

MILITARY COMMISSARY FUND, DEFENSE

FY 1998/FY 1999 BUDGET ESTIMATES

OPERATING AND CAPITAL BUDGETS



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MILITARY COMMISSARY FUND, DEFENSE

FY 1998/FY 1999 BUDGET ESTIMATES

OPERATING AND CAPITAL BUDGETS

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DEFENSE COMMISSARY AGENCY
MILITARY COMMISSARY FUND, DEFENSE

The Defense Commissary Agency (DeCA) provides a valuable non-pay compensation by operating military commissaries worldwide. Commissaries sell food and related items to active and reserve members of the Military Departments, their families, and other authorized patrons. Commissaries sell product at acquisition cost, resulting in patrons receiving a direct savings of at least 25 percent off the typical market basket. This savings is an integral component of the total military compensation package and is instrumental in recruiting and retaining military members, for fostering a sense of community, and for maintaining a positive sense of quality of life, especially in overseas communities and remote locations. Military members have recently ranked the commissary as their number one non-pay compensation in importance.

I. OPERATING AND CAPITAL BUDGETS

Beginning in FY 1998, DeCA is requesting the establishment of a single revolving fund, the Military Commissary Fund, Defense (MCFD), to finance its operating and capital programs. The Fund consolidates DeCA Operations and Resale Stocks Defense Working Capital Fund activity groups and the Surcharge Collections Trust Fund. Establishing the MCFD will enhance DeCA's ability to operate like a business by enabling the operating and capital requirements to be reprogrammed (traded off) when it is cost effective to do so.

MCFD costs are grouped into two categories, operating and capital budgets. Operating costs include resale inventory, civilian and military labor, labor contracts, travel, commissary operating supplies, equipment under \$100 thousand, transportation of commissary goods overseas, general and administrative expenses, and other base support. Capital budget requirements include acquisitions that are estimated to cost \$100 thousand or more for: major and minor commissary construction; commissary and office equipment; and information systems hardware and software. Although DeCA is responsible for funding and constructing commissaries, DeCA does not own any facilities and transfers ownership to the installation after construction is completed. As a result, depreciation for commissary buildings is not reported in DeCA accounting reports. Capital budget obligations are estimated to be \$145 million in FY 1998.

There will be four revenue sources for the MCFD, (1) sales of food and related household items (about \$5.3 billion a year), (2) five percent surcharge on resale items (about \$250 million a year), (3) annual appropriation (about \$940 million a year), and (4) other revenue for related services provided (about \$45 million a year).

a. Sales finance the purchase of inventory for resale to authorized patrons. Products offered by commissaries include groceries, meat, poultry, fruits, vegetables, dairy products, and household products. Commissary items are sold at cost without any markup or profit margin. Projected sales are \$5.3 billion annually for FY 1998 and FY 1999.

b. The five percent surcharge, applied to patron sales at the check-out counter, was established so authorized patrons share responsibility for a portion of commissary costs. Surcharge revenue is estimated at \$256 million annually for FY 1998 and FY 1999.

c. An annual appropriation offsets about 75 percent of commissary operating costs, allowing DeCA to sell resale items at cost. This appropriation is the commissary patrons' non-pay benefit. Appropriation requests are \$938.6 million in FY 1998 and \$938.7 million in FY 1999.

d. DeCA receives other revenue (about \$45 million a year) by providing services for others, receiving prompt payment discounts, selling used cardboard and equipment, and receiving revenues generated by market development programs. Examples of services provided include processing manufacturer's coupons, handling fees for tobacco products, and operating a commissary for the Coast Guard.

II. WORKLOAD ASSUMPTIONS

DeCA has about nine million authorized patrons. DeCA's customers are primarily active duty military members, reserve component members, retired personnel, and their families; government departments or agencies and DoD civilians in overseas areas; and official organizations and activities of the military departments. Commissaries continue to support military activities on installations when needed and have been instrumental in providing food for contingencies, especially in overseas locations.

DeCA began FY 1997 with 309 commissaries, and plans to begin FY 1998 with 303, and FY 1999 with 301. In addition, there are 11 NEXMARTS, which combine commissary and exchange operations at small locations overseas. The Navy Exchange Command manages these stores, but DeCA provides all resale inventory and reimburses for total costs of commissary operations. DeCA also operates one commissary for the US Coast Guard. There is one DeCA operated central distribution center (CDC) to support inventory requirements in Europe, and one CDC each in Japan, Okinawa, Panama, and Guam. In addition to resale locations and distribution centers, DeCA operates seven regions that provide support and oversight for resale and distribution centers, one Operations Support Center (OSC) that provides direct support to resale locations for merchandising, ordering resale product, transportation services and bill paying, contracting for product and services, and accounting and reconciliation requirements, and a headquarters staff that provides policy and procedures and other related duties associated with a Defense Agency.

Commissary operating hours and days are determined by sales, patron demographics, and local installation needs. Personnel strength is determined through application of engineered staffing standards to workload factors. For example in FY 1996, DeCA processed over 104 million customer transactions, 264 million coupons, 647 million pounds of produce, 214 million pounds of meat, \$26 million of food stamps, and \$20 million of Women Infant & Children vouchers.

Overseas (OCONUS) and remote locations provide a vital service for military members and their families because there is no adequate alternative shopping available. Commissaries are the primary contributor to the quality of life for military populations overseas, and minimize cost of

living (COLA) costs by providing low-cost groceries. However, these commissaries are expensive to operate because support costs in foreign and remote locations are higher, and many overseas commissary locations service small-to-medium military populations. Additionally, overseas transportation of American products cost about \$164 million a year. Currently, OCONUS and remote locations require about 43 percent of DeCA appropriated fund support to produce 22 percent of sales, demonstrating less efficiencies than those realized in CONUS locations.

