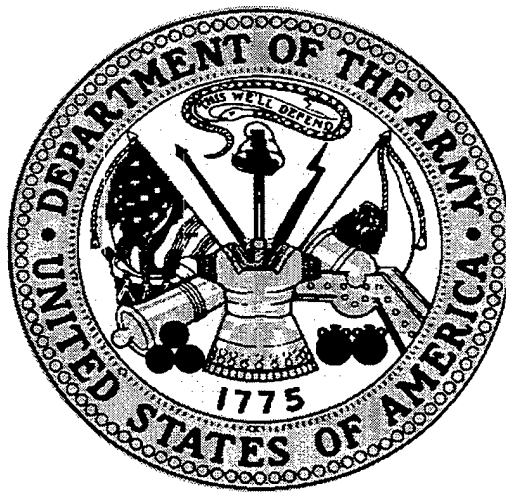


DEPARTMENT OF THE ARMY

FY 1999 AMENDED BUDGET ESTIMATES

FEBRUARY 1998

DTIC QUALITY INSPECTED 2



ARMY WORKING CAPITAL FUND

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**Army Working Capital Fund
FY 1999 Amended Budget Estimates**

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ARMY OVERVIEW

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BACKGROUND

The Department of the Army has historically operated a significant number of its organic commercial and industrial facilities under revolving fund concepts to encourage these activities to function in a more efficient and cost-conscious manner and to provide the additional flexibility needed to properly manage these facilities under changing workload conditions. The support services provided by Army Working Capital Fund (AWCF) activity groups are absolutely essential to the success of the Operating Forces, and the activity groups themselves are an integral part of the defense team.

ARMY WORKING CAPITAL FUND ACTIVITY GROUPS

The Army manages four activity groups within the Army Working Capital Fund:

Supply Management, Army (SMA). This activity group buys and maintains assigned stocks of materiel for sale to its customers, primarily Army operating units. The availability of this materiel is linked to equipment and operational readiness and the war fighting readiness and abilities of Army units. The activity group consists of a wholesale division and separate retail divisions for the Army's major commands, plus a retail division to support military requirements in the National Capital Region (Washington, DC). The wholesale division is subdivided by commodity; major subordinate commands manage assigned Army items. The SMA also manages the prepositioned war reserves under Army control.

Depot Maintenance. This activity group maintains end items and depot-level reparable. It provides the Army an organic industrial capability to repair, overhaul, and upgrade weapons systems and equipment; store and distribute ammunition, war reserve materiel, and other selected items; and provide tenant support to other Army Materiel Command (AMC), Army, and DoD activities. There are currently eight major depots and four subordinate depot activities in this group.

Ordnance. This activity group manufactures, renovates and demilitarizes ordnance materiel for all services within the Department of Defense and foreign military customers. The activity group consists of three arsenals and two ammunition plants that provide depot operations, depot maintenance, set assembly, tenant support and national procurement services for thin- and thick-walled cannon. The five activities are responsible for logistics management including follow-on procurement, production, maintenance, engineering and integrated logistics support management.

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Information Services. This activity group first operated in a revolving fund environment in FY 1996 on a cost reimbursable basis. FY 1997 was the first year that rates were fully burdened. Four Central Design Activities (CDAs) provide for the development and operational sustainment of automated information systems of automated information and communications systems. This mission covers a broad range of services such as requirements analysis and definition, system design, development, testing, integration, implementation support, and documentation services in support of DoD and Foreign Military Sales (FMS) customers. In FY 1998, the Army Small Computer Program (ASCP) was added to this activity group. It provides customers with fully competed commercial sources for purchase of small and medium computers, hardware, software and support services.

PERSONNEL

In order to perform efficiently, Army-managed AWCF activity groups require the optimum mix of appropriately skilled people to match workload requirements. Skill mismatches may occur between the work force and workload requirements due to force reductions achieved through voluntary separation and hiring freezes. Such mismatches may cause unprogrammed losses.

Civilian and military strengths and regular workyears (Full Time Equivalents--FTEs), by activity group, are as follows:

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	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<u>Supply Management, Army</u>			
Civilian End Strength	3,742	3,432	3,417
Civilian FTEs	3,887	3,586	3,439
Military End Strength	10	18	17
Military Work Years	15	17	17
<u>Depot Maintenance</u>			
Civilian End Strength	13,886	13,485	12,881
Civilian FTEs	14,425	13,595	12,991
Military End Strength	85	89	77
Military Work Years	69	70	66
<u>Ordnance</u>			
Civilian End Strength	5,109	4,966	4,784
Civilian FTEs	5,173	4,991	4,826
Military End Strength	22	23	22
Military Workyears	22	22	22
<u>Information Services</u>			
Civilian End Strength	866	900	850
Civilian FTEs	913	927	869
Military End Strength	186	165	128
Military Workyears	186	166	128

COSTS (EXPENSES)

Costs are reflected below by activity group (\$M):

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Supply Management	6,756.8	6,769.6	6,846.3
Depot Maintenance	1,541.4	1,524.4	1,511.7
Ordnance	476.4	502.5	491.4
Information Services	162.8	174.5	162.2

Cost increases in SMA are related to price changes in wholesale. Prices have been artificially suppressed for three years as Supply reduced its inventory replenishment levels and returned the cash generated to customers through lower prices. While Supply continues to reduce its prices in FY 1999, the amount of cash used to reduce prices has decreased significantly. Materiel costs at the retail level rise commensurately.

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In Depot Maintenance, costs increase by approximately \$90 million for inflation and decrease by \$120 million for program changes between FY 1997 and FY 1999. Ordnance's price growth is \$22 million offset by program decreases of \$7 million between FY 1997 and FY 1999. Information Services' costs remain about the same in FY 1997 and FY 1999 in spite of the addition of the Army Small Computer Program in FY 1998.

NET AND ACCUMULATED OPERATING RESULTS

The Army Working Capital Fund activity groups operate on a break-even basis over the budget cycle. The Army sets annual revenue rates to achieve positive or negative results, in order to bring the Accumulated Operating Result (AOR) to zero in the budget years. The activity group's effectiveness is measured by comparing performance to goal. Net and accumulated operating results are reflected below (\$M):

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<u>Supply Management, Army</u>			
Net Operating Result	(27.9)	(.4)	(4.9)
Accumulated Operating Results	5.3	4.9	0
<u>Depot Maintenance</u>			
Net Operating Result	(136.3)	(73.2)	9.6
Accumulated Operating Results	(22.0)	(4.8)	0
<u>Ordnance</u>			
Net Operating Result	(38.5)	(38.4)	5.6
Accumulated Operating Results	16.8	(5.6)	0
<u>Information Services</u>			
Net Operating Result	(8.6)	(1.8)	8.9
Accumulated Operating Results	(7.1)	(8.9)	0

UNIT COSTS

Unit costing is a methodology established to authorize and control costs. Unit cost goals allow activities to respond to workload changes by setting goals to reduce costs when workload declines and to provide for the additional cost authority necessary to meet increased customer demand. The following displays actual unit costs for FY 1997 and estimated unit cost goals for FYs 1998 and 1999:

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	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<u>Supply Management, Army</u>			
Retail: Cost/\$ Gross Sales	0.98	1.00	0.99
Wholesale: Cost/\$ Gross Sales	0.91	0.95	0.89
<u>Depot Maintenance</u>			
\$ per Direct Labor Hour (DLH)	101.30	115.37	106.32
<u>Ordnance</u>			
\$ per Direct Labor Hour (DLH)	102.45	93.59	94.94
<u>Information Services</u>			
Design Activities: \$ per DLH	80.88	77.10	68.79
Small Computer Program: % Sales	n/a	1%	1%

CUSTOMER RATE CHANGES

In general, activity group rates are set to recover full costs and adjust for prior year operating results. Rate changes are expressed as a percentage change from the rate charged in the previous year. Rate swings in the Depot Maintenance and Ordnance activities are primarily due to recovery of prior year losses or return of prior year gains. In FY 1999, the rates for these two activity groups contain an \$8 per DLH surcharge to restore cash to the AWCF corpus. The Supply Management activity replaces fewer stocks than it sells. The cash generated from selling without replenishing inventory is used to cover operating costs; customers are charged less than full cost. The following reflects changes in prices between fiscal years:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Supply Management	(6.0%)	2.3%	7.6%
Depot Maintenance	6.9%	4.0%	12.7%
Ordnance	4.9%	(8.1%)	28.6%
Information Services	5.2%	(3.6%)	11.8%

CUSTOMER RATES

In the Depot Maintenance, Ordnance and Information Services activity groups, customer rates are set per direct labor hour. These rates are stabilized so that the customer's buying power is protected in the year of execution. The rates recover overhead costs as well as direct costs. The following table shows the rate per direct labor hour for these activities:

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	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Depot Maintenance	\$90.07	\$93.71	\$105.60
Ordnance	\$88.93	\$81.72	\$105.12
Information Services	\$64.89	\$62.56	\$69.93

REVENUE

As the Army continues to downsize and require fewer supplies, equipment and services, customer orders decline. Revenue increases between FYs 1997 and 1999 in current dollars; however, it is masked by rate changes and actually decreases in constant dollars. The following table displays revenue by activity group (\$M):

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Supply Management (Gross Sales)	9,359.9	9,414.0	9,646.9
Depot Maintenance	1,448.9	1,690.7	1,597.4
Ordnance	478.4	473.7	521.6
Information Services	154.6	172.7	171.1

WORKLOAD

Generally, workload is declining in the budget years due to decreasing customer funding. In addition, the Supply Management activity's efforts to reduce leadtimes result in fewer pipeline replacements. The Depot Maintenance and Ordnance activity groups' direct labor hours decrease as new customer orders decline. Information Services' workload is accomplished through in-house and contract efforts.

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	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<u>Supply Management, Army</u>			
SMA Line Items Managed (#)	146,535	143,604	140,732
SMA Requisitions Received (\$M)	3,990.2	3,641.5	3,740.8
SMA Requisitions Received (#)	1,165,330	1,142,023	1,119,182
Receipts (#)	392,155	379,245	373,910
Issues (#)	1,083,437	1,097,716	1,069,420
Contracts Executed (#>\$100K)	3,658	3,550	3,500
<u>Depot Maintenance</u>			
Direct Labor Hours (DLHs) (000)	15,346	15,110	14,232
<u>Ordnance</u>			
Direct Labor Hours (DLHs) (000)	5,179	5,465	5,195
<u>Information Services</u>			
Total Direct Labor Hours (DLHs) (000)	1,249	1,213	1,233
Central Design Activities DLHs (000)	1,249	1,187	1,209
Small Computer Program DLHs (000)		26	24

SUPPLY INVENTORY AND MATERIEL REPLACEMENT

Inventory of the Supply Management activity group has decreased more than \$840 million between FY 1995 (\$11.3 billion) and FY 1997 (\$10.5 billion). Force structure changes, the Reduced Price Initiative, transfer of consumable items to Defense Logistics Agency, improved business practices and the overall Army Total Inventory Management program all contribute to the decrease. Increased emphasis on disposing of items that exceed Army requirements has also reduced inventories.

The materiel replacement rate (percentage of sales that are reordered) remains low. This is attributable to successful reduction of acquisition leadtimes. The FY 1999 SMA budget continues to reflect a replacement rate less than 75 percent.

PERFORMANCE INDICATORS

Performance indicators for the Depot Maintenance, Ordnance, and Information Services activity groups are labor hour costs, net operating results, and unit costs. In addition, schedule conformance is an indicator for Depot Maintenance and Ordnance. The goals for these are to execute labor hour costs at or below budgeted levels; to achieve or exceed budgeted operating results; and, for Depot Maintenance, to complete at least 95 percent of items worked on schedule.

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Army Overview**

achieve or exceed budgeted operating results; and, for Depot Maintenance, to complete at least 95 percent of items worked on schedule.

In the SMA activity group, stock availability measures the percentage of requisitions satisfied upon initial processing in the wholesale supply system. The SMA target for stock availability is 85 percent demand satisfaction. FY 1997 through FY 1999 budget requirements are based on the 85 percent target. Data provided reflects FY 1997 actual performance:

<u>Quarter</u>	<u>Percent</u>
1st	84
2d	85
3d	85
4th	84

Stock Availability fell in the fourth quarter due to sales below projections that reduced managers' authority available to replenish stocks. Aggressive management measures to improve Stock Availability have been instituted for FY 1998.

DEPOT MAINTENANCE/ORDNANCE CARRY-OVER

Carry-over levels (unfilled orders) drop significantly between fiscal years 1997 and 1999. The computation of number of months of carry-over, applicable to the Depot Maintenance and Ordnance activity groups, is displayed below:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<u>Depot Maintenance (\$M)</u>			
New Orders	1,347.5	1,391.4	1,514.5
Carry-In	891.3	789.9	490.7
Gross Orders	2,238.8	2,181.4	2,005.2
Total Revenue	1,448.9	1,690.7	1,597.4
Carry-Over	789.9	490.7	407.8
Less WIP	250.8	31.8	30.4
Less BRAC, Non-DoD, FMS	156.7	113.2	49.6
Intra/Inter DWCF (excluding SMA)			
Less Contract Liabilities			
Net Carry-Over	382.5	345.6	327.8
Carry-Over in Months	3.2	2.5	2.5

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Ordnance (\$M)	FY 1997	FY 1998	FY 1999
New Orders	375.5	413.0	502.8
Carry-In	438.3	335.4	274.8
Gross Orders	813.9	48.5	777.6
Total Revenue	478.4	473.7	521.6
Carry-Over	335.4	274.8	256.0
Less WIP	45.3	36.3	34.4
Less BRAC, Non-DoD, FMS	19.0	19.1	38.0
Intra/Inter DWCF (excluding SMA)			
Less Contract Liabilities			
Net Carry-Over	271.1	219.4	183.5
Carry-Over in Months	6.8	5.6	4.2

Quadrennial Defense Review (QDR):

Looking to the future (beyond FY 1999), recommendations of the QDR hold important changes and potential savings for all Army Working Capital Fund activities. Increased emphasis will be placed on outsourcing and privatization and/or implementation of the most efficient organization. Also, overhead and headquarters functions will be streamlined.

Capital Budget Program:

AWCF activities seek to maintain and develop capabilities through equipment acquisition and the execution of minor construction projects. The budget request provides for equipment acquisition to replace obsolete and unserviceable equipment, modernize repair processes, eliminate environmental hazards, and decrease repair costs through productivity improvements. Also requested are funds for development of software to improve managerial decision-making quality and timeliness through efficient access to and use of data. Investments are for local area networks, servers, desktop computers, high-speed printers and a variety of software products that enhance program integration streamlining. The following table displays the capital investment program for fiscal years 1997 through 1999 (\$M):

	FY 1997	FY 1998	FY 1999
Supply Management	48.9	65.3	47.3
Depot Maintenance	48.2	43.6	33.3
Ordnance	14.2	16.1	15.7
Information Services	0	.3	.3
Total	111.3	125.3	96.6

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Supply Management, Army**

FUNCTIONAL DESCRIPTION

The Supply Management, Army (SMA) Activity Group consists of a wholesale division and separate retail divisions for the Army's major commands, plus a retail division to support military requirements in the National Capital Region (Washington, DC). The wholesale division is subdivided by commodity; major subordinate commands manage assigned Army items. The SMA also manages the prepositioned war reserves under Army control. The SMA entities consist of:

Retail Divisions	Manager
FORSCOM	Headquarters, U.S. Army Forces Command
USAREUR	Headquarters, U.S. Army Europe
TRADOC	Headquarters, U.S. Army Training and Doctrine Command
EUSA	Headquarters, Eighth U.S. Army Korea
USARPAC	Headquarters, U.S. Army Pacific Command
USARSO	Headquarters, U.S. Army Southern Command
AMC-ID	Headquarters, U.S. Army Materiel Command-Installation Division
DSS-W	Defense Supply Service-Washington
<u>Type of Materiel Managed:</u>	
Department of the Army (DA), DLA, and General Services Administration (GSA) items. Includes repair parts; clothing; subsistence; medical supplies; industrial supplies; bulk and packaged Petroleum, Oil, and Lubricants (POL); general supplies; and ground support supplies. DSS-W manages GSA items, administrative office supplies and equipment.	
Wholesale Subdivisions	Materiel Managed
AMCOM* U.S. Army Aviation and Missile Command Huntsville, AL	Aircraft and ground support items Missile systems items
CECOM U.S. Army Communications-Electronics Command, Fort Monmouth, NJ	Communication and electronics items
TACOM U.S. Army Tank and Automotive Command, Warren, MI	Combat, automotive, and construction items
ACALA U.S. Army Armament and Chemical Acquisition and Logistics Activity, Rock Island, IL	Weapons, special weapons, chemical and fire control items
SCBCOM* U.S. Army Soldier and Chemical/Biological Command, Natick, MA	Ground support items

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Prepositioned War Reserves	Materiel Managed
AMC-MOB Headquarters, U.S. Army Materiel Command Alexandria, VA	DLA/GSA items: repair parts, clothing, subsistence, medical supplies, industrial supplies; ground forces supplies

*AMCOM was established in FY 1998. It comprises the former MICOM (U.S. Army Missile Command) and elements from the former ATCOM (U.S. Army Aviation and Troop Command). SCBCOM was established in FY 1998 to manage troop support items from the former ATCOM. Redistribution of approved Personnel and Budgetary Resources accommodates the SCBCOM requirements. No additional resources were required.

BUDGET HIGHLIGHTS

Sales:

Supply Management, Army (SMA) gross sales in dollars will increase in FY 1999 due to changes in pricing. Sales volume will decline in FYs 1998 and 1999 based on changes to the Army's inventory management policies and procedures, the effects of the Consumable Item Transfer (CIT) to the Defense Logistics Agency, and the drawdown for support of contingency operations.

Indicator (\$M)	FY 1997	FY 1998	FY 1999
Gross Sales	\$9,359.9	\$9,414.0	\$9,646.9
Cost of Material Sold from Inventory	6,032.0	6,023.9	6,134.7
Obligations for Materiel (includes depot-level repair of DLRs)	5,294.9	5,653.4	5,668.4
Credit for Returns	2,971.4	2,914.8	2,888.8

Operating Results:

The Army Working Capital Fund activity groups operate on a break-even basis over the budget cycle. The Army sets each activity's annual rates to achieve the results, positive or negative, required to bring accumulated operating results to zero in the budget year. The table below reflects net and accumulated operating results (AOR) for SMA:

Indicator (\$M)	FY 1997	FY 1998	FY 1999
Net Operating Results	\$(27.9)	\$(.4)	\$(4.9)
Accumulated Operating Results	5.3	4.9	0.0

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Supply Management, Army**

Workload and Economic Assumptions:

Prices for Army-managed items have been adjusted upward an average of 2.3 percent in FY 1998. The SMA pricing structure continues the use of Army Working Capital Fund cash, initiated in FY 1997, through FY 1998 and FY 1999. The cash becomes available as the result of ongoing efforts to reduce inventory levels (primarily leadtime stocks) which results in lower replenishment and repair costs. The following presents general workload data and economic assumptions for the Wholesale Division.

