TOTAL GENERAL PROPERTY	5.256	0.000	5.256	0.000	1.682	6.938	
TOTAL PROCUREMENT	58.455	0.000	58.455	0.250	29.426	88.131	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	58.455	0.000	58.455	0.250	29.426	88.131	

INVENTORY STATUS  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
SUMMARY OF WHOLESALE AND RETAIL  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2011

	<u>Total</u>	<u>Mobilization</u>	---- Peacetime ----	
			<u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	1,304.739	66.416	693.454	544.869
2. BOP INVENTORY ADJUSTMENTS	66.545	2.743	35.944	27.858
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	66.545	2.743	35.944	27.858
C. INVENTORY RECLASSIFIED AND REPRICED	1,371.284	69.159	729.398	572.727
3. RECEIPTS AT STANDARD	99.417	1.890	97.527	0.000
4. SALES AT STANDARD	188.238	0.004	188.234	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(2.753)	0.131	42.920	(45.804)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	7.792	0.000	7.792	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	463.852	1.256	63.117	399.479
D. RETURNS TO SUPPLIERS (-)	(20.544)	0.000	0.000	(20.544)
E. TRANSFERS TO PROP. DISPOSAL (-)	(145.057)	0.019	(0.001)	(145.075)
F. ISSUES/RECEIPTS W/O REIMBURSEMENT + or (-)	(186.094)	(1.099)	0.000	(184.995)
G. OTHER (list/explain)	(28.633)	(9.747)	(106.351)	87.465
H. TOTAL ADJUSTMENTS	88.563	(9.440)	7.477	90.526
6. INVENTORY EOP	1,371.026	61.605	646.168	663.253
7. INVENTORY EOP, REVALUED	1,017.912	45.738	479.745	492.429
A. ECONOMIC RETENTION (memo)				30.038
B. CONTINGENCY RETENTION (memo)				175.699
C. POTENTIAL DOD EXCESS (memo)				286.692
8. INVENTORY ON ORDER EOP (memo)	86.319	0.000	83.434	2.885
9. NARRATIVE:		0.000	0.000	0.000
Other adjustments (line 5G):		0.000	0.000	0.000
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(28.633)	(9.747)	(106.351)	87.465
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
	----	----	----	----
Total	(28.633)	(9.747)	(106.351)	87.465



INVENTORY STATUS  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
SUMMARY OF WHOLESALE AND RETAIL  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
FY 2012

	<u>Total</u>	<u>Mobilization</u>	---- Peacetime ----	
			<u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	1,371.026	61.605	646.168	663.253
2. BOP INVENTORY ADJUSTMENTS	(48.943)	(0.962)	(27.172)	(20.809)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	(48.943)	(0.962)	(27.172)	(20.809)
C. INVENTORY RECLASSIFIED AND REPRICED	1,322.083	60.643	618.996	642.444
3. RECEIPTS AT STANDARD	90.449	0.000	90.449	0.000
4. SALES AT STANDARD	191.595	0.000	191.595	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(3.480)	0.000	10.018	(13.498)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	7.435	0.000	7.435	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	200.003	0.000	15.453	184.550
D. RETURNS TO SUPPLIERS (-)	(7.001)	0.000	0.000	(7.001)
E. TRANSFERS TO PROP. DISPOSAL (-)	(85.227)	0.000	(0.026)	(85.201)
F. ISSUES/RECEIPTS W/O REIMBURSEMENT + or (-)	(218.665)	0.000	0.000	(218.665)
G. OTHER (list/explain)	(1.673)	0.000	(15.738)	14.065
H. TOTAL ADJUSTMENTS	(108.608)	0.000	17.142	(125.750)
6. INVENTORY EOP	1,112.329	60.643	534.992	516.694
7. INVENTORY EOP, REVALUED	877.646	47.848	422.118	407.680
A. ECONOMIC RETENTION (memo)				24.868
B. CONTINGENCY RETENTION (memo)				145.460
C. POTENTIAL DOD EXCESS (memo)				237.351
8. INVENTORY ON ORDER EOP (memo)	100.793	0.000	97.908	2.885
9. NARRATIVE:				
Other adjustments (line 5G):				
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(1.673)	0.000	(15.738)	14.065
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
	----	----	----	----
Total	(1.673)	0.000	(15.738)	14.065