DeCA projects to have 9,180 full time civilians and 8,165 part-time civilians for a total of 17,345 civilians beginning in FY 1998. There will be 13 military personnel. This civilian end strength will use 15,744 workyears during FY 1998. End strength and workyears have significantly decreased since FY 1992 when there were 21,796 civilians, with 21,303 workyears, and 2,095 military end strength. Civilian end strength and workyears are projected to decrease an additional 418 and 380, respectively, in FY 1999 due to productivity enhancements, such as, consolidation of Accounts Control Sections, above store-level reorganization, and reapplication of meat department engineered staffing standards.

To maintain its infrastructure and to meet its patron demands, DeCA must manage a progressive program of constructing, renovating, and maintaining commissaries. DeCA's planned construction program includes 11 new commissaries at \$80.2 million in FY 1998 and 12 new commissaries at \$62.4 million in FY 1999. There will be 2 commissaries at \$9.8 million renovated in FY 1998 and 4 commissaries at \$27.6 million renovated in FY 1999. Other minor construction is programmed at \$10 million in both FY 1998 and FY 1999. Real property maintenance is programmed for \$23.5 million in FY 1998 and \$35.6 million in FY 1999.

DeCA is requesting, outside its revolving fund, \$9.3 million in military construction funds and \$2.0 million in other procurement funds in FY 1998 for construction of an addition to the headquarters building at Ft Lee, VA. The current building is overcrowded and inadequate to house all the headquarters functions. The project will provide adequate facilities for the co-location of all DeCA headquarters and Operations Support Center activities that now occupy several buildings that are being leased off the installation.

An integral component of DeCA operations is information systems. DeCA is modernizing its point of sales (POS-M) equipment and its business system, Defense Commissary Information System (DAIS), during this budget. POS-M includes price scanning and checkout counters and was required to replace several legacy systems transferred from the Military Departments and to upgrade and improve through-put at checkout. DCIS will interface with POS-M and will provide management information system (MIS) data on inventory management, merchandise buying, labor forecasting/scheduling, labor time and attendance, direct store delivery of merchandise, computer assisted ordering, business mail, funds management, and a decision support system. DeCA has budgeted \$45 million in FY 1998 and \$19 million in FY 1999 to purchase data processing and telecommunications equipment and software.

III. PRODUCTIVITY ASSUMPTIONS

DeCA continues to stay on the leading edge by identifying and implementing more cost-effective business practices. Based on its performance through FY 1996, DeCA was designated a pilot agency for the Government Performance and Results Act (GPRA), and received three "Hammer Awards." Not to rest on these achievements, DeCA is eagerly entering FY 1997 as a proposed Performance Based Organization (PBO). As a PBO, DeCA is anticipated to improve its operating environment by simplifying and streamlining its acquisition, human resource management, and financial management policies and procedures. Proposed financial management-related initiatives include establishing a single commissary revolving fund.

Productivity in DeCA is best illustrated by comparing workload data between commercial supermarkets and the commissary system. The below comparisons clearly demonstrate that commissaries are cost effective and are made good use of by its patrons.

(Source: Progressive Grocer, April 1996)

| WORKLOAD MEASURE | COMMISSARY | SUPERMARKET |
|--------------------------------|------------|-------------|
| Average Weekly Sales Per Store | \$327,000 | \$201,000 |
| Weekly Sales Per Employee | \$ 5,300 | \$ 3,400 |
| Average Store Sales Per Hour | \$ 6,800 | \$ 1,600 |
| Weekly Sales Per Square Foot | \$ 17.21 | \$ 7.17 |

PBO Savings (\$M)

| | FY 1996 | FY 1997 | FY 1998 | FY 1999 |
|--|---------|---------|---------|---------|
|--|---------|---------|---------|---------|

| | | | | |
|-------------|---|---|---|------|
| PBO Savings | - | - | - | 22.2 |
|-------------|---|---|---|------|

Workload Indicators

| | | | | |
|-------------------------|-------|-------|-------|-------|
| Commissaries (begin yr) | 312 | 309 | 303 | 301 |
| Annual Sales | 5,300 | 5,300 | 5,300 | 5,300 |
| Resale Inventory | 344.0 | 344.0 | 344.0 | 344.0 |

Performance Indicators

| | | | | |
|-----------------------------|-------|-------|-------|-------|
| Appropriation Level | 878.7 | 916.4 | 938.6 | 938.7 |
| Customer Satisfaction Level | 87.0% | 88.0% | 89.0% | 89.0% |

End Strength and Workyears

| | | | | |
|-----------------------|--------|--------|--------|--------|
| Civilian End Strength | 19,031 | 17,345 | 17,318 | 16,900 |
| Military End Strength | 19 | 18 | 13 | 13 |
| Civilian Workyears | 17,416 | 15,768 | 15,744 | 15,364 |
| Military Workyears | 238 | 18 | 13 | 13 |