Indicator	FY 1997	FY 1998	FY 1999
SMA Line Items Managed (#)	146,535	143,604	140,732
SMA Requisitions Received (\$M)	\$3,990.2	\$3,641.5	\$3,740.8
SMA Requisitions Received (#)	1,165,330	1,142,023	1,119,182
Receipts (#)	392,155	379,245	373,910
Issues (#)	1,083,437	1,097,716	1,069,420
Contracts Executed (# > \$100 K)	3,658	3,550	3,500
Credit Returns (\$M)	\$1,189.6	\$1,118.7	\$1,090.3
Surcharge Rate (Composite)	16.7%	17.8%	25.3%
Customer Price Change (%)	(6.0%)	2.3%	7.6%
SMA Purchases Inflation (%)	2.0%	1.4%	1.2%

Unit Cost:

Unit cost is a managerial control. It is measured by dividing gross materiel cost, which is the sum of total obligations and credit, by gross sales. The Retail Division buys and sells at the same price; its ratio therefore remains nearly one for one. The Wholesale Division is actively pursuing inventory reduction methods that permit it to sell materiel without replacement.

Unit Cost Goal	FY 1997	FY 1998	FY 1999
Retail	0.98	1.00	0.99
Wholesale	0.91	0.95	0.89

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Personnel:

The activity continues its downsizing efforts, as reflected in the Civilian End Strengths and work years (Full Time Equivalents, FTEs).

Indicator	FY 1997	FY 1998	FY 1999
Civilian End Strength	3,742	3,432	3,417
Civilian FTEs	3,887	3,586	3,439
Military End Strength	10	18	17
Military Work Years	15	17	17

Inventory:

Inventory, revalued for unserviceability and potential disposal, declines through FY 1999 as a result of the Army's improved inventory management under the Total Army Inventory Management program, and efforts to reduce stock requirements by reducing administrative and procurement leadtimes. The FY 1999 inventory value reflects increased inventory serviceability and the improved ratio of applicable to inapplicable stocks. As inventory applicability and serviceability increases, the Army's stock turn ratio is expected to rise.

	FY 1997	FY 1998	FY 1999
Inventory (\$M)	9,684	9,411	9,144

Supply Management Stock Availability:

Stock Availability measures the percentage of SMA requisitions satisfied upon initial processing in the wholesale supply system. The SMA target for Stock Availability, 85 percent demand satisfaction, is the basis for budget requirements for FY 1997 through FY 1999. Data provided reflects FY 1997 actual performance. Stock Availability fell in fourth quarter, FY 1997, due to sales below projections that reduced managers' authority available to replenish stocks. Aggressive management measures to improve Stock Availability have been instituted for FY 1998.

1Q97	2Q97	3Q97	4Q97
84%	85%	85%	84%

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Major Programmatic Adjustments:

The SMA will continue to use its activity cash to offset the Defense Agency costs in its surcharges for FYs 1998 (\$333.6 million) and 1999 (\$83.3 million).

Capital Budget Program:

The activity group seeks to maintain and develop capabilities through equipment and software acquisition. The Capital Budget Program primarily funds development of software to improve managerial decision-making quality and timeliness through efficient access to and use of data.

The SMA invests in local area networks, servers, desktop computers, high-speed printers and a variety of software products that enhance program integration streamlining for Materiel Management Centers and acquisition areas of the Inventory Control Points.

The planned capital obligations are:

Category (\$ Millions)	FY 1997	FY 1998	FY 1999
Equipment	.1	.3	.4
ADP	1.4	1.9	.6
Software	47.4	63.1	46.3
TOTAL	48.9	65.3	47.3

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**Revenue and Expenses
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Revenue			
Net Sales	6,552.1	6,499.2	6,758.1
Operations	6,487.5	6,417.6	6,737.4
Capital Surcharge	52.6	63.6	0.0
Depreciation exc Maj Const	12.0	18.0	20.7
Total Income:	6,552.1	6,499.2	6,758.1
Expenses			
Cost of Material Sold from Inventory	6,032.0	6,023.9	6,134.7
Salaries and Wages:	247.3	213.4	211.0
Military Personnel Compensation & Benefits	1.0	0.8	0.9
Civilian Personnel Compensation & Benefits	246.3	212.7	210.1
Travel & Transportation of Personnel	3.6	2.6	3.0
Materiel & Supplies (For Internal Operations)	3.2	1.8	1.3
Equipment	2.6	0.3	0.4
Other Purchases from Revolving Funds	137.7	224.7	184.7
Transportation of Things	44.9	66.3	66.3
Depreciation - Capital	12.0	18.0	20.7
Printing and Reproduction	0.4	0.3	0.3
Advisory and Assistance Services	12.0	5.8	7.0
Rent, Communication, Utilities & Misc. Charges	5.5	5.0	4.5
Other Purchased Services	176.7	146.9	153.6
Loss/Obsolescence Obs (includes condemnation)	45.5	45.5	44.1
European Redistribution Facility	18.0	0.0	0.0
Safety of Use/Flight	15.2	15.2	14.7
Total Expenses:	6,756.8	6,769.6	6,846.3
Operating Result	(204.7)	(270.4)	(88.2)

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Supply Management, Army**

**Revenue and Expenses
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Less Capital Surcharge Reservation	52.6	63.6	0.0
Other Changes Affecting NOR/AOR: Cash offset	(229.4)	(333.6)	(83.3)
Net Operating Result	(27.9)	(0.4)	(4.9)
Prior Year AOR	33.2	5.3	4.9
Accumulated Operating Result	5.3	4.9	0.0

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**SOURCE OF REVENUE
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	4,547.3	4,603.7	4,669.8
Operations & Maintenance, ARNG	333.0	334.5	335.1
Operations & Maintenance, AR	208.9	227.0	229.7
Subtotal, O&M:	5,089.2	5,165.2	5,234.6
Procurement Appropriations	118.5	118.5	115.2
RDTE	91.9	82.0	91.1
Military Personnel, Army	114.6	120.6	123.1
Other	51.5	51.1	62.2
Subtotal, Department of Army:	5,465.7	5,537.4	5,626.2
Department of Air Force	173.1	167.8	163.1
Department of Navy	59.2	57.9	56.7
US Marines	90.8	89.6	98.8
Department of Defense	792.4	774.7	796.1
Subtotal, Other DoD Services:	1,115.5	1,090.0	1,114.7
b. DWCF:			
Depot Maintenance, Army	255.1	258.3	254.4
Supply Management, Army (Retail)	2,266.5	2,234.8	2,311.5
Other DWCF:			
DLA			
Subtotal DWCF:	2,521.6	2,493.1	2,565.9
c. Total DoD	9,102.8	9,120.5	9,306.8

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Supply Management, Army**

**SOURCE OF REVENUE
(S in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
d. Other Orders:			
Other Federal Agencies	19.9	17.1	18.3
Foreign Military Sales	345.2	328.7	324.8
Other	31.7	31.8	32.0
Total New Orders:	9,499.6	9,498.1	9,681.9
2. Carry-in Orders	0.0	0.0	0.0
3. Total Gross Orders	9,499.6	9,498.1	9,681.9
4. Change in Backlog	139.7	84.1	35.0
5. Total Gross Sales	9,359.9	9,414.0	9,646.9
6. Less: Returns for Credit	2,971.4	2,914.8	2,888.8
Less: Allowances	11.5		
* Plus: Credit Differential	175.1		
7. Net Sales	6,552.1	6,499.2	6,758.1

* GAO/NSIAD-94-131 ARMY INVENTORY: Changes to Stock Funding
Reparables Would Save Operations and Maintenance Funds, recommended
that the Supply Activity Group recoup excess credit given to customers in FY
1992. This was recouped in FY 1997 and recorded as a sale rather than a
a prior year adjustment. The data above is displayed to be consistent with
the official accounting reports for FY 1997.

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Supply Management, Army**

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

		<u>Expenses</u>
FY 1997 Actual Cost		6,756.8
FY 1998 Estimate in President's Budget		7,021.0
Pricing Adjustments		0.2
General Purchase Inflation	(1.7)	
Personnel Benefits	1.9	
Program Changes		(251.6)
Sales Decrease	(251.6)	
FY 1998 Current Estimate		6,769.6
Pricing Adjustments		241.7
Civilian Personnel	7.8	
Surcharge Increase Effect *	201.5	
Other Intrafund Purchases	0.3	
Transportation	1.4	
DLSC / DAASO	7.7	
DISA	(1.2)	
Distribution Depots	16.9	
DRMS	4.0	
Other Purchased Services	3.4	
Program Changes		(165.0)
Cost of Spares Efficiency	(22.0)	
ALT/PLT Efficiency	(25.0)	
Military Personnel	0.1	
Civilian Personnel	(6.7)	
Inventory Expenses	(69.6)	
Travel	0.4	
Material for Internal Operations	(0.5)	

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Supply Management, Army**

**Changes in the Costs of Operation (continued)
(\$ in Millions)**

	<u>Expenses</u>
Equipment	0.2
Other Intrafund Purchases	(0.9)
Transportation	(1.5)
Depreciation	2.7
DLSC / DAASO	4.0
DISA	1.4
DFAS	(0.8)
Distribution Depots	8.3
DRMS	(55.1)
Other Purchased Services	4.1
 FY 1999 Estimate	 6,846.3

* FY 1998 Surcharge is 17.8%; FY 1999 Surcharge is 25.3%.
Increase causes pricing effect.

**Army Working Capital Fund
FY 1999 Biennial Budget Estimates
Supply Management, Army**

**Fuel Data
(\$ in Millions)**

Product	Procured From DFSC			Procured by Service		
	Barrels (millions)	Cost Per Barrel (\$)	Extended Price (\$ M)	Barrels (millions)	Cost Per Barrel (\$)	Extended Price (\$ M)
FY 1997						
AVGAS	0.000	99.12	0.0	0.001	99.12	0.1
MOGAS (L)	0.000	38.22	0.0	0.000	38.22	0.0
MOGAS (U)	0.339	31.08	10.5	0.111	31.08	3.4
JP-4	0.683	32.34	22.1	0.088	32.34	2.8
JP-5	0.058	33.18	1.9	0.010	33.18	0.3
DISTILLATES	0.492	31.08	15.3	0.351	31.08	10.9
RESIDUALS	0.186	18.90	3.5	0.236	18.90	4.5
GASOHOL	0.000	30.66	0.0	0.000	30.66	0.0
JP-8	1.154	32.34	37.3	0.070	32.34	2.3
TOTAL	2.912	31.14	90.7	0.867	28.10	24.4
FY 1998						
AVGAS	0.000	153.30	0.0	0.000	153.30	0.0
MOGAS (L)	0.000	44.94	0.0	0.000	44.94	0.0
MOGAS (U)	0.341	36.96	12.6	0.110	36.96	4.1
JP-4	0.025	49.56	1.2	0.088	49.56	4.4
JP-5	0.000	39.06	0.0	0.009	39.06	0.4
DISTILLATES	0.493	36.96	18.2	0.351	36.96	13.0
RESIDUALS	0.182	23.10	4.2	0.235	23.10	5.4
GASOHOL	0.000	36.54	0.0	0.000	36.54	0.0
JP-8	1.810	38.22	69.2	0.074	38.22	2.8
TOTAL	2.851	36.99	105.4	0.867	34.61	30.0

**Army Working Capital Fund
FY 1999 Biennial Budget Estimates
Supply Management, Army**

**Fuel Data
(\$ in Millions)**

Product	Procured From DFSC			Procured by Service		
	Barrels (millions)	Cost Per Barrel (\$)	Extended Price (\$ M)	Barrels (millions)	Cost Per Barrel (\$)	Extended Price (\$ M)
FY 1999						
AVGAS	0.000	139.86	0.0	0.000	139.86	0.0
MOGAS (L)	0.000	41.16	0.0	0.000	41.16	0.0
MOGAS (U)	0.336	33.60	11.3	0.106	33.60	3.6
JP-4	0.025	45.36	1.1	0.057	45.36	2.6
JP-5	0.000	35.70	0.0	0.008	35.70	0.3
DISTILLATES	0.493	33.60	16.6	0.335	33.60	11.3
RESIDUALS	0.182	21.00	3.8	0.135	21.00	2.8
GASOHOL	0.000	34.44	0.0	0.000	34.44	0.0
JP-8	1.810	34.86	63.1	0.066	34.86	2.3
TOTAL	2.846	33.70	95.9	0.707	32.28	22.8

Army Working Capital Fund
FY 1999 Biennial Budget Estimates
Supply Management, Army
SUMMARY BY DIVISION
(\$ in Millions)

		CUSTOMER	NET	OBLIGATION TARGETS		
RETAIL		ORDERS NET	SALES	OPERATING	MOB	TOTAL
FORSCOM						
	FY 1997	1,367.1	1,581.3	1,355.4	0.0	1,355.4
	FY 1998	1,488.1	1,532.1	1,503.1	0.0	1,503.1
	FY 1999	1,539.8	1,586.2	1,525.8	0.0	1,525.8
USAREUR						
	FY 1997	701.9	720.8	632.9	0.0	632.9
	FY 1998	557.1	557.1	582.0	0.0	582.0
	FY 1999	589.6	591.0	590.9	0.0	590.9
TRADOC						
	FY 1997	768.0	862.3	906.2	0.0	906.2
	FY 1998	974.3	905.9	934.3	0.0	934.3
	FY 1999	976.5	925.4	957.9	0.0	957.9
USAEIGHT						
	FY 1997	282.7	301.7	308.1	0.0	308.1
	FY 1998	322.0	311.3	311.6	0.0	311.6
	FY 1999	329.0	329.0	328.3	0.0	328.3
USARPAC						
	FY 1997	198.7	220.4	207.7	0.0	207.7
	FY 1998	243.8	247.7	244.7	0.0	244.7
	FY 1999	249.0	249.8	246.6	0.0	246.6
USARSO						
	FY 1997	45.6	45.9	40.9	0.0	40.9
	FY 1998	36.8	36.5	36.5	0.0	36.5
	FY 1999	33.1	32.2	32.2	0.0	32.2
AMC-ID						
	FY 1997	334.1	367.4	346.0	0.0	346.0
	FY 1998	400.1	407.6	399.3	0.0	399.3
	FY 1999	404.1	410.8	406.4	0.0	406.4
DSS-W						
	FY 1997	17.7	22.6	19.9	0.0	19.9
	FY 1998	25.7	35.2	25.6	0.0	25.6
	FY 1999	31.6	27.2	32.9	0.0	32.9

**Army Working Capital Fund
FY 1999 Biennial Budget Estimates
Supply Management, Army
SUMMARY BY DIVISION
(\$ in Millions)**

DIVISION		NET CUSTOMER ORDERS	NET SALES	PERATIN	OBLIGATION TARGETS MOB	TOTAL
WHOLESALE-CONSUMABLES						
ACALA						
	FY 1997	180.8	162.4	76.1	0.0	76.1
	FY 1998	163.9	158.5	92.2	0.0	92.2
	FY 1999	160.4	159.9	89.9	0.0	89.9
CECOM						
	FY 1997	203.0	201.3	89.6	0.0	89.6
	FY 1998	199.2	194.9	99.1	0.0	99.1
	FY 1999	208.4	205.4	92.5	0.0	92.5
TACOM						
	FY 1997	311.5	286.2	189.0	0.0	189.0
	FY 1998	302.6	290.6	212.7	0.0	212.7
	FY 1999	300.0	291.9	158.4	0.0	158.4
*ATCOM						
	FY 1997	262.0	181.1	88.7	0.0	88.7
MICOM						
	FY 1997	40.2	33.6	24.3	0.0	24.3
**AMCOM						
	FY 1998	149.6	151.1	126.8	0.0	126.8
	FY 1999	139.8	140.4	107.4	0.0	107.4
***SCBCOM						
	FY 1998	43.4	45.1	21.5	0.0	21.5
	FY 1999	42.1	43.3	18.9	0.0	18.9

*Reflects air and ground support items

**ATCOM (aircraft) and MICOM merged to form AMCOM--reflects air and missiles

***Ground Support Items were transferred to a new command, SCBCOM.

**Army Working Capital Fund
FY 1999 Biennial Budget Estimates
Supply Management, Army
SUMMARY BY DIVISION
(\$ in Millions)**

DIVISION		NET CUSTOMER ORDERS	NET SALES	OBLIGATION PERATIN	TARGETS MOB	TOTAL
WHOLESALE-REPARABLES						
ACALA						
	FY 1997	137.3	116.7	69.7	0.0	69.7
	FY 1998	160.8	131.9	63.2	0.0	63.2
	FY 1999	160.0	135.7	74.3	0.0	74.3
CECOM						
	FY 1997	309.7	313.4	218.3	0.0	218.3
	FY 1998	281.0	277.0	203.0	0.0	203.0
	FY 1999	284.2	285.0	219.0	0.0	219.0
TACOM						
	FY 1997	358.0	339.6	237.9	0.0	237.9
	FY 1998	333.0	325.0	202.7	0.0	202.7
	FY 1999	353.1	354.6	196.4	0.0	196.4
*ATCOM						
	FY 1997	636.2	539.6	318.4	0.0	318.4
*MICOM						
	FY 1997	362.1	247.2	155.0	0.0	155.0
*AMCOM						
	FY 1998	876.8	870.9	569.0	0.0	569.0
	FY 1999	964.7	966.8	576.0	0.0	576.0
**SCBCOM						
	FY 1998	9.6	5.4	9.3	0.0	9.3
	FY 1999	10.6	6.1	9.3	0.0	9.3

*Reflects air and ground support items

**ATCOM (aircraft) and MICOM merged to form AMCOM--reflects air and missiles

***Ground Support Items were transferred to a new command, SCBCOM.

Army Working Capital Fund
FY 1999 Biennial Budget Estimates
Supply Management, Army
SUMMARY BY DIVISION
(\$ in Millions)

DIVISION	NET		OBLIGATION TARGETS		
	CUSTOMER ORDERS	NET SALES	PERATIN	MOB	TOTAL
AMC-MOB					
FY 1997	11.6	8.7	10.7	0.0	10.7
FY 1998	15.4	15.4	15.5	0.0	15.5
FY 1999	17.3	17.4	17.5	0.0	17.5
COST OF OPS					
FY 1997			627.5	0.0	627.5
FY 1998			664.9	0.0	664.9
FY 1999			612.1	0.0	612.1
CAPITAL					
FY 1997			48.9	0.0	48.9
FY 1998			65.2	0.0	65.2
FY 1999			47.3	0.0	47.3
COMMITMENT					
FY 1997			111.0	0.0	111.0
FY 1998			113.4	0.0	113.4
FY 1999			180.0	0.0	180.0
TOTAL					
FY 1997	6,528.2	6,552.1	5,965.4	0.0	5,965.4
FY 1998	6,583.2	6,499.2	6,382.2	0.0	6,382.2
FY 1999	6,793.3	6,758.1	6,340.0	0.0	6,340.0