INVENTORY STATUS  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
SUMMARY OF WHOLESALE AND RETAIL  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
FY 2013

	<u>Total</u>	<u>Mobilization</u>	---- Peacetime ----	
			<u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	1,112.329	60.643	534.992	516.694
2. BOP INVENTORY ADJUSTMENTS	5.397	0.788	2.532	2.077
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	5.397	0.788	2.532	2.077
C. INVENTORY RECLASSIFIED AND REPRICED	1,117.726	61.431	537.524	518.771
3. RECEIPTS AT STANDARD	84.254	0.000	84.254	0.000
4. SALES AT STANDARD	181.203	0.000	181.203	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	2.547	0.000	9.416	(6.869)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	7.656	0.000	7.656	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	202.797	0.000	52.200	150.597
D. RETURNS TO SUPPLIERS (-)	(7.147)	0.000	0.000	(7.147)
E. TRANSFERS TO PROP. DISPOSAL (-)	(83.645)	0.000	(0.023)	(83.622)
F. ISSUES/RECEIPTS W/O REIMBURSEMENT + or (-)	(139.840)	0.000	0.000	(139.840)
G. OTHER (list/explain)	(18.453)	0.000	(33.785)	15.332
H. TOTAL ADJUSTMENTS	(36.085)	0.000	35.464	(71.549)
6. INVENTORY EOP	984.692	61.431	476.039	447.222
7. INVENTORY EOP, REVALUED	785.053	48.976	379.526	356.551
A. ECONOMIC RETENTION (memo)				21.750
B. CONTINGENCY RETENTION (memo)				127.217
C. POTENTIAL DOD EXCESS (memo)				207.584
8. INVENTORY ON ORDER EOP (memo)	123.626	0.000	123.626	0.000
9. NARRATIVE:				
Other adjustments (line 5G):				
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(18.453)	0.000	(33.785)	15.332
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
	----	----	----	----
Total	(18.453)	0.000	(33.785)	15.332

SURCHARGE COMPUTATION  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

Depot Level Repairables (BP 84) (Standard & Exchange Price)	FY 2011		FY 2012		FY 2013	
	\$	%	\$	%	\$	%
1. Sales at LAP/LRC	61.098		62.253		63.583	
2. Surcharge Elements						
a. Supply Operation Oblig.	5.728	9.38%	4.614	7.41%	5.619	8.84%
b. Distribution Depot Oblig.	7.835	12.82%	7.835	12.59%	7.835	12.32%
c. DLSC/DAASO/DRMS Oblig.	0.000	0.00%	0.000	0.00%	0.000	0.00%
d. DFAS Oblig.	0.871	1.43%	0.313	0.50%	0.313	0.49%
e. Depreciation	0.000	0.00%	0.000	0.00%	0.000	0.00%
f. Material Inflation Adj.	1.000	1.64%	0.858	1.38%	0.350	0.55%
g. Obsolescence/Losses Oblig.	0.000	0.00%	0.000	0.00%	0.000	0.00%
h. Condemnation Oblig.	0.000	0.00%	0.000	0.00%	0.000	0.00%
i. Transportation Oblig.	0.100	0.16%	0.100	0.16%	0.100	0.16%
j. Capital Surcharge	0.000	0.00%	0.000	0.00%	0.000	0.00%
k. AOR Recovery	7.610	12.46%	2.927	4.70%	0.000	0.00%
l. Other						
Navy Cash Recovery	(1.949)	-3.19%	0.000	0.00%	0.000	0.00%
Systems Sustainment	0.000	0.00%	0.000	0.00%	0.000	0.00%
Depot Washout	0.000	0.00%	0.000	0.00%	0.000	0.00%
m. <b>Total Surcharge</b>	21.195	34.69%	16.647	26.74%	14.217	22.36%