**MILITARY COMMISSARY FUND, DEFENSE
DEFENSE COMMISSARY AGENCY
REVENUE AND EXPENSES
(Dollars in Millions)**

| | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> |
|---|----------------|----------------|----------------|----------------|
| Revenue: | | | | |
| Gross Sales | 5,245.3 | 5,300.0 | 5,300.0 | 5,300.0 |
| Surcharge | 261.7 | 256.0 | 256.0 | 256.0 |
| Other Income | 61.9 | 51.7 | 46.5 | 46.5 |
| Total Income: | 5,568.9 | 5,607.7 | 5,602.5 | 5,602.5 |
| Expenses: | | | | |
| Cost of Materiel Sold from Inventory | 5,246.9 | 5,300.0 | 5,300.0 | 5,300.0 |
| Salaries and Wages: | | | | |
| Military Personnel Compensation & Benefits | 8.3 | 1.3 | 0.7 | 0.7 |
| Civilian Personnel Compensation & Benefits | 576.6 | 536.7 | 549.7 | 548.2 |
| Travel & Transportation of Personnel | 7.1 | 6.6 | 6.8 | 6.8 |
| Materials & Supplies | 52.8 | 54.0 | 55.1 | 55.8 |
| Equipment | 31.0 | 30.8 | 31.4 | 32.2 |
| Transportation of Things | 149.9 | 159.9 | 164.4 | 189.0 |
| Depreciation - Capital | 6.5 | 6.7 | 6.9 | 7.1 |
| Printing & Reproduction | 0.4 | 0.4 | 0.4 | 0.4 |
| Advisory & Assistance Services | 3.6 | 3.0 | 2.9 | 2.7 |
| Rent, Communication, Utilities, & Misc. Charges | 63.3 | 66.5 | 69.4 | 72.2 |
| Other Purchased Services | 267.5 | 272.2 | 276.3 | 256.6 |
| Total Expenses | 6,413.9 | 6,438.1 | 6,464.0 | 6,471.7 |
| Operating Result | (845.0) | (830.4) | (861.5) | (869.2) |
| Less Capital Reservation | (99.2) | (81.7) | (74.2) | (69.5) |
| Plus Appropriations Affecting NOR/AOR | 878.7 | 916.4 | 938.6 | 938.7 |
| Other Changes Affecting NOR/AOR | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Operating Result | (65.5) | 4.3 | 2.9 | 0.0 |
| Other Changes Affecting AOR | 0.0 | 0.0 | 0.0 | 0.0 |
| Accumulated Operating Result | (7.2) | (2.9) | 0.0 | 0.0 |

Exhibit Fund-14 Revenue and Expenses

**MILITARY COMMISSARY FUND, DEFENSE
DEFENSE COMMISSARY AGENCY
SOURCE OF REVENUE
(Dollars in Millions)**

| | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> |
|--------------------------------|----------------|----------------|----------------|----------------|
| 1. New Orders | | | | |
| a. Orders from DoD Components: | | | | |
| Army | 9.3 | 9.3 | 9.3 | 9.3 |
| Navy | 8.2 | 8.2 | 8.2 | 8.2 |
| Air Force | 20.5 | 23.0 | 18.0 | 18.0 |
| Marine Corps | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 6.4 | 5.0 | 5.0 | 5.0 |
| b. Orders from other DWCF | 0.0 | 0.0 | 0.0 | 0.0 |
| c. Total DoD | 44.4 | 45.5 | 40.5 | 40.5 |
| d. Other Orders: | | | | |
| Other Federal Agencies | 3.4 | 3.4 | 3.4 | 3.4 |
| Trust Fund | 0.0 | 0.0 | 0.0 | 0.0 |
| Non Federal Agencies | 5,521.1 | 5,558.8 | 5,558.6 | 5,558.6 |
| Foreign Military Sales | 0.0 | 0.0 | 0.0 | 0.0 |
| Total New Orders | 5,568.9 | 5,607.7 | 5,602.5 | 5,602.5 |
| 2. Carry-In Orders | 0.0 | 0.0 | 0.0 | 0.0 |
| 3. Total Gross Orders | 5,568.9 | 5,607.7 | 5,602.5 | 5,602.5 |
| 4. Funded Carry-over | 0.0 | 0.0 | 0.0 | 0.0 |
| 5. Total Gross Sales | 5,568.9 | 5,607.7 | 5,602.5 | 5,602.5 |

**MILITARY COMMISSARY FUND, DEFENSE
DEFENSE COMMISSARY AGENCY
Changes in the Costs of Operation
(Dollars in Millions)**

Expenses

| | |
|---|---------|
| 1. FY 1996 Actual Costs | 6,413.9 |
| 2. FY 1997 PB Estimate | 6,438.1 |
| 3. Pricing Adjustments: | |
| Annualization of Prior year Pay Raises | 3.7 |
| FY 1998 Pay Raises | |
| Civilian Personnel | 10.5 |
| Military Personnel | 0.0 |
| General Purchases Inflation | 12.3 |
| Transportation | 4.5 |
| 4. Productivity Initiatives and Other Efficiencies: | |
| Savings Initiatives | 0.0 |
| 5. Program Changes: | |
| Store Closures | (5.1) |
| 6. FY 1998 Current Estimate: | 6,464.0 |
| 7. Pricing Adjustments: | |
| Annualization of Prior year Pay Raises | 3.6 |
| FY 1999 Pay Raises | |
| Civilian Personnel | 12.5 |
| Military Personnel | 0.0 |
| General Purchases Inflation | 8.4 |
| Transportation | 24.6 |
| 8. Productivity Initiatives and Other Efficiencies: | |
| Savings Initiatives | (35.3) |
| 9. Program Changes: | |
| Store Closures | (6.1) |
| 10. FY 1999 Current Estimate: | 6,471.7 |