**Army Working Capital Fund
FY 1998/1999 Biennial Budget Estimates
Supply Management, Army**

**Operating Requirement
By Weapon System/Category
(\$ in Millions)**

WEAPON SYSTEM/CATEGORY	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Chemical Defense Equipment	13.4	39.3	37.7
Other Armament, Munitions and Chemicals	48.6	67.5	63.0
AH-64	170.8	178.0	130.6
UH-60	132.7	132.3	143.6
OH-58D	15.9	42.5	46.2
CH-47D	38.9	46.7	57.5
T701C Engines	27.2	76.0	69.7
Air Delivery/Aviation/Troop Equipment	77.3	116.2	141.4
MSE	26.8	23.2	23.2
Night Vision Equipment	34.9	28.5	28.1
Batteries	50.4	60.5	49.5
Other Communications/Electronics	171.7	148.6	156.0
MLRS	12.5	22.5	23.9
PATRIOT	60.8	67.3	52.8
Other Missile Systems	100.5	52.6	46.5
M1 Series Tank	212.2	217.1	200.5
M88 Recovery Vehicle	29.5	19.5	17.9
M109 Howitzer	19.9	24.2	28.2
M198 Howitzer	6.0	5.8	5.5
M113 FOV	11.5	20.2	22.2
Bradley Fighting Vehicle	37.6	63.4	76.2
HMMWV	29.9	36.4	20.7
Tires	46.2	39.4	33.9
Other Tank & Automotive	92.0	71.8	67.2
TOTAL	1,467.2	1,599.5	1,542.0

**Army Working Capital Fund
FY 1999 Biennial Budget Estimates
Supply Management, Army**

**MATERIAL INVENTORY DATA
FISCAL YEAR 1997
(\$ in Millions)**

	<u>Total</u>	<u>Mobilization</u>	<u>----- Peacetime ----- Operating</u>	<u>Other</u>
1. Materiel Inventory BOP at Standard	16,674.0	2,786.4	6,400.8	7,486.8
2. Materiel Inventory BOP (revalued-memo)	10,774.0	1,800.4	4,135.9	4,837.6
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	(40.5)	(558.0)	598.5
b. Price Changes (memo)	(595.0)	(30.0)	(241.6)	(323.4)
c. Inventory Reclassified and Repriced	16,079.0	2,715.9	5,601.2	7,761.9
4. Receipts at Standard	6,640.5	39.9	6,589.5	11.1
5. Gross Sales	9,359.9	5.3	9,354.7	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(259.9)	(0.3)	(134.5)	(125.1)
b. Returns from Customers for Credit	4,781.1	0.0	1,620.7	3,160.4
c. Returns from Customers without Credit	3,097.5	0.0	101.2	2,996.3
d. Returns to suppliers (-)	(2,367.8)	(15.0)	(5.9)	(2,346.9)
e. Transfers to Property Disposal (-)	(2,274.6)	0.0	(9.3)	(2,265.3)
f. Issues/Receipts without Reimbursement + OR (-)	(129.4)	(40.0)	(12.4)	(77.0)
g. Other	(1,261.9)	(14.7)	(87.8)	(1,159.4)
h. Total Adjustments	1,585.0	(70.0)	1,472.0	183.0
7. Materiel Inventory EOP	14,944.6	2,680.5	4,308.0	7,956.0
8. Materiel Inventory EOP (revalued-memo)	9,867.9	1,696.6	3,217.6	4,953.7
a. Economic Retention (memo)	2,693.9			2,693.9
b. Policy Retention (memo)	1,567.2			1,567.2
c. Potential Excess (memo)	398.3			398.3
9. Materiel Inventory on Order EOP (memo)	2,244.5	97.0	2,147.5	

**Army Working Capital Fund
FY 1999 Biennial Budget Estimates
Supply Management, Army**

**MATERIAL INVENTORY DATA
FISCAL YEAR 1998
(\$ in Millions)**

		--- Peacetime ---		
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. Materiel Inventory BOP at Standard	14,944.6	2,680.5	4,308.0	7,956.0
2. Materiel Inventory BOP (revalued-memo)	9,867.9	1,696.6	3,217.6	4,953.7
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	71.8	1,018.1	(1,089.9)
b. Price Changes (memo)	290.1	30.3	130.0	129.8
c. Inventory Reclassified and Repriced	15,234.7	2,782.6	5,456.1	6,995.9
4. Receipts at Standard	6,204.7	60.9	6,140.2	3.6
5. Gross Sales	9,414.0	5.3	9,408.7	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(27.4)	(0.8)	(23.9)	(2.7)
b. Returns from Customers for Credit	4,708.9	0.0	1,766.3	2,942.6
c. Returns from Customers without Credit	1,935.7	0.0	152.1	1,783.6
d. Returns to suppliers (-)	(1,868.5)	(20.0)	(7.1)	(1,841.4)
e. Transfers to Property Disposal (-)	(1,881.3)	0.0	(7.3)	(1,874.0)
f. Issues/Receipts without Reimbursement + OR (-)	(60.9)	(52.5)	0.0	(8.4)
g. Other	(153.5)	24.3	(29.2)	(148.6)
h. Total Adjustments	2,653.0	(49.0)	1,850.9	851.1
7. Materiel Inventory EOP	14,678.4	2,789.2	4,038.5	7,850.6
8. Materiel Inventory EOP (revalued-memo)	9,593.7	1,759.5	2,848.7	4,985.5
a. Economic Retention (memo)	2,762.9			2,762.9
b. Policy Retention (memo)	1,522.7			1,522.7
c. Potential Excess (memo)	417.2			417.2
9. Materiel Inventory on Order EOP (memo)	2,267.9	76.0	2,191.9	

**Army Working Capital Fund
FY 1999 Biennial Budget Estimates
Supply Management, Army**

**MATERIAL INVENTORY DATA
FISCAL YEAR 1999
(\$ in Millions)**

		---- Peacetime ----		
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. Materiel Inventory BOP at Standard	14,678.4	2,789.2	4,038.5	7,850.6
2. Materiel Inventory BOP (revalued-memo)	9,593.7	1,759.5	2,848.7	4,985.5
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	14.0	1,206.0	(1,220.0)
b. Price Changes (memo)	609.6	74.5	252.4	282.7
c. Inventory Reclassified and Repriced	15,288.0	2,877.7	5,496.9	6,913.3
4. Receipts at Standard	6,176.3	29.1	6,146.9	0.3
5. Gross Sales	9,611.7	5.3	9,606.4	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(15.5)	(1.3)	(12.5)	(1.7)
b. Returns from Customers for Credit	4,758.4	14.0	1,753.1	2,991.3
c. Returns from Customers without Credit	1,901.5	0.0	141.4	1,760.1
d. Returns to suppliers (-)	(1,875.0)	(20.0)	(7.0)	(1,848.0)
e. Transfers to Property Disposal (-)	(1,908.8)	0.0	(6.8)	(1,902.0)
f. Issues/Receipts without Reimbursement + OR (-)	(44.4)	(37.2)	(0.1)	(7.1)
g. Other	(136.8)	(3.5)	(94.3)	(39.0)
h. Total Adjustments	2,679.4	(48.0)	1,773.8	953.6
7. Materiel Inventory EOP	14,532.0	2,853.5	3,811.2	7,867.2
8. Materiel Inventory EOP (revalued-memo)	9,323.1	1,800.1	2,623.1	4,899.9
a. Economic Retention (memo)	2,721.8			2,721.8
b. Policy Retention (memo)	1,481.7			1,481.7
c. Potential Excess (memo)	422.6			422.6
9. Materiel Inventory on Order EOP (memo)	2,201.5	65.9	2,135.6	

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Supply Management, Army**

**Wholesale Only
Customer Price Change**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
1. Gross Sales at Cost	3,099.7	3,030.6	2,939.5
2. Less Materiel Inflation Adjustment	62.0	42.5	35.3
3. Revised Gross Sales at Cost	3,037.7	2,988.1	2,904.2
4. Surcharge (dollars)	506.2	539.9	742.9
5. Change to Customers:			
a. Previous Years Surcharge (rate)	26.5%	16.7%	17.8%
b. This year's Surcharge divided by line 3 above (\$)	18.7%	19.5%	26.8%
c. Percent change to customer	-6.0%	2.3%	7.6%

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Depot Maintenance**

Functional Description

Depot Maintenance represents one of the major mission areas assigned to the Industrial Operations Command (IOC) located at Rock Island, IL. This activity group provides the Army an organic industrial capability to repair, overhaul, and upgrade weapon systems and equipment; store and distribute ammunition, war reserve materiel, and other selected items; and provide tenant support to other Army Materiel Command (AMC), Army, and DoD activities. Depot maintenance activities both compete and partner with private industry to deliver goods and services efficiently and effectively. This activity group serves as the logistics bridge linking peacetime readiness to wartime sustainment and reconstitution. There are currently eight major depots and four subordinate depot activities in this group.

Activity Group Composition

Anniston Army Depot Anniston, AL

Maintains and repairs heavy tracked combat vehicles; stores, maintains, distributes, and demilitarizes conventional ammunition; and supports a DLA Distribution Depot and Chemical Biological Defense Command (CBDCOM) chemical munitions storage

Blue Grass Army Depot Lexington, KY

Stores, maintains, distributes and demilitarizes conventional ammunition; maintains and repairs chemical defensive equipment; and supports CBDCOM chemical munitions storage

Corpus Christi Army Depot Corpus Christi, TX

Maintains, repairs, overhauls, and upgrades rotary wing aircraft, engines and components

Letterkenny Army Depot Chambersburg, PA

Maintains and repairs self-propelled and towed artillery, light recovery vehicles, and tactical missile systems; stores, maintains, distributes, and demilitarizes conventional ammunition; and provides tenant support

Pueblo Army Depot Activity Pueblo, CO

Stores and preserves chemical ammunition (transfers to CBDCOM in FY 1998)

Red River Army Depot Texarkana, TX

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Maintains and repairs light armored vehicles and select missile systems; stores, maintains, distributes, and demilitarizes conventional ammunition; and supports a DLA Distribution Depot and other tenants

Savanna Army Depot Activity Savanna, IL

Stores, maintains, distributes, and demilitarizes conventional ammunition and war reserve materiel; designs and fabricates special purpose ammunition handling and production equipment; and supports US Army Defense Ammunition Center and School and other tenants

Seneca Army Depot Activity Romulus, NY

Stores, maintains, distributes and demilitarizes conventional ammunition; and provides tenant support

Sierra Army Depot Herlong, CA

Stores, maintains, distributes, and demilitarizes munitions; supports Operational Project Stocks; and provides tenant support

Tobyhanna Army Depot Tobyhanna, PA

Manufactures, maintains, tests, and fields communications-electronics systems and equipment; supports a DLA Distribution Depot; and provides tenant support

Tooele Army Depot Tooele, UT

Maintains and repairs generators and rail locomotives; stores, maintains, distributes, and demilitarizes conventional ammunition; designs and fabricates special-purpose ammunition handling and production equipment; and provides tenant support

Umatilla Army Depot Activity Hermiston, OR

Stores and preserves chemical ammunition (transfers to CBDCOM in FY 1998)

Budget Highlights

Personnel:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Civilian End Strength	13,886	13,485	12,881
Civilian FTEs	14,425	13,595	12,991
Military End Strength	85	89	77
Military Workyears	69	70	66

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This budget displays an overall downward trend in manpower levels consistent with Base Realignment and Closure (BRAC) actions at Letterkenny, Red River, Savanna, Seneca, and Sierra. Reduced manpower levels will be achieved through continued VERA/VSIP, reductions in force, and hiring freezes. Civilian end strength is projected to decrease 7% from FY 1997 to FY 1999 despite a significant increase in manpower associated with workload transferring from the Air Force's Sacramento Air Logistics Center to Tobyhanna under BRAC 95 beginning in FY 1998.

Costs, Operating Results (OR) and Rates:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Costs of Goods and Services Produced (Expenses) (\$M)	1,541.4	1,524.4	1,511.7
Costs of Goods and Services Sold (\$M)	1,554.5	1,743.3	1,513.1
Net Operating Results (\$M)	(136.3)	(73.2)	9.6
Accumulated Operating Results (\$M)	(22.0)	(4.8)	0.0
Customer Revenue Rate per DLH	\$90.07	\$93.71	\$105.61
Percent Rate Change from Prior Year	6.92%	4.04%	12.70%
Unit Costs (\$/DLH)	\$101.30	\$115.37	\$106.32
DLH (000)	15,346	15,110	14,232

Costs of Goods Sold (CGS).

Costs change programmatically from FY 1997 to FY 1999 based on several factors. Increases are associated primarily with BRAC-related VERA/VSIP and travel and transportation, and a new War Reserve mission at Letterkenny. Decreases are associated primarily with workyear savings and reduced material requirements. The FY 1998 spike in CGS is the result of a change in procedures for recognizing revenue to comply with policy as directed in a DoD Financial Management Regulation. A System Change Request (SCR) was implemented on October 1, 1997 which enables the depots to recognize revenue on a "percent completed" rather than "units completed" basis. This accounting system change will decrease Work in Process (WIP) by over \$200 million during FY 1998. This reduction in WIP will create a corresponding increase in the CGS.

Unit Costs.

Unit costs are calculated by dividing the CGS by direct labor hours. The substantial FY 1998 increase in CGS, attributed to the change in revenue recognition, explains the

**Army Working Capital Fund
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Depot Maintenance**

spike in FY 1998 unit costs. The decrease in direct labor hours from FY 1997 to FY 1999 also causes unit costs to fluctuate.

Operating Results and Rates.

Operating results were much poorer than planned for FY 1997. The FY 1998/1999 President's Budget projected Net Operating Results (NOR) to be (\$71.1) million; instead, actual NOR was (\$136.3) million. The additional loss over budgeted NOR was the result of several factors, which include schedule slippages at Anniston and Corpus Christi associated with parts nonavailability, an inability to reduce overhead personnel at Corpus Christi, and underfunding of BRAC and Unutilized Plant Capacity pass-through funding due to Congressional reductions. The Army has attempted to mitigate the effect of FY 1997 losses on future rates by collecting against valid prior year unpaid bills. This increased emphasis on prior year collections will not affect FY 1998 NOR, but will reduce FY 1998 Accumulated Operating Results (AOR). In order to achieve an AOR of zero in FY 1999 and to restore some cash to the corpus, this budget sets the revenue rate at \$105.61 per direct labor hour. This rate represents recovery of \$4.8 million in AOR losses and a \$75 million cash surcharge.

Performance Indicators.

Performance effectiveness indicators for this activity group are labor hour costs, NOR, and schedule conformance. The goal is to execute labor hour costs at or below budgeted levels, to achieve or exceed budgeted operating results, and to complete at least 95 percent of items worked on schedule. The activity group will not achieve its budgeted NOR in either FY 1997 or FY 1998 due primarily to decreased pass-through funding for Unutilized Plant Capacity and BRAC operating losses. Apprehension concerning downsizing actions and job security also contribute to productivity losses, making achievement of other performance goals difficult.

Productivity Initiatives/Cost Reductions.

This activity group has implemented plans to comply with directed productivity targets. Initiatives include capital investments, value engineering, employee suggestions, and methods and standards. The cost projections and rates calculated in this budget reflect the effects of productivity initiatives. However, BRAC actions and workload not materializing as planned threaten to nullify these assumptions.

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FY 1999 Amended Budget Estimates
Depot Maintenance**

Carry-Over.

The number of months of carry-over has been calculated in accordance with OSD policy adopted as a result of the Carry-Over Task Force Study. Carry-over is projected to decrease from 3.2 months in FY 1997 to 2.5 months in FY 1999 as reflected below. No value is shown for the contract liabilities exclusion, despite the fact that the Army estimates this exclusion to be worth \$16 million to \$18 million per year, as accounting reports lack visibility over this discrete information.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
(\$M)			
New Orders	1,347.5	1,391.4	1,514.5
Carry-In	891.3	789.9	490.7
Gross Orders	2,238.8	2,181.4	2,005.2
Total Revenue	1,448.9	1,690.7	1,597.4
Carry-Over	789.9	490.7	407.8
Less WIP	250.8	31.8	30.4
Less BRAC, Non-DoD, FMS	156.7	113.2	49.6
Intra/Inter DWCF (excluding SMA)			
Less Contract Liabilities			
Net Carry-Over	382.5	345.6	327.8
Carry-Over in Months	3.17	2.45	2.46

Quadrennial Defense Review (QDR).

Looking to the future (beyond FY 1999), recommendations of the QDR hold important changes and potential savings for this activity group. There will be an increased emphasis on outsourcing and privatization and/or implementation of the most efficient organization concept in the delivery of Base Support services. There will be streamlining associated with execution of the Conventional Ammunition Demilitarization Program and Chemical Stockpile Demilitarization; and five depots will transfer from the IOC to each depot's parent commodity command, resulting in a reduction to IOC's management structure.

Base Realignment and Closure (BRAC).

BRAC 95 presents a major challenge to the activity group, establishing two closures (Savanna and Seneca) and three realignments (Letterkenny, Red River, and Sierra).

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Savanna, Seneca, and Sierra must retain adequate BRAC and OMA funding for relocation of ammunition within a balanced manner to provide a reasonably stable staffing level from one fiscal year to the next. Two installations also gain significant workload (Anniston and Tobyhanna). These actions must be completed by July 13, 2001.

Closure of Seneca and Savanna will necessitate their decapitalization from the AWCF no later than fiscal year-end 2001, possibly sooner. This will require extraordinary efforts since neither is a self-contained financial entity. Seneca is entwined in the Tobyhanna financial database. Savanna is entwined within the Letterkenny financial database. Of particular concern is the treatment of AWCF real and personal assets which will be disposed of/transferred to the Local Reuse Authority. In many cases, real property will not be available for transfer until several years after closure (2001) when all environmental problems have been resolved. Likewise, a major portion of Letterkenny, Red River, and Sierra assets will be disposed of/transferred during the same period as they realign to a "reduced footprint".

Capital Budget.

The Capital Investment Program (CIP) contains several minor adjustments, reprogramming actions, and new projects in FY 1997 and FY 1998. A summary of this program follows:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
(\$M)			
Equipment	21.5	22.4	7.7
ADPE & Telecommunications	7.5	1.1	1.0
Software	7.9	16.2	20.0
Minor Construction	11.3	4.0	4.6
Total	48.2	43.6	33.3

Most of the CIP involves two categories of projects, equipment and software. Within the equipment category, projects primarily involve replacing existing but worn equipment, or increasing productivity via installation of newer technology. Examples of replacement equipment include bore drill mills, transmission test and cooling equipment, and a vertical turret lathe. Examples of equipment designed to increase productivity include installation of a whirlltower for testing helicopter rotor blades and the automated storage and retrieval system for handling repair parts. Within the software category, most of the funding reflects a transfer beginning in FY 1998 of software development projects formerly managed by the Joint Logistics Systems Center (JLSC).