SM-5b

CUSTOMER PRICE CHANGE  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
1. NET SALES AT COST	61.098	63.111	63.583
2. LESS: MAT'L INFLATION ADJ.	1.000	0.858	0.350
3. REVISED NET SALES	60.098	62.253	63.233
4. SURCHARGE (\$)	21.195	16.647	14.217
5. CHANGE TO CUSTOMERS			
a. PREVIOUS YEAR'S SURCHARGE (%)	0.296	0.347	0.267
b. THIS YEAR'S SURCHARGE AND MATERIAL INFLATION DIVIDED BY LINE 3 ABOVE (\$)	0.369	0.285	0.230
c. PERCENT CHANGE TO CUSTOMER	5.63%	-4.59%	-2.92%

WAR RESERVE MATERIAL  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
**FY 2011**

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	66.416	66.416	0.000
2. PRICE CHANGE	2.743	2.743	0.000
3. RECLASSIFICATION	69.159	69.159	0.000
4. INVENTORY CHANGES			
a. RECEIPTS @ STD	3.146	3.146	0.000
(1) PURCHASES	1.890	1.890	0.000
(2) RETURNS FROM CUSTOMERS	1.256	1.256	0.000
b. ISSUES @ STD	0.023	0.023	0.000
(1) SALES	0.004	0.004	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.019	0.019	0.000
c. ADJUSTMENTS @ STD	(10.677)	(10.677)	0.000
(1) CAPITALIZATIONS	0.131	0.131	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	(10.808)	(10.808)	0.000
5. INVENTORY EOP	61.605	61.605	0.000

STOCKPILE COSTS

1. STORAGE	0.000	0.000	0.000
2. MANAGEMENT	0.000	0.000	0.000
3. MAINTENANCE/OTHER	0.000	0.000	0.000
TOTAL COST	0.000	0.000	0.000

WRM BUDGET REQUEST

1. OBLIGATIONS @ COST			
a. ADDITIONAL WRM INVESTMENT	0.000	0.000	0.000
b. REPLEN/REPAIR WRM REINVESTMENT	0.000	0.000	0.000
c. STOCK ROTATION/OBSOLESCENCE	0.000	0.000	0.000
d. ASSEMBLE/DISASSEMBLE	0.000	0.000	0.000
e. OTHER	0.000	0.000	0.000
TOTAL REQUEST	0.000	0.000	0.000

WAR RESERVE MATERIAL  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
**FY 2012**

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	61.605	61.605	0.000
2. PRICE CHANGE	(0.962)	(0.962)	0.000
3. RECLASSIFICATION	60.643	60.643	0.000
4. INVENTORY CHANGES			
a. RECEIPTS @ STD	0.000	0.000	0.000
(1) PURCHASES	0.000	0.000	0.000
(2) RETURNS FROM CUSTOMERS	0.000	0.000	0.000
b. ISSUES @ STD	0.000	0.000	0.000
(1) SALES	0.000	0.000	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.000	0.000	0.000
c. ADJUSTMENTS @ STD	0.000	0.000	0.000
(1) CAPITALIZATIONS	0.000	0.000	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	0.000	0.000	0.000
5. INVENTORY EOP	60.643	60.643	0.000

STOCKPILE COSTS

1. STORAGE	0.000	0.000	0.000
2. MANAGEMENT	0.000	0.000	0.000
3. MAINTENANCE/OTHER	0.000	0.000	0.000
TOTAL COST	0.000	0.000	0.000