Exhibit Fund-2 Changes in the Costs of Operation

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | | | | | | | | |
|---|--|---|--|--|----------|-----------|------------|----------|-----------|---|----------------------------|--|----------|-----------|------------|--|--|--|-----|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March 1997 | | C. Line No. & Item Description 1 - Replacement Equipment | | | FY 1998 | | | FY 1999 | | | D. Activity Identification | | | | | | | | |
| | | | | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | | | Quantity | Unit Cost | Total Cost | | | | |
| Replacement Equipment | | | | | | | | | | | 400 | | | | | | | | 400 |
| Narrative Justification: Not required because less than \$500,000. | | | | | | | | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | |
|---|----------|-----------|--|----------|-----------|----------------------------|----------|-----------|------------|---|-----------|------------|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March 1997 | | | C. Line No. & Item Description 2 - Productivity Equipment | | | D. Activity Identification | | | | | | |
| | | | FY 1997 | | | FY 1998 | | | FY 1999 | | | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Productivity Equipment | | | | | | 400 | | | 400 | | | 400 |
| Narrative Justification: Not required because less than \$500,000. | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION

(\$ in Thousands)

**A. Budget Submission
FY 1998/1999 President's Budget**

| B. Component / Business Area / Date DeCA/Military Commissary Fund, Defense/ March 1997 | C. Line No. & Item Description 3 - POS-MOD | | | D. Activity Identification | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| POS-MOD | | | | | | 22,400 | | | 1,000 |

Narrative Justification: Automated Point of Sale-Modernization (POS-MOD) Scanning System. The POS-MOD Program is a major initiative to completely modernize the customer checkout function within the commissaries replacing all existing POS capabilities. The present system has reached the end of its useful life. It has become increasingly difficult and prohibitively expensive to maintain it on a piecemeal basis through the use of one-time contractual actions as problems are identified. A new POS-M System will standardize POS operations throughout the commissaries, modernize the functions to bring operations more in line with commercial businesses, create a more flexible systems environment, and drastically reduce the cost of maintenance.

With POS-MOD, DeCA is acquiring a standardized, proven, non developmental item (NDI) computer system to support our point of sale operations. DeCA plans to update the entire POS System to include software, hardware, and communications links. While it may be an oversimplification, point of sale operations include the cash registers and all of the functions the computer connected to them accomplishes at the front end of the store. It is essential for the sale of goods to the customers in the commissaries. Scanning automates store checkout functions, providing the means for maintaining perpetual inventories, stocking data, pricing updates, and sales information. It also provides information to other systems such as general ledger accounting, coupons, inventory, shelf stocking, and sales. Front-end sales and data collection are the key to store operations, providing the tool that interfaces with and supports at least 80 percent of store functions. Benefits that will result from replacement of the POS System include an increase in functions such as the ability to accept credit cards, ATM cards and food stamp cards, a drastic reduction in maintenance costs, and standard equipment and configurations in all stores which will facilitate future improvements and training. Modernizing the functions to become more like a commercial business will allow the acquisition of commercial-off-the-shelf (COTS) applications. This will reduce time and money spent on unique development, as well as allow DeCA to use an open architecture system, rather than a proprietary one.

The economic analyses have been completed and validated by OASD (PA&E). The system is expected to be fully implemented by FY 1999 and over the ten year life cycle of this new system, benefits gained are estimated at \$235 million.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Fund, Defense/ March 1997 | C. Line No. & Item Description 4 - DCIS | | | D. Activity Identification | | | | | |
|--|--|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| DCIS | | | | | | 15,200 | | | 14,100 |

Narrative Justification: Defense Commissary Information System (DCIS) will standardize and modernize the core administrative and operational functions of the DeCA. The objectives which DCIS will help satisfy include: reducing the cost of operating an effective, efficient commissary system; implementing a centralized buying and distribution concept for the commissary operation; improving the operating efficiency of the entire commissary operation; improving the level of service to the commissary patron; providing support for delivery ticket invoicing and electronic evaluated receipts; and providing a modern technology platform to move the commissary system forward into the 1990s and beyond. The commissary functions to be automated provide Management Information System (MIS) data on inventory management, merchandise buying, labor forecasting/scheduling, labor time and attendance, direct store delivery of merchandise, computer assisted ordering, business mail, funds management, and a decision support system.

The DCIS will have electronic interfaces with Government systems which accomplish stock fund, trust revolving fund and appropriated fund accounting and civilian time and attendance. The DCIS will also support electronic commerce with private sector grocery suppliers to accomplish ordering, delivery confirmation, and shipping notices. The DCIS will maintain commercial industry standards of performance (i.e., reliability, maintainability, and response times) found in proven commercial grocery industry systems for commercial items.

Improved effectiveness of providing the commissary benefit will result in manpower savings and savings attributable to modern, commercial systems. The system supports merchandise buying, labor forecasting and scheduling, time and attendance, electronic data interchange (EDI), store operations, and inventory management.

Economic analysis has been completed. After the anticipated implementation in FY 1999, the expected cost benefits result in a savings of \$80 million above the cost of the DCIS over the system's ten year life cycle.