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Depot Maintenance**

Since JLSC is being disestablished, end-users must now assume responsibility for development of certain systems. The Army Depot Maintenance activity group will receive projects valued at approximately \$9.5 million in FY 1998 and \$14.5 million in FY 1999. The remaining funding is associated with the upgrade and Year 2000 compliance of the Army's industrial legacy system known as the Standard Depot System.

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Depot Maintenance**

**Revenue and Expenses
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Revenue			
Gross Sales:	1,448.9	1,690.7	1,597.4
Operations	1,393.7	1,624.8	1,545.7
Capital Surcharge	17.0	20.6	
Depreciation excluding Major Construction	38.3	45.3	51.7
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
 Total Income:	 1,448.9	 1,690.7	 1,597.4
Expenses			
Salaries and Wages:	712.7	684.7	681.9
Military Personnel Compensation & Benefits	3.9	4.8	3.5
Civilian Personnel Compensation & Benefits	708.8	679.9	678.4
Travel & Transportation of Personnel	12.4	17.5	28.5
Materials & Supplies (For Internal Operations)	450.4	421.9	423.2
Equipment	16.8	13.0	13.6
Other Purchases from Revolving Funds	62.5	82.6	84.1
Transportation of Things	13.0	15.0	15.0
Depreciation - Capital	38.3	45.3	51.7
Printing and Reproduction	3.6	2.3	2.4
Advisory and Assistance Services	8.5	3.8	3.8
Rent, Communication, Utilities, & Misc. Charges	32.2	33.6	33.7
Other Purchased Services	191.0	204.5	173.8
 Total Expenses:	 1,541.4	 1,524.4	 1,511.7
 Operating Result	 (92.5)	 166.3	 85.7
 Less Capital Surcharge Reservation	 17.0	 20.6	
Nonrecoverable Losses			
Other Changes Affecting NOR:	(26.8)	(218.9)	(76.1)
Less Cash Surcharge			(74.7)
Net Change in WIP	13.1	218.9	1.4
Other Expenses	13.7		
 Net Operating Result	 (136.3)	 (73.2)	 9.6
 Other Changes Affecting AOR		90.4	(4.8)
 Prior Year Adjustments	45.0		
 Prior Year AOR	69.4	(22.0)	(4.8)
 Accumulated Operating Result	 (22.0)	 (4.8)	 (0.0)

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Depot Maintenance**

**Source of Revenue
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	622.4	592.4	513.8
Operations & Maintenance, ARNG	6.1	4.1	11.5
Operations & Maintenance, AR	2.7	11.1	14.4
Subtotal, O&M:	631.1	607.6	539.6
Aircraft Procurement	34.3	35.7	31.7
Missile Procurement	19.4	27.6	31.3
Weapons & Tracked Combat Vehicles	40.0	85.6	75.0
Procurement of Ammunition	26.3	27.6	38.8
Other Procurement	37.1	70.7	96.6
Subtotal, Procurement:	157.2	247.1	273.4
RDTE	2.9	5.5	6.8
BRAC	19.1	31.5	54.8
Family Housing	1.4	1.5	1.8
Military Construction		0.1	0.0
Other	0.5	2.9	2.9
Subtotal, Department of Army:	812.2	896.1	879.4
Department of Air Force O&M	6.8	19.8	29.4
Department of Navy O&M	63.0	89.1	113.9
US Marines O&M	14.2	13.6	16.1
Department of Defense O&M		5.1	6.9
Subtotal, Other DoD Services:	84.0	127.5	166.3
Other DoD Agencies:	31.9	30.3	37.7
Other DoD Agencies	31.7	29.6	37.7
CAWCF	0.1	0.7	

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FY 1999 Amended Budget Estimates
Depot Maintenance**

**Source of Revenue
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
b. DWCF:			
Depot Maintenance, Army	5.8	14.0	16.2
Supply Management, Army	250.2	253.8	341.7
DECA	0.3	0.2	0.2
DFAS	3.3	2.2	2.2
DISA	5.5	3.4	3.6
DLA	31.4	27.1	24.7
Other	69.8	16.5	24.9
Subtotal, DWCF:	366.3	317.1	413.5
c. Total DoD	1,294.3	1,371.0	1,496.8
d. Other Orders:	53.2	20.4	17.7
Other Federal Agencies	7.2	1.8	1.6
Foreign Military Sales	46.0	15.6	13.0
Nonappropriated		1.2	1.3
Non-Federal Agencies		1.9	1.8
Total New Orders:	1,347.5	1,391.4	1,514.5
2. Carry-in Orders	891.3	789.9	490.7
3. Total Gross Orders	2,238.8	2,181.4	2,005.2
4. Funded Carry-over	789.9	490.7	407.8
5. Total Gross Sales	1,448.9	1,690.7	1,597.4
6. Number of Months of Carry-Over	3.17	2.45	2.46

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Depot Maintenance**

**Changes in Costs of Operation
(\$ in Millions)**

	<u>Expenses</u>
FY 1997 Actual Cost	1,541.4
FY 1998 Estimate in President's Budget	1,449.3
Estimated Impact in FY 1998 of Actual FY 1997 Actions	33.9
Inflation and Pricing	(2.0)
Depreciation	5.0
Rent, Communications, Utilities	9.1
Civilian Compensation	11.9
Travel and Transportation	(1.8)
Materials, Supplies, Equipment	(17.8)
Other Purchases from Revolving Funds	7.6
Other Purchased Services	21.8
Program Changes	41.2
War Reserves: increase for new mission	32.0
Other (Transfer of Workload from Air Force to Tobyhanna)	9.2
FY 1998 Current Estimate	1,524.4
Pricing Adjustments	38.9
Annualization of Prior Year Pay Raises	4.5
FY 1999 Pay Raise	15.2
Civilian Personnel	15.0
Military Personnel	0.1
Fund Price Changes	14.8
General Purchase Inflation	4.4
Program Changes	(51.6)
Personnel Reductions for Decreased Workload	(29.2)
BRAC-related costs, including tvl, trans, etc.	5.2
Reduction in supplies, materials & equipment	(18.7)
Depreciation	6.4
Other Purchased Services	(33.8)
Other (Additional Transfer of Workload from Air Force to Tobyhanna)	18.6
FY 1999 Estimated Cost	1,511.7

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FY 1999 Amended Budget Estimates
Ordnance**

FUNCTIONAL DESCRIPTION

IOC (which manages both the Army Depot Maintenance and the Army Ordnance activity groups) is to build a viable world-class industrial infrastructure to produce quality. The Ordnance manufacturing and ordnance activities are managed by the US Army Industrial Operations Command (IOC) located at Rock Island, Illinois. The mission of the munitions and large caliber weapons while providing the full range of maintenance of ammunition for American and allied services. IOC is a major subordinate command of the US Army Materiel Command.

This activity group manufactures, renovates, and demilitarizes materiel for all branches of DoD. Specifically, it manufactures and sells 155MM howitzers, 120MM M256 tubes, 120MM smoke mortars, gun mounts for the M1A1 Abrams tank, grenades and smoke rounds, rebuilt gas masks, tool sets and kits and demilitarized munitions. It also provides depot operations, depot maintenance, set assembly, tenant support, and national procurement services for thin and thick walled cannons. It is responsible for logistics support management, including follow-on procurement, production, maintenance, engineering and integrated logistics support management. It also furnishes engineering services in support of production, industrial management, value engineering, configuration management, international logistics, tools and equipment engineering, product assurance, transportation and traffic management for assigned systems and materials.

Customers of this activity group include Army, the Conventional Ammunition Working Capital Fund, Foreign Military customers, Navy and other uniformed services.

ACTIVITY GROUP COMPOSITION

Pine Bluff Arsenal

Pine Bluff, AR

Primary materiel responsibilities include chemical, smoke, incendiary, illumination, and other pyrotechnic munitions, agents and mixes; chemical defensive/protective items and test equipment; and other items as assigned. Also provides base support to tenants.

Rock Island Arsenal

Rock Island, IL

Primary materiel or industrial responsibilities include aircraft weapons, some infantry weapons, air defense weapons and artillery; armament for tanks, artillery, personnel and cargo carriers; and special tools and tools sets. Provides base support to the Industrial Operations Command, Armament and Chemical Acquisition and Logistics

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Activity, health clinic, DFAS, DRMS, DISA, and Management Engineering College as well as to other smaller tenants.

Watervliet Arsenal

Watervliet, NY

Primary materiel or industrial responsibilities include mortars, recoilless rifles, cannon for tanks and towed and self propelled artillery, special tool sets, training devices and simulators. Also provides base support to tenants.

Crane Army Ammunition Activity

Crane, IN

Produces and renovates conventional ammunition and ammunition-related components; performs manufacturing, engineering and product assurance in support of production; receives, stores, ships, demilitarizes, and disposes of conventional ammunition. Crane is a tenant on a Navy installation.

McAlester Army Ammunition Activity

McAlester, OK

Produces, renovates, demilitarizes, and stores ammunition and related components. Primary responsibility is load, assemble, and pack of conventional ammunition, bombs, warheads, and rockets; and manufacture of wood and metal pallets; and provision of base support to tenants.

BUDGET HIGHLIGHTS

Personnel:

This budget submission reflects the continued downward trend in manpower levels. Civilian end strength decreases by 6.4% from FY 1997 to FY 1999. The IOC has aggressively pursued reshaping its installations to reflect the planned workload. We will achieve the additional reductions through continued VERA/VSIP and hiring freezes.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Civilian End Strength	5,109	4,966	4,784
Civilian FTEs	5,173	4,991	4,826
Military End Strength	22	23	22
Military Workyears	22	22	22

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Ordnance**

Costs, Operating Results (OR), and Rates:

	FY 1997	FY 1998	FY 1999
Costs of Goods & Svcs Produced (Expenses) (\$M)	476.4	502.5	491.4
Costs of Goods & Svcs Sold (CGS) (\$M)	530.6	511.5	493.2
Net Operating Results (NOR) (\$M)	(38.5)	(38.4)	5.6
Accumulated Operating Results (\$M)	16.8	(5.6)	0
Customer Revenue Rate per DLH	\$88.93	\$81.72	\$105.12
Percent Rate Change from Prior Year	4.9%	(8.1%)	28.6%
Unit Costs (\$/DLH)	\$102.45	\$93.59	\$94.94
DLH (000)	5,179	5,465	5,195

Costs.

Expenses increase from FY 1997 to FY 1998 primarily due to more material intensive programs planned for Pine Bluff Arsenal (change in workload mix from low cost illuminating rounds and white and red phosphorus rounds; additional material requirements at McAlester for increased production of the BLU 110 PBX, Penetrator, BLU 109).

Unit Costs.

Unit costs decrease from a high of \$102.45 in FY 1997 to \$94.94 in FY 1999. Unit costs were unusually high in FY 1997 as this activity group experienced significant slippages in production and was unable to work the direct labor hours necessary to bring unit costs down.

Operating Results.

FY 1997 operating results of \$-38.5 million are lower than the \$-20.4 million projected in the FY 1998/1999 President's Budget due to workload slippages, congressional reduction of funding for unutilized plant capacity and a dramatic decrease in work in process.

Rates.

Customer revenue rates are set to achieve a zero accumulated operating result (AOR) in the budget years. FY 1999 rates recover \$5.6 million for accumulated losses and

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Ordnance**

contain a cash surcharge of approximately \$8 per direct labor hour to return approximately \$23 million to the cash corpus.

Performance Indicators:

This activity group has established performance standards to measure timeliness (schedule conformance), quality (scrap/rework costs), and customer satisfaction (fill rate). FY 1997 results are indicated below:

<u>Performance Measure</u>	<u>Goal</u>	<u>FY 1997 Results</u>
Schedule Conformance	Complete 96% on schedule	89%
Scrap/Rework Costs	Less than 2%	1.5%
Fill Rate (Shipments)	Achieve 99% customer satisfaction	98%

Productivity Initiatives/Cost Reductions:

The Ordnance activity has implemented plans to comply with directed productivity targets. Initiatives include the capital investment program, value engineering, Army Ideas for Excellence, methods and standards, and other programs such as Civilian Personnel Regionalization.

Carry-Over:

We have computed the number of months of carry-over in accordance with OSD policy adopted as a result of the Carry-Over Task Force Study. Carry-over decreases from 6.8 months in FY 1997 to 4.2 months at the end of FY 1999. Because this activity group's primary focus is on manufacturing, the 3-month criteria for pure maintenance operations does not apply. The greater carry-over amount will accommodate the longer lead-time requirements associated with the manufacturing process. Also, we show no value for the contract liabilities exclusion despite the fact that we estimate that value to be between \$45 and \$51 million. No accounting report currently discretely captures this information.

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	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
\$M			
New Orders	375.5	413.0	502.8
Carry-In	438.3	335.4	274.8
Gross Orders	813.9	748.5	777.6
Total Revenue	478.4	473.7	521.6
Carry-Over	335.4	274.8	256.0
Less WIP	45.3	36.3	34.4
Less BRAC, Non-DoD, FMS	19.0	19.1	38.0
Intra/Inter DWCF (excluding SMA)			
Less Contract Liabilities			
Net Carry-Over	271.1	219.4	183.5
Carry-Over in Months	6.8	5.6	4.2

Quadrennial Defense Review (QDR):

Looking to the future (beyond FY 1999), recommendations of the QDR hold important changes and potential savings for this activity group. Increased emphasis will be placed on outsourcing and privatization and/or implementation of the most efficient organization. Also, overhead and headquarters functions will be streamlined.

Capital Budget Program:

The Capital Investment Program (CIP) contains several minor adjustments from the program submitted in the FY 1998/1999 President's Budget: a reprogramming of obligation authority from Ordnance to Supply Management, Army for Integrated Sustainment Maintenance, a new FY 1998 requirement at Pine Bluff for a fluid bed mixing machine, and slippage to FY 1999 of an FY 1998 project for an air pollution control upgrade.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
\$M.			
Equipment	11.8	12.1	13.2
ADPE & Telecommunications	.3	1.1	.6
Software	0	0	0
Minor Construction	2.1	2.9	1.9
Total	14.2	16.1	15.7

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Types of equipment include lathes, rail service material handler, recondition scrubber blowers, turret lathes, finisher rotational parts and jig grinders which will improve efficiency, increase capacity, and replace unsafe or inoperative/unusable assets. Examples of automated data processing equipment scheduled for replacement include LANs, servers, and printers which will increase production and reduce maintenance costs.

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Ordinance**

**Revenue and Expenses
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Revenue			
Gross Sales:	478.4	473.7	521.6
Operations	463.3	456.6	481.3
Cash Surcharge			22.8
Depreciation excluding Major Construction	15.2	17.1	17.5
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
Total Income:	478.4	473.7	521.6
Expenses			
Salaries and Wages:	264.0	265.6	260.4
Military Personnel Compensation & Benefits	1.4	1.4	1.4
Civilian Personnel Compensation & Benefits	262.6	264.2	259.0
Travel & Transportation of Personnel	3.1	5.2	4.6
Materials & Supplies (For Internal Operations)	64.2	88.9	89.2
Equipment	16.1	16.4	16.9
Other Purchases from Revolving Funds	5.1	4.5	4.5
Transportation of Things	0.9	0.8	0.8
Depreciation - Capital	15.2	17.1	17.5
Printing and Reproduction	1.1	1.1	1.1
Advisory and Assistance Services	3.0	3.1	3.1
Rent, Communication, Utilities, & Misc. Charges	11.8	12.4	12.6
Other Purchased Services	92.0	87.4	80.7
Total Expenses:	476.4	502.5	491.4
Operating Result	2.0	(28.8)	30.2
Less Cash Surcharge Reservation			22.8
Plus Appropriations Affecting NOR/AOR			
Other Changes Affecting NOR:	(40.5)	(9.6)	(1.8)
Other Inventory Adjustments	13.6	(0.6)	
Net Change in WIP	54.2	9.0	1.8
Net Operating Result	(38.5)	(38.4)	5.6
Prior Year Adjustments	12.9	16.0	
Prior Year AOR	42.5	16.8	(5.6)
Accumulated Operating Result	16.8	(5.6)	0.0

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Ordinance**

**Source of Revenue
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	155.8	155.1	189.6
Operations & Maintenance, ARNG	0.8		
Operations & Maintenance, AR	0.6		
Subtotal, O&M:	157.2	155.1	189.6
Aircraft Procurement	6.1	4.0	3.9
Missile Procurement	0.3		
Weapons & Tracked Combat Vehicles	24.2	50.2	63.1
Procurement of Ammunition	46.9	56.7	62.7
Other Procurement	11.6		
Subtotal, Procurement:	89.2	111.0	129.8
RDTE	15.6	11.7	15.2
BRAC			0.8
Family Housing	1.0	1.3	1.6
Other	1.0	0.7	1.0
Subtotal, Department of Army:	264.1	279.7	338.0
Department of Air Force O&M	3.5	2.6	5.1
Department of Navy O&M	3.8	0.4	4.0
US Marines O&M	1.2	4.6	5.7
Department of Defense O&M	3.5	4.4	2.9
Subtotal, Other DoD Services:	12.0	12.0	17.7
Other DoD Agencies:	38.7	30.0	41.6
Other DoD Agencies	9.9	4.1	41.6
CAWCF	28.8	25.9	

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Ordnance**

**Source of Revenue
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
b. DWCF:			
Depot Maintenance, Army	7.7	20.8	14.4
Supply Management, Army	29.2	22.5	42.4
DFAS	0.5	1.7	2.4
DISA		2.3	3.4
DLA	0.1	0.1	0.2
Other	3.8	3.0	3.4
Subtotal, DWCF:	41.3	50.4	66.2
c. Total DoD	356.1	372.1	463.4
d. Other Orders:	19.4	41.0	39.4
Other Federal Agencies	0.6	2.3	2.7
Foreign Military Sales	10.3	28.2	33.7
Trust Fund			
Nonappropriated	3.9	2.5	1.0
Non-Federal Agencies	4.7	7.9	2.0
Total New Orders:	375.5	413.0	502.8
2. Carry-in Orders	438.3	335.4	274.8
3. Total Gross Orders	813.9	748.5	777.6
4. Funded Carry-over	335.4	274.8	256.0
5. Total Gross Sales	478.4	473.7	521.6
6. Number of Months of Carry-Over	6.8	5.6	4.2

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Ordinance**

**Changes in Costs of Operation
(\$ in Millions)**

	<u>Expenses</u>
FY 1997 Actual Cost	476.4
FY 1998 Estimate in President's Budget	488.5
Estimated Impact in FY 1998 of Actual FY 1997 Actions	14.0
Civilian Personnel Compensation	15.4
Rent, Communications, Utilities	(5.1)
Materials--Programs slipped at Pine Bluff	3.6
Pricing Adjustments	
Inflation and Pay Raise	(0.5)
FY 1998 Current Estimate	502.5
Pricing Adjustments	12.0
Annualization of Prior Year Pay Raises	1.8
FY 1999 Pay Raise	5.9
Civilian Personnel	5.8
Military Personnel	0.0
Fund Price Changes	1.4
General Purchase Inflation	2.9
Productivity Initiatives and Other Efficiencies	(8.3)
Program Changes	(14.8)
Workload Reductions: continued reshaping of the workforce to control costs	(9.1)
Decreased VSIP costs	(4.4)
Decreased material costs	(1.6)
Other	0.2
FY 1999 Estimated Cost	491.4

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

FUNCTIONAL DESCRIPTION

The primary mission of the Information Services activity group is to provide for the development and operational sustainment of automated information and communication systems for specified customers. This mission covers a broad range of services such as requirements analysis and definition, system design, development, testing, integration, implementation support, and documentation services. A new addition to the activity group, known as the Army Small Computer Program (SCP), provides customers with fully-competed commercial sources for purchase of small and medium computers, hardware, software, and support services.