WRM BUDGET REQUEST

1. OBLIGATIONS @ COST			
a. ADDITIONAL WRM INVESTMENT	0.000	0.000	0.000
b. REPLEN/REPAIR WRM REINVESTMENT	0.000	0.000	0.000
c. STOCK ROTATION/OBSCOLESCENCE	0.000	0.000	0.000
d. ASSEMBLE/DISASSEMBLE	0.000	0.000	0.000
e. OTHER	0.000	0.000	0.000
TOTAL REQUEST	0.000	0.000	0.000

WAR RESERVE MATERIAL  
DEPARTMENT OF THE NAVY  
NAVY WORKING CAPITAL FUND  
SUPPLY MANAGEMENT - MARINE CORPS  
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
FEBRUARY 2012  
\$ IN MILLIONS  
**FY 2013**

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	60.643	60.643	0.000
2. PRICE CHANGE	0.788	0.788	0.000
3. RECLASSIFICATION	61.431	61.431	0.000
4. INVENTORY CHANGES			
a. RECEIPTS @ STD	0.000	0.000	0.000
(1) PURCHASES	0.000	0.000	0.000
(2) RETURNS FROM CUSTOMERS	0.000	0.000	0.000
b. ISSUES @ STD	0.000	0.000	0.000
(1) SALES	0.000	0.000	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.000	0.000	0.000
c. ADJUSTMENTS @ STD	0.000	0.000	0.000
(1) CAPITALIZATIONS	0.000	0.000	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	0.000	0.000	0.000
5. INVENTORY EOP	61.431	61.431	0.000

STOCKPILE COSTS

1. STORAGE	0.000	0.000	0.000
2. MANAGEMENT	0.000	0.000	0.000
3. MAINTENANCE/OTHER	0.000	0.000	0.000
TOTAL COST	0.000	0.000	0.000

WRM BUDGET REQUEST

1. OBLIGATIONS @ COST			
a. ADDITIONAL WRM INVESTMENT	0.000	0.000	0.000
b. REPLEN/REPAIR WRM REINVESTMENT	0.000	0.000	0.000
c. STOCK ROTATION/OBSOLESCENCE	0.000	0.000	0.000
d. ASSEMBLE/DISASSEMBLE	0.000	0.000	0.000
e. OTHER	0.000	0.000	0.000
TOTAL REQUEST	0.000	0.000	0.000

TOTAL COST PER OUTPUT SUMMARY  
 DEPARTMENT OF THE NAVY  
 NAVY WORKING CAPITAL FUND  
 SUPPLY MANAGEMENT - MARINE CORPS  
 FISCAL YEAR (FY) 2013 BUDGET ESTIMATES  
 FEBRUARY 2012  
 \$ IN MILLIONS

	WORKLOAD			UNIT COST			TOTAL COST (OBLIGATIONS + CREDIT RETURNS)		
	FY 2011	FY 2012	FY 2013	FY 2011	FY 2012	FY 2013	FY 2011	FY 2012	FY 2013
Output									
<u>Total Operating Authority</u>									
Wholesale (excludes Provisioning)	81.847	78.550	77.550	0.985	0.909	0.971	80.660	71.441	75.339
Operations							12.893	12.369	13.737
Material							60.021	51.737	54.046
Customer Returns							7.746	7.335	7.556
Provisioning	0.158	0.250	0.250				(0.088)	0.250	0.250
Retail (excludes Provisioning)	84.128	86.670	77.799	0.978	0.959	0.978	82.275	83.091	76.117
Operations							0.000	0.000	0.000
Material							82.229	82.991	76.017
Customer Returns							0.046	0.100	0.100
Provisioning	0.288	0.100	0.000				3.435	0.000	0.000
Other Outputs							0.000	0.000	0.000
War Reserve Obligations							0.000	0.000	0.000
Wholesale							0.000	0.000	0.000
Retail									
Total Operating Authority	166.421	165.570	155.599				166.282	154.782	151.706
Less Customer Returns							7.792	7.435	7.656
Total Operating Budget							158.490	147.347	144.050
Capital Budget	0.000	0.000	0.000				0.000	0.000	0.000