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | |
|--|----------|---|------------|----------|----------------------------|------------|----------|-----------|------------|---|-----------|------------|
| B. Component / Business Area / Date DeCA/Military Commissary Fund, Defense/ March 1997 | | C. Line No. & Item Description 5 - DECANET | | | D. Activity Identification | | | | | | | |
| | | | | | FY 1996 | | | FY 1997 | | | FY 1998 | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| DECANET | | | | | | | | | 6,800 | | | 1,000 |
| <p>Narrative Justification: Defense Commissary Agency Network Modernization (DeCANET). The DeCANET Program is a major initiative to modernize our communications infrastructure to support our many legacy and migration/replacement business systems. Our operations and business practices are similar to those of commercial grocers, which allows us to maximize the use of commercial off the shelf (COTS) non developmental items (NDI) to support our business needs. In order for us to standardize our front-end point of sale (POS) processing, while integrating our core administrative and operational functions included in the Defense Commissary Information System (DCIS), there must be an information infrastructure in place to support it worldwide. This capability is provided by a combination of DISA and DeCA network communication assets. Together, these assets will provide real-time telecommunications capabilities to all DeCA commissaries, regional offices, operations support center and headquarters. The telecommunications network assets required include routers, servers, clients, information utilities and the management structure needed to support operations. A separate economic analysis has not been performed; the benefits to be obtained are those identified by POS-MOD and DCIS. The impact of not making this investment would be felt by these business systems.</p> | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Fund, Defense/ March 1997 | C. Line No. & Item Description 6 - IMAGING | | | D. Activity Identification | | | | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| IMAGING | | | | | | | | | 200 | | | 1,200 |

Narrative Justification: Store Records Management Imaging System (IMAGING). Currently, commissaries receive a paper delivery/receipt document when a vendor delivers merchandise to the store. The delivery/receipt document must be filed and stored at the commissary for six years and three months. At times, it is necessary to retrieve these paper documents when bill paying questions require resolution. This process is time consuming and labor intensive. The imaging system will eliminate all paper delivery/receipt documents by capturing and storing the delivery/receipt information on an optical storage medium. The information can then be retrieved electronically to answer questions or resolve problems. The functionality of this system can be expanded to include any hard copy documentation currently being maintained by DeCA. In addition, the system has the capability to interface with the DCIS and POS-MOD systems.

The benefits of the imaging system are better management control over delivery/receipt information, a reduction in labor currently required to retrieve paper documents, more timely access to delivery/receipt information, faster resolution of bill paying questions and the reduction in the amount of storage space required to store paper documents.

IMAGING is expected to be implemented in FY 1999. A cost/benefit analysis indicated savings estimated at \$8 million over the ten year life cycle of the system.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Fund, Defense/ March 1997 | C. Line No. & Item Description 7 - CORPORATE SERVER | | | D. Activity Identification | | | | | |
|--|--|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|
| | FY1996 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| CORPORATE SERVER | | | | | | 0 | | | 1,200 |

Narrative Justification: The Corporate Server hardware supports the Standard Automated Voucher Examination System (SAVES), Standard Automated Contracting System (SACONS-D), and Electronic Data Interchange (EDI).

DeCA selected a suite of systems from the ARMY to support its automated requirements including SAVES and SACONS-D. DeCA also developed an EDI-based ordering, receiving and pricing process for use with its subsistence vendors to reduce errors and manual intervention. These systems and their applications development, maintenance and testing all use Sequent hardware as the current corporate server.

DeCA plans to continue using the Sequent hardware to support bill paying requirements through SAVES, to generate contracts through SACONS-D, to order, receive and price groceries using EDI Process and for additional initiatives to support DeCA's mission during the hardware's expected life.

The hardware was purchased and installed in FY 1995. After 5 years, support and maintenance by the vendor is expected to be significantly curtailed or discontinued due to new technology advances and the marketing of new equipment. In order to provide continued automated support to DeCA's mission, to ensure that DeCA provides quality service to its customers, it will be necessary to replace this equipment in FY 1999 time frame.

An economic analysis will be conducted prior to the acquisition process.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Thousands)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Fund, Defense/ March 1997 | C. Line No. & Item Description 8. Minor Construction | | | D. Activity Identification | | | | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Minor Construction >\$100K <\$1,000K | | | 219* | | | | | | 8,100 | | | 8,100 |

Narrative Justification:

*FY 1996 Defense Business Operations Fund(DBOF) Commissary Operations. Upgrade the DeCA European Region Headquarters at Kapaun Air Station GE to an office environment. Space was previously used for storage.

Defense Commissary Agency plans to do miscellaneous minor construction on 29 commissaries in FY 1998 and 38 commissaries in FY 1999. The projects will all be >\$100K and <\$1,000K. The minor construction will consist of alteration of layout, expansion of sales areas, new decor, expansion of administrative area and miscellaneous construction.

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | | | | |
|--|----------|-----------|---|----------|-----------|------------|----------------------------|-----------|------------|---|-----------|------------|----------|-----------|------------|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | | C. Line No. & Item Description 9. Major Construction | | | | D. Activity Identification | | | | | | | | |
| | | | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Moffett Field, CA - New Commissary | | | | | | | | | \$6.6M | | | | | | |
| Narrative Justification: | | | | | | | | | | | | | | | |
| This project will replace the existing facility built in 1933. It will provide a new 3,989 M ² commissary capable of supporting average monthly sales of \$1,16M. The current facility is deficient in nearly every aspect of the operation. Overall physical condition is very poor and the sales area is 75 percent deficient in space. | | | | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | D. Activity Identification | | | FY 1998 | | | FY 1999 | | |
|--|---|----------------------------|-----------|------------|----------|-----------|------------|----------|-----------|------------|
| | | | | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Jacksonville NAS FL Major Upgrade | | | | | | \$6.8M | | | | |

Narrative Justification:

Sales for this commissary are projected to the \$3.3M per month. The current sales area cannot support sales and is 44 percent short of space. Overall physical condition is poor. This store was constructed in 1978 and has not received a major upgrade since. Display equipment, replaced in 1987, is nearing its life expectancy and required replacement. This project will expand the sales and sales support areas to that required to support projected sales. This location is to receive an increase in active duty strength as a result of BRAC actions.