The US Army Materiel Command (AMC), located in Alexandria, Virginia, exercises management control over this activity group. One major subordinate command provides additional oversight. It is the Communications and Electronics Command (CECOM) located at Fort Monmouth, NJ.

ACTIVITY GROUP COMPOSITION

1. Central Design Activities (CDA's)

a. Industrial Logistics Systems Center (ILSC) Chambersburg, PA

Systems Supported:

- Standard Depot System (SDS)
- Automated Time Attendance and Production System (ATAAPS)
- Defense Property Accounting System (DPAS)
- Standard Industrial Fund System (SIFS)
- Retail Army Stock Fund Inventory Accounting and Reporting System (RASFIARS)
- Army Self Service Supply Center (ASSSC)
- AMC Automated Manpower Management Information System (AAMMIS)
- Automated Financial Entitlements System (AFES)

b. Logistics Systems Support Center (LSSC) St. Louis, MO

Systems Supported:

- Commodity Command Standard System (CCSS)
- Standard Operations and Maintenance Army Research and Development System (SOMARDS)
- Security Assistance Automation, Army (SA3)

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

c. Software Development Center - Lee (SDC-Lee) Fort Lee, VA

Systems Supported:

- Department of the Army Movement Management System (DAMMS)
- Standard Army Ammunition System (SAAS)
- Standard Army Maintenance System (SAMS)
- Standard Army Retail Supply System (SARSS)
- Unit Level Logistics System (ULLS)
- Army Food Management Information System (AFMIS)
- Standard Army Intermediate Level Supply System (SAILS)
- Integrated Facilities Systems-Micro/Minicomputers (IFS-M)
- Standard Army Automation Contracting System (SAACONS)
- Standard Property Book System-Redesign (SPBS-R)
- Capability Maturity Model (CMM)
- Integrated Combat Service Support System (ICS3)
- Direct Support Unit Standard Supply System (DS4)
- Centralized Army Aviation Support System (CAASS)
- Transportation Coordinator Automated Command and Control Information System (TCACCIS)
- Automated System for Army Commissaries (ASAC)
- Automated Systems Criminal Investigation - Criminal Investigation Command ASCI-CIDC)
- Combat Service Support Control System (CSSCS)

d. Software Development Center - Wash (SDC-Wash) Fairfax, VA*

Systems Supported:

- Acquisition Information Management (AIM)
- Housing Operations Management System (HOMES)
- Military Police Management Information System (MPMIS)
- Standard Installation/Division Personnel System (SIDPERS-3)
- The Army Authorization Documentation System - Redesign (TAADS-R)
- Sustaining Base Information Services/Installation Support Modules (SBIS/ISM)
- Standard Installation/Division Personnel System (SIDPERS-2)
- Army Company Information System (ARCIS)
- Windows Compliance Assessment and Sustainment System (WINCASS)
- Inspector General Network (IGNET)
- Joint Recruiting Information Support Systems (JRISS)
- Central Issue Facility (CIF)
- Installation Materiel Condition Status Reporting System (IMCSRS)

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

2. U.S. Army Information Systems Management Activity Small Computer Program (SCP), Fort Monmouth, NJ

*SDC-Wash is scheduled to move to Fort Meade, MD effective FY 1999 due to BRAC.

BUDGET HIGHLIGHTS

Personnel:

In FY 1997, civilian and military end strength and workyears executed significantly below projections in last year's President's Budget. This was due to unplanned voluntary early retirements in the civilian work force. The projections for military manpower were based on authorizations; the "fill" rate was lower due to competing force structure requirements.

Civilian personnel decrease slightly by FY 1999. The downsizing is due to the changing environment of workload requirements for more computer scientists, engineers, and network specialists rather than programmers with backgrounds in mainframes and COBOL coding skills. The military enlisted personnel are also being reduced because of a lack of sufficiently developed technical skills. The activity group is being restructured toward a higher ratio of contract to organic skill mix.

Civilian and military end strengths and FTEs are as follows:

	FY 1997	FY 1998	FY 1999
Civilian End Strength	866	900	850
Civilian FTEs	913	927	869
Military End Strength	186	165	128
Military Workyears	186	166	128

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

Costs, Operating Results and Rates:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Costs of Goods and Services Produced (Expenses) (\$M)	162.8	174.5	162.2
Costs of Goods and Services Sold (\$M)	162.8	174.5	162.2
Net Operating Results (\$M)	(8.6)	(1.8)	9.0
Accumulated Operating Results (\$M)	(7.1)	(8.9)	0.0
Customer Revenue Rate per DLH	\$64.89	\$62.56	\$69.93
Percent Rate Change from Prior Year	5.24%	-3.59%	11.79%
CDA Unit Costs (\$/DLH)	\$80.88	\$77.10	\$68.79
TOTAL DLH (000)	1,249	1,213	1,233
CDA DLH (000)	1,249	1,187	1,209
SCP DLH (000)		26	24

Total costs for FY 1997 are slightly under the projections in last year's President's Budget. In FY 1998 and FY 1999, as workload is being contracted out to obtain required labor and skill mix, other purchased services exceed the President's Budget estimates \$11.6 million and \$11.5 million respectively. Additional unique costs for travel, equipment, printing, and training which the CDAs purchase or provide for the customers are "passed through" the activity group and are also included as other purchased services. Contracting cost increases are offset by commensurate increases in revenue.

Costs:

Other costs are also above costs reflected in last year's President's Budget due to increased Management and Professional Support Services and Engineering and Technical Services for the Small Computer Program. These services include the contractor-operated order tracking office, contractors for the Industrial Fund Accounting System (IFAS) input, research services, support for protests, support from the CECOM Acquisition Center, support from the Technical Integration Center for new equipment testing and technical evaluation, and contractor technical support for reviews and working groups. All support services for the SCP are offset by the one percent fee charged to the customers. Additional costs above last year's President's Budget also include Civilian Personnel Operations Center costs in FY 1999 and additional Base Support requirement for SDC-Lee in FY 1997 and FY 1999.

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

Unit Costs:

Although unit costs are higher than those reflected in last year's President's Budget as a result of decreased direct labor hours, they are projected to decrease from year to year as the CDAs streamline and devote more labor to direct rather than overhead functions.

Operating Results and Rates:

The FY 1999 rate increases from \$65.41 projected in the FY 1998/1999 President's Budget to \$69.93. The increase is primarily due to AOR recovery of a \$2.7 million deficit at the end of FY 1998 instead of a gain of \$3.2 million projected in the President's Budget. The loss is due to a decrease in new orders (primarily in OMA.) The majority of the decrease was from Program Manager Integrated Logistics Systems (PM-ILOGS). The funding level is expected to be restored in FY 1998 and FY 1999.

Performance Indicators:

This activity group has established the following performance measures:

CDAs: Net Operating Results (NOR) and percentage of DLH executed versus projected.

SCP: Adherence to delivery schedule --(all deliveries within 30 days); quality of deliveries --(less than 1% of equipment returned); order processing time --(no more than 1 week).

Productivity Initiatives/Cost Reductions:

CECOM is implementing an initiative to upgrade the skill mix of CDA organic and contract workforce. The technology base and customer demand are constantly changing. Workload requirements are creating increasing demands for computer scientists, engineers, and network specialists rather than the current organic skill base of programmers with a primary knowledge of mainframe computers and COBOL. In order to fill the requirement for a different skill mix, the business is being restructured and Voluntary Separation Incentive Pay (VSIP) will be offered to the organic workforce at all CDAs during FY 1998-1999. Existing workload beyond the capacity of the remaining organic workforce will be contracted out.

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

Carry-over:

Carry-over represents a mix of organic and contract workload. For FY 1997 carry-over is at 3.3 months. It is projected to remain relatively constant across FY 1998 and FY 1999. No value is shown for the contract liabilities exclusion as accounting reports currently lack visibility over this discrete information.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
(\$M)			
New Orders	158.3	159.6	175.1
Carry-In	57.1	60.8	47.7
Gross Orders	215.4	220.4	222.8
Total Revenue	154.6	172.7	171.1
Carry-Over	60.8	47.7	51.7
Less WIP			
Less BRAC, Non-DoD, FMS	18.0	2.2	0.2
Intra/Inter DWCF (excluding SMA)			
Less Contract Liabilities			
Net Carry-Over	42.8	45.5	51.5
Carry-Over in Months	3.3	3.2	3.6

Capital Budget:

This activity group has only one project in FYs 1998 and 1999 which involves extending a local area network throughout SDC-Lee.

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
(\$M)			
ADPE & Telecommunications	0.3	0.3	

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

Revenue and Expenses (\$ in Millions)			
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Revenue			
Gross Sales:	154.6	172.7	171.1
Operations	154.6	172.6	171.0
Capital Surcharge			
Depreciation excluding Major Construction		0.1	0.1
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
Total Income:	154.6	172.7	171.1
Expenses			
Salaries and Wages:	70.6	71.2	66.9
Military Personnel Compensation & Benefits	5.1	7.7	5.1
Civilian Personnel Compensation & Benefits	65.5	63.5	61.8
Travel & Transportation of Personnel	2.7	1.8	0.5
Materials & Supplies (For Internal Operations)	2.7	1.6	1.5
Equipment	1.7	1.1	0.9
Other Purchases from Revolving Funds	3.6	5.4	5.4
Transportation of Things	0.0	0.1	0.1
Depreciation - Capital		0.1	0.1
Printing and Reproduction	0.4	0.4	0.5
Advisory and Assistance Services	0.6	2.3	2.3
Rent, Communication, Utilities, & Misc. Charges	5.2	5.9	4.0
Other Purchased Services	75.4	84.6	80.1
Total Expenses:	162.8	174.5	162.2
Operating Result	(8.2)	(1.8)	8.9
Less Capital Surcharge Reservation			
Non-recoverable Losses	(0.4)		
Other Changes Affecting NOR:			
Other Losses			
Net Change in WIP			
Net Operating Result	(8.6)	(1.8)	8.9
Prior Year Adjustments			
Prior Year AOR	1.5	(7.1)	(8.9)
Accumulated Operating Result	(7.1)	(8.9)	(0.0)

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

**Source of Revenue
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	114.1	110.2	121.3
Operations & Maintenance, ARNG	0.8	0.6	0.6
Operations & Maintenance, AR		0.1	0.1
Subtotal, O&M:	114.9	111.0	122.0
Aircraft Procurement		0.0	0.0
Missile Procurement		0.0	0.0
Weapons & Tracked Combat Vehicles		0.0	0.0
Procurement of Ammunition		0.0	0.0
Other Procurement		0.1	0.1
Subtotal, Procurement:		0.1	0.1
RDTE		0.1	0.1
BRAC	8.3	0.8	
Family Housing	5.9	4.6	4.8
Military Construction		0.1	0.1
Subtotal, Department of Army:	129.2	116.6	127.2
Department of Air Force O&M		0.0	0.0
Department of Air Force Investment		0.0	0.0
Department of Navy O&M		0.0	0.0
Department of Navy Investment		0.0	0.0
Department of Defense O&M		0.2	0.2
Department of Defense Investment		0.0	0.0
Subtotal, Other DoD Services:		0.3	0.3
Other DoD Agencies:		0.0	0.0
Other DoD Agencies		0.0	0.0

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

**Source of Revenue
(\$ in Millions)**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
b. DWCF:			
Depot Maintenance, Army	4.5	6.6	4.9
Information Services, Army		1.5	1.5
Supply Management, Army	11.0	17.1	22.4
DFAS	12.3	14.1	15.7
DLA	0.0	0.1	0.1
JLSC	0.3	1.0	1.1
Subtotal, DWCF:	28.2	40.4	45.8
c. Total DoD	157.4	157.4	173.3
d. Other Orders:	1.0	1.8	1.8
Foreign Military Sales	1.0	1.7	1.7
Nonappropriated		0.2	0.2
Total New Orders:	158.3	159.2	175.1
2. Carry-in Orders	57.1	60.8	47.3
3. Total Gross Orders	215.4	220.0	222.4
4. Funded Carry-over	60.8	47.3	51.3
5. Total Gross Sales	154.6	172.7	171.2
6. Number of Months of Carry-Over	3.3	3.1	3.6

**Army Working Capital Fund
FY 1999 Amended Budget Estimates
Information Services**

**Changes in Costs of Operation
(\$ in Millions)**

	<u>Expenses</u>
FY 1997 Actual Cost	162.8
FY 1998 Estimate in President's Budget	165.3
Estimated Impact in FY 1998 of Actual FY 1997 Actions	(0.7)
Civ Reductions at Lee & Wash	(0.7)
Pricing Adjustments	
Pay Raise & Inflation	0.2
Program Changes	9.7
Workload Mix	0.7
Increased Contractor Costs / CCSS Upgrade	4.4
Increased Support Services for SDC-Lee & SCP	1.9
Other	2.7
FY 1998 Current Estimate	174.5
Pricing Adjustments	2.9
Annualization of Prior Year Pay Raises	0.4
FY 1999 Pay Raise	1.6
Civilian Personnel	1.4
Military Personnel	0.2
Fund Price Changes	(0.6)
General Purchase Inflation	1.4
Productivity Initiatives and Other Efficiencies	(8.1)
Military Reductions	(1.8)
Civilian Reductions	(4.3)
Leased Space Reductions at LSSC and SDC-Wash	(2.0)
Program Changes	(7.1)
CPOC & BASOPS Costs	0.6
Purchased Services	(7.7)
FY 1999 Estimated Cost	162.2

Activity Group Capital Investment Summary Supply Management (\$ in Millions)						
Line No.	Description	FY 97		FY 98		FY 99
		Quantity	Total Cost	Quantity	Total Cost	Quantity Total Cost
98-13	EQUIPMENT-Replacement					
99-2	Various Other Equipment <\$500K	1	0.136	1	0.279	
	Virtual Mock-ups for Spares					4 0.400
	SUBTOTAL	1	0.136	1	0.279	4 0.400
	EQUIPMENT TOTAL	1	0.136	1	0.279	4 0.400
	AUTOMATED DATA PROCESSING					
98-5	Network Upgrade/Replacement					
96-3	Mat'l Mgt ADPE Equip Replacement	85	0.365	170	0.722	
96-4	Log&Maint ADPE Equip Replacement	72	0.360			
96-1	Mini-Computer System	1	0.300			
97-2	CCSS High-Speed Printer	1	0.258			
97-7	Local Area Network (LAN)	1	0.064			
98-7	Logistics & Read Ctr Equip Replace			28	0.650	
99-1	PPS Printer					1 0.135
98-8	Log & Readiness Ctr PCs and Printers			150	0.496	150 0.496
	ADP TOTAL	160	1.347	348	1.868	151 0.631
	SOFTWARE					
97-3	CCSS Common User Interface	3	4.933			
97-6	Single Stock Fund	1	5.000	1	5.968	1 5.313
96-20	Matériel Management System (MMS)	1	15.000	1	4.720	1 1.460
97-4	Conversion of MILSTEP	1	0.489	1	0.489	
98-15	Vision 2010	1	8.623	1	9.015	1 7.444
98-1	CCSS Century Date Change	2	3.314	2	2.972	2 2.854

**Activity Group Capital Investment Summary
Supply Management**

(\$ in Millions)

Line No.	Description	FY 97		FY 98		FY 99	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
98-2	LOGSA Century Date Change	1	0.760	1	1.678	1	0.746
98-3	Integrated Sustainment Maint (ISM)	3	3.295	3	5.390	3	3.995
98-4	Remote Site Processing			1	0.131		
98-6	On Net Transfer Protocol			1	1.055		
98-9	Lateral Redistribution			1	1.000	1	1.500
98-14	Common Operating Environment (COE)			1	16.017	1	11.364
98-10	CCSS Defense Logistics Mgt Systems	1	5.967	2	1.640	2	3.920
98-12	Single Item Inventory Record (SIIR)					1	1.000
98-11	LOGSA Defense Log Mgt Systems			1	1.750		
99-3	Integrated Data Environment (IDE)			1	11.320	1	4.400
99-4	Commercial Asset Visibility (CAV II)					3	2.280
	SOFTWARE TOTAL	14	47.381	18	63.145	18	46.276
	Supply Management	175	48.864	367	65.292	173	47.307

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-13		Item Description Various Other Equipment <\$500K		D. Activity Identification TACOM			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Total Cost	Total Cost
Various Other Equipment <\$500K		1	136.168	1	279.291	1	279.291				
TOTAL		1	136.168	1	279.291		279.291				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This represents various replacement equipment that costs <\$500K, which will improve efficiency through replacement, modification, or addition of production and maintenance capability and compliance with regulatory requirements. Includes the acquisition and installation of capital investment items valued between \$100,000 and \$500,000 with a useful life of two years or more. Examples of equipment to be purchased include Water Jet Cutter, 3D Laser Imaging, and Rapid Prototype Support.											
b. ANTICIPATED BENEFITS: Replacement of equipment will allow more effective and efficient use of manpower. Benefits include spare parts cost and schedule reductions and an increase in quality of products, improved readiness (parts availability) and reduction of waste/scrap.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Cost of critical out-of-supply AWC items will be high. Increase risk of supply parts shortage for some weapon systems because the contractor no longer supports.											
d. ECONOMIC ANALYSIS PERFORMED? Yes. Multiple economic indicators for various projects.											
ECONOMIC INDICATORS: Total Cost of the Project \$415.5K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT-Replacement (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 99-2		Item Description Virtual Mock-ups for Spares		D. Activity Identification TACOM			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
CAD System								1	160.000	160.000	
Virtual Reality Hard System								1	80.000	80.000	
Virtual Reality Software								2	80.000	160.000	
TOTAL								4		400.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: TACOM currently has a requirement for the capability to reverse engineer fielded vehicle components. Reverse Engineering enables competitive procurement instead of sole source procurement. In the process of reverse engineering, one of the important elements is design visualization of CAD models. The design visualization is an effective process for design reviews and trade off studies for components being developed and reverse engineered. The visualization of components is dependent on the CAD system, Virtual Reality (VR) Hardware and VR software. The existing CAD System is obsolete and does not have adequate processing power to prepare CAD models efficiently and effectively for design visualization. The processing power is also not adequate for the utilization of Virtual Reality technology and related visualization techniques. This leads to longer response time and poor quality of the design. b. ANTICIPATED BENEFITS: The objective of this investment is to improve productivity by using state-of-the-art CAD System and Design Visualization Virtual Reality technology. The added capability will greatly improve the efficiency of the reverse engineering process. In addition, the reliability and quality of the reverse engineered components will be greatly enhanced. By providing technical drawings for the reverse engineered components in time and facilitating competitive procurement instead of sole source, approximately 25% to 30% of the procurement cost can be saved. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Reverse engineering support will not be cost effective without upgraded CAD System, Virtual Reality hardware and software. The quality of the reverse engineered components will have negative impact without appropriate visualization techniques. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$400.0K Net Present Value of Benefits: \$430.7K Benefit to Investment Ratio: 2.1 Payback Period: 2.6 years											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
AUTOMATED DATA PROCESSING
(\$ in Thousands)

A. Budget Submission FY 1999 Amended Budget Estimates									
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-5		Item Description Network Upgrade/Replacement		D. Activity Identification CECOM	
Element of Cost		FY 97		FY 98		FY 99			
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost
Network Upgrade					70	1,028	71,960		
100 Pentium PC's					100	6,500	650,000		
TOTAL					170		721,960		

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The Acquisition Center Network is made up of four shared ethernet segments, each of which supports over 125 users. Diagnostics done on this network indicated that it is quickly reaching the saturation point, as network applications are being increased and users become more dependent on the viability of the network. The Communications and Electronics Command (CECOM) acquisition mission is also dependent on the network for connectivity to its contracting system. *This represents a descope requirement.*

b. **ANTICIPATED BENEFITS:** The upgrade will allow the network to remain viable as a critical part of the Acquisition Center's automation capability. It will make it possible to continue to improve productivity through the use of newer and better network applications. It will also allow for the implementation of Electronic Commerce/Electronic Data Interchange (EC/EDI) to meet the Federal Acquisition Network Standardization Act (FACNET).