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | | |
|--|----------|---|------------|----------|----------------------------|------------|----------|-----------|------------|---|-----------|------------|--|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | | |
| | | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | |
| San Diego MCRD CA New Commissary | | | | | | | | | \$4.9M | | | | |
| Narrative Justification: | | | | | | | | | | | | | |
| This project is required to provide an adequate facility for a commissary operation to be established on the Marine Corps Recruiting Depot. Current commissary support is provided at the San Diego Naval Training Center which is scheduled to close in 1997 due to BRAC actions. A 3,027 ^{M2} commissary is required. | | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary RevolvingFund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | |
|---|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Barbers Point HI New Commissary | | | | | | \$8.8M | | | |

Narrative Justification:

The current 30 year old commissary cannot adequately support current and projected sales volume. Existing operations are inefficient as the building is comprised of several Quonset hut buildings and permanent additions. BRAC actions require closure of active military portion of the Installation while retaining the family housing areas. The commissary must be relocated to the housing cantonment area. Additionally, the patron base is being relocated to another nearby site and the commissary needs to be relocated. A 3,027^{M2} commissary is required to support projected sales of \$436K per month.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | D. Activity Identification | | | | | | | | |
|--|---|----------------------------|-----------|------------|----------|------------|------------|----------|------------|------------|
| | | FY 1998 | | | | | | | | |
| | | FY 1999 | | | | | | | | |
| | | FY 1996 | FY 1997 | FY 1998 | FY 1999 | Total Cost | Unit Cost | Quantity | Total Cost | |
| Element of Cost | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Rock Island IL New Commissary | | | | | | | \$7.0M | | | |

Narrative Justification:

The existing commissary building was originally constructed in 1931 as a warehouse. It was converted to a commissary in 1974 and has not received a major upgrade since. The sales area is 38 percent deficient in floor space. General facility condition is poor. Display equipment, last replaced in 1982, has exceeded its life expectancy and should be replaced. A 2,129^{M2} commissary is required to support projected sales of \$273K per month.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| New River NC New Commissary | | | | | | | | | \$6.8M | | | |

Narrative Justification:

This project will provide a new 3,027^{M2} commissary to replace the existing building constructed 1942. Current and projected sales cannot be adequately supported by the existing 961^{M2} sales area. A 53 percent increase in selling space is required to support sales of \$386K per month. This location is to receive an increase in active duty strength as a result of BRAC actions.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
|--|---|--------------------------------|-----------|------------|----------|-----------|------------|----------|-----------|------------|----------|-----------|------------|
| | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| | | Fallon NAS NV Major Upgrade | | | | | | \$3.0M | | | | | |

Narrative Justification:

This project will expand the current commissary to support current and projected sales of \$350K per month. Although built new in 1992, the facility design did not anticipate BRAC realignment of the Navy's "Top Gun" fighter school from Miramar NAS CA. Increased sales resulting from that action has overtaxed the facility. Existing sales area is just 48 percent of that needed.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Charles E. Kelly PA New Commissary | | | | | | | | | \$4.4M | | | |

Narrative Justification:

This project will replace the existing commissary constructed in 1959 as a warehouse. All functional areas are deficient in size, condition and layout. The sales area is 43 percent of that required to support sales of \$466K per month. Sales area traffic aisles are just 405 feet wide, restricting traffic to a one way flow. The patron entrance as well as the receiving/unloading area is in front of the building presenting safety and operational problems. An economic analysis has been completed on this project which supports construction of a new 3,027 M² commissary.

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | | |
|---|--|---|-----------|----------------------------|-----------|------------|------------|-----------|------------|---|-----------|------------|------------|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | C. Line No. & Item Description 9. Major Construction | | D. Activity Identification | | | FY 1998 | | | FY 1999 | | | |
| | | | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | |
| Element of Cost | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Charleston NWS SC New commissary | | | | | | | \$7.0M | | | | | | |
| Narrative Justification: | | | | | | | | | | | | | |
| This project will provide a new 5,633M ² commissary to replace the existing building constructed in 1970. Current and projected sales cannot be adequately supported by the existing 1,845M ² sales area. A 68 percent increase in selling space is required to support sales of \$1.6M per month. All functional areas of the facility are deficient in size, condition and layout. This location is to receive an increase in active duty strength as a result of BRAC actions. | | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|
| | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Oceana NAS VA New Commissary | | | | | | \$12.2M | | | |

Narrative Justification:

This project will provide a new 9,282^{M2} commissary to replace the existing building constructed in 1978. Current and projected sales cannot be adequately supported by the existing 3,353^{M2} sales area. A 58 percent increase in selling space is required to support sales of \$4.12M per month. All functional areas of the facility are deficient in size, condition and layout. Although constructed in 1978 and expanded in 1989, this facility is still significantly undersized. The existing building configuration and site constraints preclude expansion to meet requirements. This location is to receive an increase in active duty strength as a result of BRAC actions.