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Without this upgrade, the deployment of the Procurement Automated Data and Document System (PADDS) EC/EDI will be inadequate and could deny the CECOM Acquisition Center the ability to become FACNET compliant. Savings of between \$7 and \$11 million dollars each year will not be realized.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes.

ECONOMIC INDICATORS:			
Total Cost of the Project	\$722.0K	Net Present Value of Benefits:	\$33.2K
		Benefit to Investment Ratio:	2.9
		Payback Period:	2.2 mos

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
AUTOMATED DATA PROCESSING (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 97-2		Item Description CCSS High-Speed Printer		D. Activity Identification MICOM			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Printer Replacement		1	258.000	258.000							
TOTAL		1		258.000							
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The U.S. Army Missile Command is currently utilizing two Honeywell PPS-II high-speed printers to support printing of the Commands critical item accounting, acquisition, payroll, and other Commodity Command Standard System and unique applications. The PPS-II systems output approximately 3.5 million pages per month. b. ANTICIPATED BENEFITS: The printers currently in use are approximately 8 years old, are constantly being repaired, and have reached the end of their expected life cycles. Repair parts are in such short supply they are being cannibalized from other printers. Acquisition of new printers will ensure that MICOM's critical item accounting, acquisition, payroll, and other CCSS and unique applications are printed as required. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The Honeywell PPS-II high-speed printers support printing of the Command's critical item accounting, acquisition, payroll, and other Commodity Command Standard System and unique applications. The PPS-II systems output approximately eight years old, are being repaired constantly, and have reached the end of their useful lives. Replacing them is imperative. If these printers are not replaced, the potential exists that printing to support mission essential operations will not be possible. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$258.0K Net Present Value of Benefits: \$1,388.0K Benefit to Investment Ratio: 3.9 Payback Period: 2 yrs											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
AUTOMATED DATA PROCESSING
(\$ in Thousands)

B. Component, Activity Group, Date Supply Management		24-Feb-98	C. Line No 98-7		Item Description Logistics & Read Ctr Equip Replace		A. Budget Submission FY 1999 Amended Budget Estimates	
Element of Cost	Quantity	FY 97		FY 98		FY 99		D. Activity Identification CECOM
		Unit Cost	Total Cost	Quantity	Unit Cost	Quantity	Total Cost	
Replacement of Network Hubs				28	23,200		649,600	
TOTAL				28			649,600	

Narrative Justification:

- a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The Logistics and Readiness Center personnel currently over uses the existing network hubs to transmit data. With the increased amount of required mainframe systems there is a need for higher bandwidth capability to filter and transmit data faster. The present network system is limited to smaller ports which limits the amount and speed of data transmission. Network traffic has increased significantly with the addition of electronic mail, scheduling capabilities, and shared files. *Total requirement is less than approved based on a unit price decrease.*
- b. ANTICIPATED BENEFITS:** These upgraded network switches will provide increased networking capability and bandwidth, which will enable better usage of Command-mandated systems, i.e., JCALS, JEDMICS, etc. This will allow increased capability to interact and transmit data with other Commands and customers via the Internet and World-Wide Web.
- c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** LRC personnel will not be able to interact with each other and other activities efficiently using the current network system. Personnel will not be able to fully use required Command systems (JEDMIC, DMS, JCALS, etc.), reliably, to reduce the reliance on paper processes. Also, CECOM's Item Manager personnel will be restricted in their ability to process and correct rejected customer requirements. The increased requirement to use network mainframe systems will result in increased network collisions and downtime which will restrict users unless the switches are upgraded.
- d. ECONOMIC ANALYSIS PERFORMED?** Yes.

ECONOMIC INDICATORS:

Total Cost of the Project	\$649.6K	Net Present Value of Benefits:	\$8,829.0K	Benefit to Investment Ratio:	3.2	Payback Period:	1 year
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ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
AUTOMATED DATA PROCESSING (\$ in Thousands)										D. Activity Identification TACOM	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 99-1		Item Description PPS Printer					
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Page Printing System (PPS) Replacement								1	134.850	134.850	
TOTAL								1		134.850	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Two existing PPS printers are required to print 400,000 report pages per month (Supply Control Studies, Budget Strats, DEPLOY, etc.) and required constant supervision and operation. These printers are 20 years old and are difficult and costly to maintain due to unavailability of parts. Currently, only one printer is operational as the second is being cannibalized for parts. One unobtainable damaged part will halt the entire system. The maintenance cost continues to escalate and technical expertise is disappearing. Additionally, sources for paper and supplies have diminished causing costs to increase. b. ANTICIPATED BENEFITS: Decreased maintenance, paper and supply costs. Printer is self-operating so there is low operator intervention and minimal commitment of human resources. Improved performance of printing capability. Reports are generated on smaller size paper facilitating handling, storage, transportability, and use. Increased reliability and productivity of the system. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: PPS printers must be replaced in order to maintain our printing capability. Without PPS printers Supply Control Studies, Budget Strats, DEPLOY reports, etc. will not be available to 200 item managers causing monthly work stoppage in requirements determination, procurement and maintenance direction for all TACOM managed secondary items. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$134.9K Net Present Value of Benefits: \$407.0K Benefit to Investment Ratio: 4.1 Payback Period: 2.5 yrs											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
AUTOMATED DATA PROCESSING
(\$ in Thousands)

B. Component, Activity Group, Date Supply Management		24-Feb-98	C. Line No 98-8		Item Description Log & Readiness Ctr PCs and Printers		A. Budget Submission FY 1999 Amended Budget Estimates			
Element of Cost	Quantity	FY 97		FY 98		FY 99		D. Activity Identification MICOM		
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
Replacement of Personal Computers and Printers					85	4,306	366,010			
					65	2,000	130,000			
TOTAL					150		496,010			496,010

Narrative Justification:

a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Logistics and Readiness Center (LRC) is in need of replacement of 386PCs that are not capable of performing required functions. Increased mainframe access capability and data interchange are needed to accomplish the duties.

b. ANTICIPATED BENEFITS: The upgraded capability is needed to implement Continuous Acquisition and Life Cycle Support Initiatives to interact with the Technical Data/Configuration Management System (TD/CMS), Joint Computer Aided Logistics Systems (JCALS) and Joint Engineering Data Management Information (JEDMICS). These interactions make retrieval of drawings and configuration readily available and enable digital output and transmission of acquisition data directly to the C3I Acquisition Center, thus reducing reliance on paper processes and speeding the processing of Acquisition Requirements Packages (APRs).

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Personnel will not be able to interact with each other and other activities efficiently using the current network systems. Also, personnel will be unable to use JCALS, DRS, TE/CMS, JEDMICS, and the Defense Messaging System (DMS), which will reduce the reliance on paper processes.

d. ECONOMIC ANALYSIS PERFORMED? Yes.

ECONOMIC INDICATORS:

Total Cost of the Project	\$992.0K	Net Present Value of Benefits:	\$6,989.0K	Benefit to Investment Ratio:	2.6	Payback Period:	1 year
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ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Supply Management 24-Feb-98				C. Line No 97-3		Item Description CCSS Common User Interface		D. Activity Identification AMC/LSSC			
Element of Cost		Quantity	FY 97		FY 98		FY 99				
			Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
LABOR-CDA		1	1,378.000	1,378.000							
SOFTWARE ACQUISITION		1	570.000	570.000							
LABOR-CONTRACTOR		1	2,985.000	2,985.000							
TOTAL		3		4,933.000							
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Commodity Command Standard System (CCSS) was developed in the late 1960's with a design based on technology available at that time. Some limited technology upgrades have been accomplished, however, the critical element of CCSS operating software remains unchanged. This includes the fundamental data handling routines which are totally unique to CCSS. The current system does not provide the user a uniform access methodology. Users cannot access heterogeneous databases on multiple platforms. b. ANTICIPATED BENEFITS: This initiative results in a cost avoidance of \$26,611,770 (current dollars). This initiative provides users a single uniform mode of accessing all data within CCSS and the capability to access other systems through the same means. As CCSS is modernized over a period of years, the users will be shielded from the changes in file and database structures that occur. It will incorporate Commercial Off the Shelf (COTS) software as the solution and provide enabling technology for business process re-engineering. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Cost avoidance will not be realized. Users will be unable to access necessary data in a timely manner to accomplish their mission. CCSS modernization will cause major disruption as users struggle to cope with the mixed old and new environments until modernization is completed. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$4,933.0K Net Present Value of Benefits: \$2,661.0K Benefit to Investment Ratio: 4.5 Payback Period: 2 years											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)										D. Activity Identification AMC	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 97-6		Item Description Single Stock Fund					
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
LABOR-CDA		1	5,000.000	5,000.000	1	5,968.000	5,968.000	1	5,313.000	5,313.000	
TOTAL		1		5,000.000	1		5,968.000	1		5,313.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Army has a horizontal management structure (with three points of sale) because supply and financial operations were decentralized to Army Materiel Command (AMC) for wholesale and to other Major Commands (MACOMs) for retail. The MACOMs have further decentralized retail operations through their installations. Decentralized stock record accounting generates redundant supply inventories and allows retail managers to order supplies the Army doesn't need. b. ANTICIPATED BENEFITS: This initiative results in a cost savings of \$18.2 million. The SSF concept integrates retail and wholesale inventory, management, and financial accounting functions to produce business process improvements and inventory efficiencies. A vertical stock fund for Army managed items will eliminate one point of sale between AMC and the installations. This change will align Army with Navy and Air Force Supply Management structures and will allow global asset management and ownership of Army managed items. Eliminating this point of sale will end duplication of logistical/financial processing, and will support velocity management by reducing order-ship-time while providing greater excess asset visibility for redistribution and procurement offsets. Global asset visibility and ownership of installation inventories will prevent buying what the Army already owns and disposal of what the Army needs, thereby increasing overall Army readiness. With SSF, the wholesale level would gain ownership and visibility of Army installation assets and thus be able to respond more rapidly than the installation for high priority or Non-Mission Capable Supply (NMSCS) requisitions. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: If funding is not approved, the Army will continue to process in an inefficient horizontal structure which may jeopardize readiness. As downsizing minimizes funding and resources, the redundancies of processing wholesale and retail systems must be minimized. Also, efficiencies must be gained in redistribution of assets. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project				\$16,281.0K Net Present Value of Benefits:				\$1,300.0M Benefit to Investment Ratio:		13.2 Payback Period: 10 years	

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 96-20		Item Description Materiel Management System (MMS)		D. Activity Identification SM Inventory Control Points			
Element of Cost		FY 97		FY 98		FY 99					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
Hardware/Software	1	15,000.000	15,000.000	1	4,720.000	4,720.000	1	1,460.000	1,460.000		
TOTAL	1	15,000.000	15,000.000	1	4,720.000	4,720.000	1	1,460.000	1,460.000		
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Funds are to support fielding of the Materiel Management System (MMS).											
b. ANTICIPATED BENEFITS: The MMS will provide radically improved functional capability to the military services and DLA, reduce costs for information services and establish a systems infrastructure on which DOD can improve the way it does business. Specific improvements include: reduced inventories through better management, reduced labor requirements, reduced overhead costs, and improved control of assets. Once implementation is completed, legacy applications will be reduced or eliminated, decreasing ADP costs markedly.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Benefits will not be achieved and ADP costs for the legacy systems will remain high.											
d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project						\$21,180.0K Net Present Value of Benefits:			Benefit to Investment Ratio:		
									Payback Period:		

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 97-4		Item Description Conversion of MILSTEP		D. Activity Identification AMC/LOGSA			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
LABOR-CDA		1	489.000	489.000	1	489.000	489.000				
TOTAL		1		489.000	1		489.000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: MILSTEP reads transactions such as requisitions and supply status records which are in an 80 card column format. Raw requisition and status data is processed and sorted into several hard copy performance reports for use by Inventory Control Points and higher headquarters. In summary, intensive manual effort is required to transmit and translate MILSTEP data into the charts and spreadsheets required to perform supply performance analysis. Information is stored in flat files in a 29 year old database. b. ANTICIPATED BENEFITS: MILSTEP, if converted, would be able to read and compile reports based on the new variable length records and new transaction formats described in the Defense Logistics Management Standard System (DLMS). If data were put into a centralized, relational database with Graphic User Interface, reports not available through current canned output products could be produced. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: MILSTEP supply performance reporting as described in DoD 4000.23, DoD 4100.25-1-M, and DoD 4410.6 would cease because it would not be programmed to read variable length records and new transaction formats. DLMS is scheduled for implementation in Oct 98. d. ECONOMIC ANALYSIS PERFORMED? This is a required program for Army to comply with DoD regulations.											
ECONOMIC INDICATORS:											
Total Cost of the Project				\$978.0K		Net Present Value of Benefits:		Benefit to Investment Ratio:		Payback Period:	

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)										D. Activity Identification AMC	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-15		Item Description Vision 2010					
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development		1	8,623.000	8,623.000	1	9,015.000	9,015.000	1	7,444.000	7,444.000	
TOTAL		1		8,623.000	1		9,015.000	1		7,444.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Commodity Command Standard System (CCSS) is a tightly integrated system with interactive data, data processing routines, technical utilities with files and data bases serving multiple business processes. It was developed in the late 1960's. Some limited technology upgrades have been accomplished; however, the critical element of CCSS operating software remains unchanged. The obsolete technology and lack of system documentation increase maintenance costs; hinder business process improvements and reduce capability to augment the downsized workforce through outsourcing. The structure and technology of CCSS do not allow for user on-line access to all data. There is no capability to access data residing in current and future Army and DoD systems. b. ANTICIPATED BENEFITS: The Army will enable joint operations envisioned by Joint Vision 2010, a shared data environment, decreased production costs, and more rapid, cost effective business process improvements. This focused logistics will be the fusion of information, logistics, and transportation technologies to provide rapid crisis response, to track and shift assets even while enroute, and to deliver tailored logistics packages and sustainment directly at the strategic operational and tactical level of operations. It will be fully adaptive to the needs of our increasingly dispersed and mobile forces, providing needed capabilities in hours or days versus weeks. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Army Materiel Command organizations will be unable to fully support the Vision 2010 concept. Directing the logistics packages to the operational level will be hindered without the elements contained within the initiative. Army agencies will be unable to take advantage of advanced business practices, commercial economies, and global networks. d. ECONOMIC ANALYSIS PERFORMED? This is an OSD approved/directed program (PBD 401).											
ECONOMIC INDICATORS: Total Cost of the Project \$25,082.0K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION

SOFTWARE
(\$ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)												A. Budget Submission FY 1999 Amended Budget Estimates		
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-1		Item Description CCSS Century Date Change		FY 99				D. Activity Identification AMC/LSSC		
Element of Cost	FY 97		FY 98		FY 99									
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost					
LABOR CDA	1	1,006.000	1,006.000	1	1,902.000	1,902.000	1	1,856.000	1,856.000					
LABOR-CONTRACTOR	1	2,308.000	2,308.000	1	1,070.000	1,070.000	1	998.000	998.000					
TOTAL	2		3,314.000	2		2,972.000	2		2,854.000					

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The current Commodity Command Standard System (CCSS) processes use a six position date field. These six position date fields are used in nearly all applications and data bases for status accounting, computations, forecasting, financial accounting and requisition processing. When the year 2000 is reached, CCSS will be unable to determine the correct year in its current configuration.

b. **ANTICIPATED BENEFITS:** All six position date fields in CCSS must be changed from six positions to eight positions to ensure continued systems operational capability.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Immediate and catastrophic system failure resulting in an unprecedented failure to meet business performance goals involving status accounting, forecasting, financial management, requisition processing and other logistic support functions.

d. **ECONOMIC ANALYSIS PERFORMED?** N/A.