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | |
|--|----------|---|------------|----------|----------------------------|------------|----------|-----------|------------|---|-----------|------------|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | |
| | | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Augsburg GE New Commissary | | | | | | \$7.1M | | | | | | |

Narrative Justification:

This project will provide a new 3,027^{M2} facility to replace the existing commissary building built in 1955. No major renovations or expansions have occurred in the last 25 years. Refrigeration equipment replaced in 1984 has met its life expectancy and requires replacement. The existing facility is short of space, has multiple floors creating operational problems and is in poor condition. Sales area is undersized by 35 percent and cannot adequately support expected sales of \$510K per month.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

| B. Component / Business Area / Date DeCA/Military Commissary Fund/ March, 1997 | | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | A. Budget Submission FY 1998/1999 President's Budget | | |
|--|----------|---|------------|-----------|----------------------------|-----------|------------|---|------------|------------|
| | | | | | FY 1998 | | | FY 1999 | | |
| Element of Cost | Quantity | FY 1996 | | FY 1997 | | FY 1998 | | FY 1999 | | Total Cost |
| | | Unit Cost | Total Cost | Unit Cost | Total Cost | Unit Cost | Total Cost | Unit Cost | Total Cost | |
| Aviano AB IT New Commissary | | | | | | | | | | \$7.0M |

Narrative Justification:

This project is for construction of a new commissary of 3,969^{M2}. It will be a joint construction project (common wall) with a new AAPES Exchange. The existing store was originally constructed in 1955 and expanded in 1982. The current site precludes additional expansion.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Ft Buchanan PR New Commissary | | | | | | \$8.4M | | | |

Narrative Justification:

This project is for the construction of a new 5,633 M² commissary. The existing commissary operation is located in an old warehouse built in 1955 and converted in 1985. Projected sales of \$1.7M per month requires 3,081 M² of sales area. Just 2,072 M², or 67 percent of the total requirement is available to meet the need. All functional areas are deficient in space and are in poor condition. Refrigeration equipment is 16 years old and in need of replacement.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | D. Activity Identification | | | | |
|--|---|----------------------------|------------|----------|-----------|------------|
| | | FY 1998 | | | | |
| | | FY 1999 | | | | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Point Mugu CA New Commissary | | | | | | \$3.3M |

Narrative Justification:

This project provides for the construction on a new 2,129^{M2} commissary to replace the current store located in a 45 year old building. Existing facilities are inadequate to support projected sales of \$166K per month. The sales area is 25 percent undersized.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | D. Activity Identification | | | | | |
|--|---|----------------------------|-----------|------------|----------|------------|------------|
| | | FY 1998 | | | | | |
| | | FY 1999 | | | | | |
| | | FY 1996 | FY 1997 | FY 1998 | FY 1999 | Total Cost | |
| Element of Cost | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Stockton CA New Commissary | | | | | | | \$3.3M |

Narrative Justification:

This project provides for the construction on a new 2,129^{M2} commissary to replace the current store located in a 51 year old building. Existing facilities are inadequate to support projected sales of \$171K per month. The sales area is 18 per cent undersized.

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | |
|--|----------|---|------------|----------|----------------------------|------------|----------|-----------|------------|---|-----------|------------|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | FY 1998 | | | FY 1999 | |
| | | | | | FY 1996 | | | FY 1997 | | | FY 1998 | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Travis AFB CA Commissary Upgrade | | | | | | | | | | | | \$7.9M |

Narrative Justification:

This project provides for the expansion of the existing commissary spaces to that required to support projected sales of \$3.2M per month. The existing commissary, constructed in 1985, is operating at capacity. The sales area of 3,629^{M2} is 713^{M2} or 20 percent less than that required.

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | | |
|---|----------|---|------------|----------|----------------------------|------------|----------|-----------|------------|---|-----------|------------|--|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | FY 1998 | | | FY 1999 | | |
| | | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | |
| Peterson AFB CO Upgrade | | | | | | | | | | | | \$6.8M | |
| Narrative Justification: | | | | | | | | | | | | | |
| This project provides for the expansion of the existing commissary spaces to that required to support projected sales of \$2.9M per month. The existing commissary was constructed in 1976 and expanded in 1987. It is operating at capacity. The sales area of 2,963 ^{M2} is 1,380 ^{M2} or 47 percent, less than required. | | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | | | |
|---|----------|-----------|---|----------|-----------|----------------------------|----------|-----------|------------|---|-----------|------------|-----------|------------|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | | |
| | | | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Unit Cost | Total Cost |
| Crane NWSC IN New Commissary | | | | | | | | | | | | | | \$1.6M |
| Narrative Justification: | | | | | | | | | | | | | | |
| This project is for the construction of a new 1,115 ^{M2} commissary. The existing commissary operation is located in a wooden structure built in 1941 as a fire house. Although upgraded in 1988, it is wholly inadequate for commissary operations. The sales area is 60 percent undersized and cannot continue to adequately support current or projected sales. | | | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | | |
|---|----------|---|------------|----------|----------------------------|------------|----------|-----------|------------|---|-----------|------------|--|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | | |
| | | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | |
| New Orleans LA Commissary Upgrade | | | | | | | | | | | | \$3.1M | |
| Narrative Justification: | | | | | | | | | | | | | |
| This project provides for the expansion of the existing commissary spaces to that required to support projected sales of \$572K per month. The existing commissary was constructed in 1976. No major renovations have occurred since it was built. It is operating at capacity. The sales area is 16 percent less than that required. | | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | D. Activity Identification | | | | | | | | | | | | | | | | | |
|--|---|----------------------------|-----------|------------|----------|-----------|------------|----------|-----------|------------|--|--|--|--|--|--|--|--|--------|
| | | FY 1996 | | FY 1997 | | FY 1998 | | FY 1999 | | | | | | | | | | | |
| | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | | | | | | | | | |
| Fort Meade MD Commissary Upgrade | | | | | | | | | | | | | | | | | | | \$4.1M |