ECONOMIC INDICATORS:

Total Cost of the Project	\$9,140.0K	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:
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ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-2		Item Description LOGSA Century Date Change				D. Activity Identification AMC/LOGSA	
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development		1	760.000	760.000	1	1,678.000	1,678.000	1	746.000	746.000	
TOTAL		1		760.000	1		1,678.000	1		746.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Current systems do not allow transitioning to the 21st Century. Data fields must be changed in the systems to accommodate dates in two centuries. Failure to make changes will result in inaccurate and incomplete data that will, in effect, render these LOGSA databases useless. This project will involve 5,850 programs for a total of 4,850,000 lines of code. b. ANTICIPATED BENEFITS: Completion of this effort will allow continuation of effective LOGSA support into the next century. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The systems supported by these LOGSA databases will become ineffective and inoperable. All date-involved processes will fail, resulting in serious ongoing damage to critical Army information processes. d. ECONOMIC ANALYSIS PERFORMED? N/A.											
ECONOMIC INDICATORS: Total Cost of the Project \$3,184.0K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-3		Item Description Integrated Sustainment Maint (ISM)		D. Activity Identification AMC			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Hardware		1	715.000	715.000	1	1,430.000	1,430.000	1	715.000	715.000	
Software Development		1	880.000	880.000	1	1,760.000	1,760.000	1	880.000	880.000	
Labor Contractor		1	1,700.000	1,700.000	1	2,200.000	2,200.000	1	2,400.000	2,400.000	
Software		3	3,295.000	3,295.000	3	5,390.000	5,390.000	3	3,995.000	3,995.000	
TOTAL											
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Various organizations and Major Commands (MACOMs) are responsible for sustainment maintenance. There is duplication of maintenance capability, redundancy in support, and fragmented command and control of maintenance capability.											
b. ANTICIPATED BENEFITS: This initiative results in savings to the Army of \$142M (FY 98-03). ISM provides for centralized management and decentralized execution of sustainment maintenance in the Army. Savings will be realized through improved "repair versus buy" decisions at the national level, regional cost avoidance, and maintenance efficiencies. Investment is required in order to gain efficiencies. Investment is shared among AMC and other MACOMs, such as Forces Command, Training and Doctrine Command, Office, Chief Army Reserves, and the National Guard Bureau.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The expansion of the ISM automation management information system cannot be accomplished. Without the automation management information system, ISM cannot be implemented and, therefore, no savings will be realized.											
d. ECONOMIC ANALYSIS PERFORMED? Yes. Cost benefit analysis is being updated.											
ECONOMIC INDICATORS:											
Total Cost of the Project				\$12,680.0K Net Present Value of Benefits:				Benefit to Investment Ratio:			
								Payback Period:			

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-4		Item Description Remote Site Processing		D. Activity Identification AMC			
Element of Cost		FY 97		FY 98		FY 99					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
Software Development						1	131.000	131.000			
TOTAL						1		131.000			
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Procurement Automated Data and Document System (PADDS) and Commodity Command Standard System (CCSS) Procurement applications currently are accessed through on-site Local Area Networks (LANs). Any remote site processing must be accomplished using the Work Ordering and Reporting Communications System (WORCS) which queues one site's requirements to another site. While this allows for remote site processing, it requires dedicated LAN lines to accomplish this task. Reduced cost will be realized through use of the Internet in lieu of LAN lines. b. ANTICIPATED BENEFITS: Running the PADDS Data Base Management System (DBMS) on the Internet will significantly reduce costs associated with Army and DoD downsizing efforts oriented toward consolidating contracting activities. The implementation of this initiative will reduce communication infrastructure cost through use of the Internet in lieu of installation of dedicated lines at each Command. Currently, remote site processing of procurement actions is accomplished through the WORCS which allows for the purchase of requirements with committed funds transferred from the customer to the buying Command. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Savings will not be realized. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$131.0K		Net Present Value of Benefits:		\$3,152.0K		Benefit to Investment Ratio:		26.0	
										Payback Period: 1 year	

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-6		Item Description On Net Transfer Protocol		D. Activity Identification MICOM			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Hardware/Software Replacement					1	1,055.000	1,055.000				
TOTAL					1		1,055.000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Procurement Automated Data and Document System (PADDS) currently transmits data to the logistics financial and contract administration applications. To ensure timely and accurate dissemination of payment and delivery information, the On Net Files Transfer Protocol (TRP) is needed to facilitate faster data transmission. b. ANTICIPATED BENEFITS: This project will facilitate attainment of the AMC goal to reduce procurement administrative leadtimes by fifty percent. It is estimated that these improvements will yield a two-day improvement in procurement administrative leadtime. This estimate is substantiated by the approved economic analysis. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The Army wholesale procurement and logistics community will be limited in its access to technical data or drawings if the necessary platforms are not available. This project satisfies requirements to make changes (directed, required, or considered urgent) to the legacy systems. Failure to implement these changes will result in increased manual effort to support the various functional areas. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$1,055.0K		Net Present Value of Benefits:		\$2,982.0K		Benefit to Investment Ratio:		3.9	
								Payback Period:		1 year	

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)										D. Activity Identification AMC	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-9		Item Description Lateral Redistribution					
		FY 97		FY 98		FY 99					
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development					1	1,000.000	1,000.000	1	1,500.000	1,500.000	
TOTAL					1		1,000.000	1		1,500.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Several audit findings revealed over \$500M of excess assets within Department of Defense (DoD) which could have been used if the Primary Inventory Control Activity (PICA) had visibility of assets at the Secondary Inventory Control Activity (SICA) level. As a result of the audit findings, Deputy Under Secretary of Defense, Logistics, directed all DoD components to provide visibility and redistribution capabilities. These \$500M excess assets were not available for the soldier due to the lack of visibility thereby decreasing redistribution and procurement offsets. b. ANTICIPATED BENEFITS: This initiative results in a cost savings of \$64M. Lateral redistribution provides visibility of assets across DoD that will allow for the redistribution of excess assets to fill backorders and offset procurement buys. Both wholesale and retail assets will be utilized. As items migrate to the single DoD manager concept, additional system changes are required to realize visibility and utilize worldwide assets. This initiative supports velocity management because it will increase asset visibility across DoD, offset procurement buys, provide greater utilization of excess assets, and reduce order-ship-time (OST). c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Benefits to be derived from a reduced OST will occur. Asset visibility across DoD will be limited and procurement in excess of requirement will occur. d. ECONOMIC ANALYSIS PERFORMED? Not required per DoD 4140-1R.											
ECONOMIC INDICATORS: Total Cost of the Project \$2,500.0K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-14		Item Description Common Operating Environment (COE)		D. Activity Identification AMC			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development		1	5,967.000	5,967.000	1	16,017.000	16,017.000	1	11,364.000	11,364.000	
TOTAL		1		5,967.000	1		16,017.000	1		11,364.000	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Commodity Command Standard System (CCSS) is a tightly integrated system with interactive data, data processing routines, technical utilities with files and data bases serving multiple business processes within the Army Materiel Command (AMC) logistics mission area. It was developed in the late 1960's. Some limited technology upgrades have been accomplished; however, the critical element of CCSS operating software remains unchanged. The obsolete technology and lack of system documentation increase maintenance costs, hinders business process improvements, and reduces capability to augment the downsized workforce through outsourcing. The structure of CCSS does not allow for user on-line access to all data. There is no capability to access data residing in current and future Army and DoD systems. b. ANTICIPATED BENEFITS: Introduction of major business process improvements and other DoD standard systems into the Army Automated System environment is expected to take place over several years in an incremental fashion. During this timeframe, Army must continue to rely on existing legacy systems to conduct its daily operations. Not all of the current legacy systems are expected to be replaced. The end users will be faced with trying to navigate through a combination of new and old systems/databases residing on different hardware/software platforms. This combination of new and old systems will require retraining each time new systems are introduced and old systems are replaced. This initiative establishes a common environment for end users as the wholesale logistics systems evolve through continuous business process improvements and supporting technology infusion. It will also allow users analytical tools with real time data access for simulations, trend analysis and what-if scenarios. This initiative will provide the enabling technology for business process reengineering efforts to enhance asset visibility leading to inventory reductions, procurement offsets, and enhanced readiness.											
ECONOMIC INDICATORS:											
Total Cost of the Project				\$33,348.0K Net Present Value of Benefits:				Benefit to Investment Ratio:			
								Payback Period:			

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-14		Item Description Common Operating Environment (COE)				D. Activity Identification AMC	
		FY 97		FY 98		FY 99					
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development											
TOTAL											
Narrative Justification (Continuation Sheet):											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Cost avoidance benefits will not be realized. Business process reengineering to achieve enhanced asset visibility for reduced inventory costs and improved readiness will be much more difficult and costly. d. ECONOMIC ANALYSIS PERFORMED? N/A.											
ECONOMIC INDICATORS: Total Cost of the Project: _____ Net Present Value of Benefits: _____ Benefit to Investment Ratio: _____ Payback Period: _____											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-10		Item Description CCSS Defense Logistics Mgt Systems				D. Activity Identification AMC	
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development											
Labor Contractor					1	984.000	984.000	1	2,352.000	2,352.000	
Labor-CDA					1	656.000	656.000	1	1,568.000	1,568.000	
TOTAL					2		1,640.000	2		3,920.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Commodity Command Standard System (CCSS) applications are not compatible with the new variable length format to be used for processing all military standard transactions. DoD has directed all services and DLA to adopt the variable length record format which is in alignment with industry and commercial standards. All CCSS applications will required change. The interim proposal is to develop a front-end and back-end process to convert records into useable format to enable CCSS to process them when the new format is installed. b. ANTICIPATED BENEFITS: This will enable AMC systems to interface and utilize standardized formats to process military standard records and transactions, such as requisitions, and to use the Defense Automated Address System (DAAS). This format is the standardized format for transaction processing used in industry. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: AMC automated logistics systems will not be able to process incoming or outgoing military standard traffic such as requisitions or use DAAS services. d. ECONOMIC ANALYSIS PERFORMED? No. DoD directed change under Corporate Information Management (CIM) Guidance.											
ECONOMIC INDICATORS:											
Total Cost of the Project				\$5,560.0K				Net Present Value of Benefits:		Benefit to Investment Ratio:	
										Payback Period:	

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)										D. Activity Identification AMC	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-12		Item Description Single Item Inventory Record (SIIR)					
		FY 97		FY 98		FY 99					
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development								1	1,000.000	1,000.000	
TOTAL								1		1,000.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Currently, there are two separate inventory records that require daily reconciliation. Audits reveal that records are inaccurate by as much as 35 percent. This discrepancy is attributed to the volume of receipt and adjustment transactions that flow between the Inventory Control Points and the Depots. Current systems contain up to three separate inventory records. Depots utilize Standard Depot System while Inventory Control Points utilize Commodity Command Standard System. b. ANTICIPATED BENEFITS: By creating a single accountable record, SIIR would eliminate the need for separate custodial and accountable records. SIIR would eliminate the need for database reconciliation between activities. SIIR implementation would promote a seamless logistics inventory record and increase the readiness posture by decreasing denial rates. In addition, processing time will improve due to improved record accuracy, and order-ship time will be reduced. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Manual database reconciliation between activities will be continued with the inherent inaccuracies and errors associated with manual reconciliation. d. ECONOMIC ANALYSIS PERFORMED? No. DoD directed.											
ECONOMIC INDICATORS: Total Cost of the Project \$1,000.0K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 98-11		Item Description LOGSA Defense Log Mgt Systems		D. Activity Identification AMC/LOGSA			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development					1	1,750.000	1,750.000				
TOTAL					1		1,750.000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Modification to the Logistic Support Agency (LOGSA) systems to accommodate the ANSI-S-12 syntax variable length records will require analysis and software engineering for various systems in LOGSA. This cost is based on making appropriate modifications to communication front-end processing along with the creation of a translator/convert to support near term requirements. This figure also includes costs to begin making specific changes to legacy applications and databases. b. ANTICIPATED BENEFITS: This update will enable AMC systems to interface and utilize standardized format to process military standard records and to use the Defense Automated Address System (DAAS). This format is the standardized format for transaction processing used in industry. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: AMC automated logistics systems will not be able to process incoming or outgoing military standard traffic such as requisitions or use DAAS services. d. ECONOMIC ANALYSIS PERFORMED? No. DoD directed change under Corporate Information Management (CIM) Guidance.											
ECONOMIC INDICATORS: Total Cost of the Project \$1,750.0K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Supply Management				C. Line No 99-3		Item Description Integrated Data Environment (IDE)				D. Activity Identification AMC	
Element of Cost		FY 97		FY 98		FY 99					
Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Total Cost	Total Cost
Hardware, Software, Contracts				1	11,320.000			1	4,400.000	4,400.000	
TOTAL				1	11,320.000			1		4,400.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The wholesale supply management process within the Army is performed using obsolete Automated Data Processing (ADP) equipment, inadequate communications devices and antiquated automated systems which were originally created in the 1960's with the technology which was available at that time. Over the years, some band aid changes were made to improve the equipment available for some users but far from all, some limited communications upgrades were completed, and the automated systems were marginally improved. The approach to fix the problem and the amount of funding from one supply management activity to another varied so much that the types of equipment and business processes were not consistent. This band aid approach was exacerbated over the years due to the very limited changes that the Army could make to any of its supply management systems due to the constraints placed on system changes by the Joint Logistics System Center (JLSC) which controlled all of the funding for system changes. b. ANTICIPATED BENEFITS: The Integrated Data Environment (IDE) will create an environment which will receive, store, and share logistics data in a digital format. This initiative will provide Army activities with the necessary hardware, software, and communications equipment to prepare Army logistics for the 21st century. The positive aspects of this initiative are: a.) reduces the operations and sustainment costs of Army weapons systems, b.) enables acquisition reform and the electronic exchange of data between government activities and contractors, c.) ensures the delivery of Army weapon systems and associated spares of the most efficient costs, d.) ensures high quality data that is created once and shared with all Army and other users throughout Department of Defense (DoD), e) reduces cycle times related to logistics, f.) facilitates Business Process Improvements/Reengineering of the logistics processes and , g.) essential process to achieve a Common Operating Environment (COE) and Joint Visions 2010.											
ECONOMIC INDICATORS: Total Cost of the Project \$15,720.0K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)										D. Activity Identification AMC	
B. Component, Activity Group, Date Supply Management		24-Feb-98		C. Line No 99-3		Item Description Integrated Data Environment (IDE)					
Element of Cost		FY 97		FY 98		FY 99					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Hardware, Software, Contracts											
TOTAL											
Narrative Justification (Continuation Sheet):											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: IDE is the Army's solution to remedy all of the above mentioned problems, assist in the completion of business process improvements and create a common infrastructure which will result in an environment which will contribute to the Army's and DoD's logistics goals: i.e., the Army Vision 2010, Commodity Command Standard Systems (CCSS) Modernization and Integrated Combat Service Support System (ICSS3); the Defense Integrated Infrastructure/Common Operating Environment (DII/COE), and the Global Data Management System. IDE, in conjunction with these other initiatives, will revolutionize the way that the Army manages its supply function. IDE is the basis for a more effective and efficient supply management business process for the 21st century. Failure to fund this effort will result in a continuation of the current obsolete supply management business processes and will not take advantage of the technology currently available to achieve all of the benefits delineated above. d. ECONOMIC ANALYSIS PERFORMED? No. This program is required to execute the OSD approved/directed program of Vision 2010.											
ECONOMIC INDICATORS: Total Cost of the Project Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)				B. Component, Activity Group, Date Supply Management 24-Feb-98		C. Line No 99-4		Item Description Commercial Asset Visibility (CAV II)		D. Activity Identification AMC	
Element of Cost		FY 97		FY 98		FY 99					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Labor						1	1,618.000	1,618.000			
Travel						1	304.000	304.000			
Contracts/Hardware/ Program Management						1	358.000	358.000			
TOTAL						3		2,280.000			
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Under the Commodity Command Standard System (CCSS), the Inventory Control Points (ICPs) have limited visibility of assets being repaired at commercial contractor sites. There is no automated system to provide accountability reporting, notification of shipment, nor a method to correct financial or inventory imbalances. During physical inventories done at nine contractor sites in 1993 and 1994, assets totaling \$35M were located which had been unaccounted for at the ICPs and assets totaling \$2.6M which were unaccounted for at the contractors' sites. b. ANTICIPATED BENEFITS: CAV II increases asset visibility in CCSS, improves shipping procedures, measures repair turn-around time, and monitors contractor performance. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Department of the Army (DA) has recognized a material weakness on the lack of accurate visibility of components repaired under National Maintenance Contracts. Significant mismatches have been discovered between on hand assets and what is reflected in CCSS. DA has directed CAV II implementations be expedited by all Army ICPs. If CAV II is not implemented, the discrepancies in asset balances; the reduction of returned, repaired components; and the cost of new procurement will continue to escalate. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$2,280.0K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

Exhibit Fund 9d Capital Budget Execution
Department of Army
Supply Management

(\$ in Millions)

FY 97

PROJECTS ON THE FY 1997 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/Deficiency	Explanation
	<u>EQUIPMENT</u>						
	<u>EQUIPMENT-Replacement</u>						
FY 97	Various Other Equipment <\$500K	0.134	0.002	0.136	0.136		Reprogramming from the Local Area Network
FY 97							

AUTOMATED DATA PROCESSING

FY 97							
FY 97	Mat'l Mgt ADPE Equip Replacement	0.365		0.365	0.365	(0.000)	
FY 97	Log&Maint ADPE Equip Replacement	0.360		0.360	0.360		
FY 97	Mini-Computer System	0.300		0.300	0.300		
FY 97	CCSS High-Speed Printer	0.258		0.258	0.258		
FY 97	Local Area Network (LAN)	0.066	(0.002)	0.064	0.064		Reprogrammed to Various Other Equip <\$500K

SOFTWARE

FY 97	CCSS Common User Interface	4.933		4.933	4.933		
FY 97	Single Stock Fund	5.000		5.000	5.000		
FY 97	Material Management System (MMS)	15.000		15.000	15.000		
FY 97	Conversion of MILSTEP	0.489		0.489	0.489		
FY 97	Vision 2010	8.623		8.623	8.623		
FY 97	CCSS Century Date Change	3.314		3.314	3.314		
FY 97	LOGSA Century Date Change	0.760		0.760	0.760		
FY 97	Integrated Sustainment Maint (ISM)	3.295		3.295	3.295		
FY 97							
FY 97							
FY 97	Common Operating Environment (COE)	5.967		5.967	5.967		

Total 48.864 48.864 (0.000)

Exhibit Fund 9d Capital Budget Execution
Department of Army
Supply Management
16-Sep-96
(\$ in Millions)