Narrative Justification:

This project provides for the expansion of the existing commissary spaces to that required to support projected sales of \$4.9M per month. The existing commissary was constructed in 1986. No major renovations have occurred since it was built. It is operating beyond capacity. The sales area is 43 percent less than that required.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Brunswick NAS ME New Commissary | | | | | | | | | | | | \$4.5M |

Narrative Justification:

This project will provide a new 3,989^{M2} commissary to replace the existing building constructed in 1973. Current and projected sales cannot be adequately supported by the existing 952^{M2} sales area. A 114 percent increase in selling space is required to support sales of \$732K per month. Refrigeration equipment is 23 years old and in need of replacement.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

D. Activity Identification

C. Line No. & Item Description
9. Major Construction

B. Component / Business Area / Date
DeCA/Military Commissary Revolving Fund/
March, 1997

| Element of Cost | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
|--|----------|-----------|------------|----------|-----------|------------|----------|-----------|------------|----------|-----------|------------|
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Grand Forks AFB ND New Commissary | | | | | | | | | | | | \$9.5M |

Narrative Justification:

This project will provide a new 3,989^{M2} commissary to replace the existing building constructed in 1973. Current and projected sales cannot be adequately supported by the existing 952^{M2} sales area. A 114 percent increase in selling space is required to support sales of \$732K per month. Refrigeration equipment is 23 years old and in need of replacement.

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | | | | |
|---|----------|-----------|---|----------|-----------|----------------------------|----------|-----------|------------|---|-----------|------------|----------|-----------|------------|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | | | |
| | | | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Fort Hamilton NY New Commissary | | | | | | | | | | | | | | | \$9.5M |
| Narrative Justification: | | | | | | | | | | | | | | | |
| This project is for the construction of a new 3,989 ^{M2} commissary. The existing commissary operation is located in three separate structures. The main activity (sales) is located in a building constructed in 1961. It is wholly inadequate for commissary operations. The sales area is 83 percent undersized and cannot continue to adequately support current or projected sales of \$567K per month. | | | | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | D. Activity Identification | | | FY 1998 | | | FY 1999 | | |
|--|---|----------------------------|-----------|------------|-----------|-----------|------------|-----------|-----------|------------|
| | | | | | Unit Cost | Quantity | Total Cost | Unit Cost | Quantity | Total Cost |
| | | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Tobyhanna AD PA New Commissary | | | | | | | | | | \$4.4M |

Narrative Justification:

This project is for the construction of a new 3,027^{M2} commissary. The commissary currently occupies 2,186^{M2} in three substandard buildings. The commissary was originally built as a fire station in 1943. The commissary was originally built as a fire station in 1943. Administrative space is separately located in building 403 and warehouse space is remotely located in building 702. Sales area is 70 percent undersized.

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Portsmouth NSY VA New Commissary | | | | | | | | | | | | \$6.2M |

Narrative Justification:

This project will provide a new 4,775^{M2} commissary to replace the existing building constructed in 1970. Current and projected sales cannot be adequately supported by the existing 1,468^{M2} sales area. A 74 percent increase in selling space is required to support sales of \$1.1M per month.

Exhibit Fund-9b Business Area Capital Purchase Justification

| BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions) | | | | | | | | | | A. Budget Submission FY 1998/1999 President's Budget | | |
|---|----------|---|------------|----------|----------------------------|------------|----------|-----------|------------|---|-----------|------------|
| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | | | |
| | | FY 1996 | | | FY 1997 | | | FY 1998 | | | FY 1999 | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Bamberg GE | | | | | | | | | | | | \$7.0M |
| <p>Narrative Justification:</p> <p>This project is for the construction of a new 3,027^{M2} commissary. The commissary was originally built as a horse stable in 1925. Sales area is 49 percent undersized. All functional areas are deficient in space, condition and layout.</p> | | | | | | | | | | | | |

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

A. Budget Submission
FY 1998/1999 President's Budget

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | | | D. Activity Identification | | | | | |
|--|---|-----------|------------|----------------------------|-----------|------------|----------|-----------|------------|
| | FY 1996 | | | FY 1998 | | | FY 1999 | | |
| | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost |
| Glessen GE New Commissary | | | | | | | | | \$4.8M |

Narrative Justification:

This project is for the construction of a new 2,129^{M2} commissary. The commissary is located in a leased facility constructed in 1966 as a commercial grocery market. The store is located in an industrial area of the city, difficult to travel to and inconvenient to patrons..

Exhibit Fund-9b Business Area Capital Purchase Justification

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(\$ in Millions)

**A. Budget Submission
FY 1998/1999 President's Budget**

| B. Component / Business Area / Date DeCA/Military Commissary Revolving Fund/ March, 1997 | C. Line No. & Item Description 9. Major Construction | D. Activity Identification | | | | | | | | |
|--|---|----------------------------|------------|----------|-----------|------------|----------|-----------|------------|--------|
| | | FY 1998 | | | | | | | | |
| | | FY 1999 | | | | | | | | |
| Element of Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | Quantity | Unit Cost | Total Cost | |
| Bangor ME Commissary Upgrade | | | | | | | | | | \$5.2M |

Narrative Justification:

This project provides for the expansion of the existing commissary spaces to that required to support projected sales of \$1.7M per month. The existing commissary was constructed in 1983. No major renovations have occurred since it was built. The sales area is 37 percent less than that required.

Exhibit Fund-9b Business Area Capital Purchase Justification