PROJECTS ON THE FY 1998/1999 PRESIDENT'S BUDGET									
FY 98									
<u>FY</u>	<u>EQUIPMENT</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>	
FY 98		<u>EQUIPMENT-Replacement</u>							
FY 98		Various Other Equipment <\$500K	0.358		0.358	0.279	(0.079)	Reprogramming covered requirement in FY 97	
<u>AUTOMATED DATA PROCESSING</u>									
FY 98		Network Upgrade/Replacement	1.358		1.358	0.722	(0.636)	Descope Requirement	
FY 98									
FY 98									
FY 98									
FY 98		Logistics & Read Ctr Equip Replace	0.880		0.880	0.650	(0.230)	Unit Price Change	
FY 98		Log & Readiness Ctr PCs and Printers	0.496		0.496	0.496			
<u>SOFTWARE</u>									
FY 98		Single Stock Fund	5.968		5.968	5.968			
FY 98		Material Management System (MMS)	4.720		4.720	4.720			
FY 98		Conversion of MILSTEP	0.489		0.489	0.489			
FY 98		Vision 2010	9.015		9.015	9.015			
FY 98		CCSS Century Date Change	2.972		2.972	2.972			
FY 98		LOGSA Century Date Change	1.678		1.678	1.678			
FY 98		Integrated Sustainment Maint (ISM)	5.390		5.390	5.390			
FY 98		Remote Site Processing	0.131		0.131	0.131			
FY 98		On Net Transfer Protocol	1.055		1.055	1.055			
FY 98		Lateral Redistribution	1.000		1.000	1.000			
FY 98		Common Operating Environment (COE)	16.017		16.017	16.017			
FY 98		CCSS Defense Logistics Mgt Systems	1.640		1.640	1.640			
FY 98		Integrated Data Environment	11.300		11.300	11.320			
FY 98		LOGSA Defense Log Mgt Systems	1.750		1.750	1.750			
Total			66.217		66.217	65.292	(0.945)		

Activity Group Capital Investment Summary Depot Maintenance (\$ in Millions)						
Line No.	Description	FY 97		FY 98		FY 99
		Quantity	Total Cost	Quantity	Total Cost	Quantity Total Cost
EQUIPMENT-Replacement						
97-M4	Engine Test Cell Upgrade	1	0.600			
97-M7	Various Other Equipment (<\$500K)	25	9.785	10	4.278	7 2.601
97-M13	Bore Drill Mill Machine	1	5.371			
97-M16	Horizontal Boring Mill	2	1.400			
97-M30	Xerox 4090 Page Printer	1	0.461			
98-M1	Indoor Radar Test Range			1	0.723	
97-M31	Page Printing System	1	336.000			
97-M40	XSMN Test Cells Cooling System	1	1.576			
98-M2	Vertical Turret Lathe			1	1.400	
98-M-42	SH60 Transmission Test Stand				1.309	
	SUBTOTAL	32	355.193	12	7.710	7 2.601
EQUIPMENT- Productivity						
97-M24	Computer Numerical Control Punch Press	1	0.640			
97-M26	Electronic Van Refurbishment	1	0.875			
98-M15	Shot Blast Booth			1	0.750	
98-M4	Whirltower			1	11.256	
97-M9	Production Assembly Cell		0.459			
99-M5	Horizontal Machining Center					1 0.732
98-M8	CNC Automatic Punch Press			1	0.706	
98-M3	CNC 5 Axis Mach Ctr			1	0.869	1 0.923
98-M5	CNC Horizontal Mch Ctr					
99-M33	Auto Storage & Retrieval System					1 2.403
98-M7	Automated Storage & Retrieval System			1	1.066	1 1.075
	SUBTOTAL	3	1.974	5	14.647	4 5.133

Activity Group Capital Investment Summary Depot Maintenance (\$ in Millions)						
Line No.	Description	FY 97 Quantity	FY 97 Total Cost	FY 98 Quantity	FY 98 Total Cost	FY 99 Quantity Total Cost
97-M12	EQUIPMENT- Environmental Fume & Dust Collection	1				
	SUBTOTAL	1				
	EQUIPMENT TOTAL	36	357.167	17	22.357	11 7.734
	AUTOMATED DATA PROCESSING					
99-M10	Dial Central Office(DCO) Upgrade					
97-M21	Fiber Optic LAN	1	1.286			1 0.950
97-M23	Depot Maint. Standard System (DMSS)	1	4.140			
97-M27	Miscellaneous ADPE	1		2	0.500	
97-M28	Encrypted Trunk Radio Network	1	1.544			
97-M 29	Laser Digitizing System	1	0.486			
98-M-41	Fiber Optic LAN (RRAD)				0.600	
	ADP TOTAL	5	7.456	2	1.100	1 0.950
	MINOR CONSTRUCTION					
98-M30	Ammo Renovation Autoclave Bldg.			1	0.994	
97-M22	Minor Construction	30	11.300	12	3.028	15 4.557
	MINOR CONSTRUCTION TOTAL	30	11.300	13	4.022	15 4.557
	SOFTWARE					
97-M34	SDS Defense Log. Mgmt. Sys. (DLMS)	1	0.671			1 1.262
97-M32	SDS Common Operating Environment (COE)	1	6.200	2	10.000	1 3.980
98-M18	SDS Century Date Change	1	1.037	1	1.900	1 0.300
98-M-43	Standard Depot System/ MRP			1	4.260	1 10.490
99-M-44	DM Interfaces					3.982
	SOFTWARE TOTAL	3	7.908	3	16.160	3 20.014
	Depot Maintenance	74	383.830	35	43.639	30 33.255

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT- Replacement (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 97-M7		Item Description Various Other Equipment (<\$500K)		D. Activity Identification All Depots			
Element of Cost		FY 97		FY 98		FY 99					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
25	391.396	9,784.900	10	427.800	4,278.000	7	371.500	2,600.500			
Various Other Eqmt (<\$500K)											
TOTAL		25		9,784.900	10			4,278.000	7		2,600.500
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This category represents various modernization/replacement equipment costing <\$500K which will improve depot efficiency through replacement, modification, or addition of production and maintenance capability, and will improve compliance with regulatory requirements. Equipment supports organic maintenance, overhaul, rebuild, conversion, renovation, modification and repair programs.											
b. ANTICIPATED BENEFITS: Acquisition of this equipment improves productivity, increases capacity which cannot be met with current equipment, replaces unsafe or unusable assets, and includes requirements for environmental hazardous waste reduction or regulatory agency mandated requirements. This new equipment increases reliability and productivity, thus enabling the depots to be more competitive.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Equipment support capability will not provide for mission needs. Specific impacts include: Reduced mission capability Increased man-hour expenditures Excessive downtime Failure to meet present and future workload requirements Inability to meet production schedules Decreased accuracy and dependability											
d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$16,663.4K Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates											
B. Component, Activity Group, Date Depot Maintenance				C. Line No 98-M1		Item Description Indoor Radar Test Range				D. Activity Identification Tobyhanna Army Depot											
Element of Cost		FY 97		FY 98		FY 99															
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost													
Indoor Radar Test Range			1	723.000	723.000																
IP93090																					
TOTAL			1		723.000																
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The existing radar range has the capability to test radar antenna parameters that are limited to a small group of radar, antenna systems. A modernized capability is required to test the additional radar parameters of the Advanced Quick Look (AQL). The AQL was designated as the lifetime contractor logistics support system. The contractor has lost the ability to test AQL. b. ANTICIPATED BENEFITS: It will improve turn-around time, reduce downtime, and support improvements for fielded radar/surveillance systems. It will also support an increase in the number of organic programs. In addition, operating costs to perform this testing will be reduced by more than 50% and safety will be improved. Efficiency and productivity will increase with year-round indoor testing. Interference with local air traffic will be eliminated. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Modernization and rapid deployment abilities would be adversely impacted. The efficient integration of base closures and mission realignment functions would be hindered. Many mission essential operations would be limited to "fair weather" operations. The prime contractor has lost the ability to test the AQL. Without the proposed funding support, the AQL will be lost and readiness will be compromised. d. ECONOMIC ANALYSIS PERFORMED? Yes.																					
ECONOMIC INDICATORS:				Total Cost of the Project				\$723.0K		Net Present Value of Benefits:		\$275.0K		Benefit to Investment Ratio:		1.1		Payback Period:		7.65 years	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT- Replacement (\$ in Thousands)											
B. Component, Activity Group, Date		24-Feb-98		C. Line No 98-M2		Item Description Vertical Turret Lathe		D. Activity Identification Anniston Army Depot			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Vertical Turret Lathe					1	1,400.000	1,400.000				
H398030					1	1,400.000	1,400.000				
TOTAL											
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Machining Division fabricates a wide variety of parts for in-house use during maintenance, modification and upgrade of tracked vehicles. This machine is nearly 15 years old and is becoming increasingly unreliable due to normal wear and tear. Downtime and the inability to perform precision work are increasing. The machine tool controls are functionally obsolete.											
b. ANTICIPATED BENEFITS: The new machine will provide a productivity increase of 50%. This is due to improved mechanical condition, higher horsepower, and added features such as a larger table, an automatic tool changer, and grinding and live tooling capabilities. Needed parts will be available to support mission workload and will be produced in a cost effective manner.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Costs for the existing machine will increase as its condition continues to deteriorate. Increasingly unavailable repair parts and service will add to the amount of downtime. Mechanical wear will limit this machine for secondary nonprecision use, will increase the workload on other machines, will contribute to schedule delays resulting from lack of required parts, and will increase work in process.											
d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$1,400.0K Net Present Value of Benefits: Benefit to Investment Ratio: 1.0 Payback Period: 9.04 years											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT- Replacement (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 97-M40		Item Description XSMN Test Cells Cooling System		D. Activity Identification Corpus Christi Army Depot			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
XSMN Tests Cells Cooling Sy		1	1,575.500	1,575.500							
J398008											
TOTAL		1		1,575.500							
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: CCAD is required to test all transmission components prior to shipping to the customer. During test, heat is transferred to lubricating oil, which in turn is transferred to water in the cooling system. This water is then pumped thru a cooling tower to reduce water temperatures from 125 degrees F down to 85 degrees F. The test facility cannot operate without a cooling tower to remove excess heat generated during transmission testing. CCAD maintains 7 cooling towers to support 18 test cells. All of the existing cooling towers are in poor condition and must be replaced. Major cracks and leaks are clearly visible; structural steel foundations are rusting severely. b. ANTICIPATED BENEFITS: CCAD will consolidate all of the transmission test cell cooling systems into one large, single system with multiple loops serving the 18 transmission test cells. This new system will be a low maintenance, energy efficient system featuring state-of-the-art tower (composite materials) and the latest water treatment design. This system will eliminate the need to replace the seven individual cooling towers estimated at \$866K. This system will also eliminate annual operating cost of \$114K per year. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: CCAD will continue to operate the seven existing cooling towers. Due to the advanced state of deterioration, all seven cooling towers are scheduled for replacement. New water treatment chemical control equipment are scheduled for installation on each cooling tower in FY98. CCAD will continue to experience large operating costs which includes continuous testing of water samples, operating pumps and fan motors, replacing chemicals and water lost through distribution piping, and performing preventive maintenance.											
ECONOMIC INDICATORS: Total Cost of the Project \$1,575.5K Net Present Value of Benefits: \$164.0K Benefit to Investment Ratio: 1.1 Payback Period: 6.92 years											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT- Replacement (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 98-M-42		Item Description SH60 transmission Test Stand				D. Activity Identification Corpus Christi Army Depot	
		FY 97		FY 98		FY 99					
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
SH60 Transmission Test Stand					1	1,308.869	1,308.869				
TOTAL					1		1,308.869				
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: CCAD must obtain the additional test stands in order to meet workload. Currently, CCAD can only test 68 main transmissions per year during the day shift (due to electrical load limits) and 111 main transmissions per year on the night shift. b. ANTICIPATED BENEFITS: Based on OPS 29, workload projection for FY98 is 412 transmissions (326 UH60, 28 US60L, 58 SH60). c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Without the transmission test stand, 50% of the organic and 33% of total test capacity for all H60 platforms to include Army, Navy, and Air Force will be lost if these test stands are not returned to operational status. d. ECONOMIC ANALYSIS PERFORMED? Yes. EA exemption - directed by FY93 BRAC decision to transition SH60 overhaul and repair mission to CCAD.											
ECONOMIC INDICATORS:											
Total Cost of the Project		NA		Net Present Value of Benefits:		NA		Benefit to Investment Ratio:		NA	
										Payback Period:	
										NA	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION									
EQUIPMENT-Productivity (\$ in Thousands)								A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 98-M15		Item Description Shot Blast Booth		D. Activity Identification Sierra Army Depot	
Element of Cost		FY 97		FY 98		FY 99			
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Total Cost
Shot Blast Booth					1	750.000	750.000		
JD98011									
TOTAL					1		750.000		
Narrative Justification:									
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Currently SIAD is shot blasting military vans in small booths and other inappropriately sized work areas. The number of vans to be blasted and repainted is increasing despite facility limitations. The 40 foot shot blast booth currently in operation is capable of completing three international standard organization (ISO) containers per day. b. ANTICIPATED BENEFITS: This new drive-through shot blast booth is needed to support the Inland Petroleum Distribution System (IPDS), Water Support System (WSS) and Force Provider (FP). The additional booth will be used for new mission requirements as well as existing requirements and will be located in building 363. This facility will be used to refurbish ISO containers. The new 60 foot booth will provide capacity to shot blast up to 35 ISO containers per day. More containers could be done per day depending on condition and scope of work. Army owns approximately 14,000 ISO containers. The installation anticipates becoming the manager for ISO assets owned by Air Force, Navy and Marines as well. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: If the booth is not purchased, future operations will be limited by existing capacity. Work area inefficiencies are already an issue based on Army workload levels. d. ECONOMIC ANALYSIS PERFORMED? Yes.									
ECONOMIC INDICATORS:									
Total Cost of the Project		\$750.0K		Net Present Value of Benefits:		\$831.0K		Benefit to Investment Ratio: 2.2	
								Payback Period: 4.83 years	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT-Productivity (\$ in Thousands)										D. Activity Identification Corpus Christi Army Depot	
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 98-M4		Item Description Whirltower					
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Whirltower					1	11,256.000	11,256.000				
J398030											
TOTAL					1		11,256.000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Additional workload is transferring from Navy in FY 97 for 320 SH60 (Seahawk) blades and for 245 CH47D (Chinook) fore and aft blades. Testing CH47D fore and aft blades requires changeover/recalibration of the rotor heads. Under the current work schedule of 112 hours/week, the maximum production capacity is expected to be only 1,197 blades per year when 1,465 blades per year is the requirement. CCAD needs additional production capacity to meet this increased workload demand. b. ANTICIPATED BENEFITS: New production capacity will allow CCAD to complete authorized workload for dynamic testing of UH60 Blackhawk, SH60 Seahawk and CH47D Chinook blades. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The installation cannot accomplish 100% of the annual dynamic testing workload as required by DA/DOD. Currently there is no provision to provide for unscheduled downtime due to major repairs, unscheduled maintenance, or catastrophic failure. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$11,256.0K Net Present Value of Benefits: \$17,000.0K Benefit to Investment Ratio: N/A Payback Period: N/A											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 99-M5		Item Description Horizontal Machining Center		D. Activity Identification Tobyhanna Army Depot			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Horizontal Mach Center								1	732.000	732.000	
IP99007											
TOTAL								1		732.000	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current horizontal milling center contributes to productivity losses. Since 1958, this machine has operated an average of 7 hours per day. It has lost its capability to consistently machine parts to the close tolerances needed. This inability is causing excessive setup times, scrap and waste. b. ANTICIPATED BENEFITS: Computer Numerically Controlled (CNC) machine tools with Distributed Numerical Control (DNC) are becoming commonplace in industry. Their shorter lead times mean greater productivity rates and the ability to maintain/expand core workload. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Longer lead times contribute to rate increases and limit the ability to meet "just-in-time" production requirements. Failure to implement will compromise readiness. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$732.0K		Net Present Value of Benefits:		\$36.9K		Benefit to Investment Ratio:		1.1	
								Payback Period:		9.37 years	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT-Productivity (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 98-M8		Item Description CNC Automatic Punch Press		D. Activity Identification Tobyhanna Army Depot			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
CNC Auto Punch Press					1	706.000	706.000				
IP98003											
TOTAL					1		706.000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current equipment performs stamping operations on metal sheets used in manufacturing electronic and communications components. The current machine does not have cutting capabilities to prepare and perform the work. The manufacturing process is very time consuming and labor intensive due to excessive production time for set-up, piece loading, metal cutting and shearing, and handling of sheets. The control system also needs updating. Because the machine is 12 years old and operates 24 hours per day, 7 days a week, this machine is approaching an end to its economic life and will require an extensive and costly overhaul. Without additional capability, the depot cannot meet present production schedules.											
b. ANTICIPATED BENEFITS: The proposed CNC machine, with air plasma cutter, and precise punching and cutting procedures, provides the capability to reduce the backlog of work and to maintain the organic base. An estimated average productivity increase of 46% will be realized. This increase is based on an estimated productivity increase of 67% for table travel operations and a portion of the nibbling punch operations; and 25% for other operations. The resulting cost savings (approximately \$66K annually) will mean a lower price to the customer.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Without this machine, turn-around times will not be reduced and material losses will continue at a higher rate than necessary. The depot will continue to experience slippages and will not meet projected workload increases. Rapid deployment capability would be jeopardized which compromises readiness.											
d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$706.0K Net Present Value of Benefits: \$337.7K Benefit to Investment Ratio: 1.7 Payback Period: 8.1 years											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 98-M3		Item Description CNC 5 Axis Mach Ctr		D. Activity Identification Anniston Army Depot			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Total Cost	Total Cost
CNC 5 Axis Mach Ctr						1	923.000			923.000	
H398028											
TOTAL						1				923.000	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This 15 year old machine fabricates a wide variety of parts for in-house use during maintenance, modification and upgrade of tracked vehicles. It is deteriorating from normal wear and tear and lacks the flexibility of 5 axis control necessary to machine complex parts without schedule delays and loss of accuracy due to multiple setups. b. ANTICIPATED BENEFITS: These enhanced capabilities will improve total milling productivity by 25%. (i.e., a part which would take 6 hours to make on the new machine is now taking 8 hours). Complicated high precision parts will be produced with a minimum of labor due to reduced setup times, faster metal cutting rates, and 5 axis CNC. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Machining capability, especially for cost effective production of varying quantities of parts, will continue to deteriorate. Delays and labor costs will increase, reducing customer satisfaction and readiness. Work in process will increase as parts are made on less efficient, less capable machines. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$923.0K		Net Present Value of Benefits:		\$811.0K		Benefit to Investment Ratio:		2.0	
								Payback Period:		5.3 years	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT-Productivity (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 98-M5		Item Description CNC Horizontal Mch Ctr		D. Activity Identification Anniston Army Depot			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
CNC Horizontal Mch Ctr					1	869,000	869,000				
H398027											
TOTAL					1		869,000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This machine fabricates a wide variety of parts for in-house use during maintenance, modification, and upgrade of tracked vehicles. A 3 axis horizontal machining center was bought in 1983, but due to normal wear and tear is becoming increasingly unreliable in terms of downtime and inability to do high precision work required. In addition, the machine tool controls are functionally obsolete. b. ANTICIPATED BENEFITS: This equipment will increase productivity by 25% due to a higher horsepower motor. Uptime will be higher due to easy availability of repair parts and vendor service. Parts required to support mission workload which are otherwise unobtainable, will now be available when needed and will be more cost effective to produce. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Costs for the existing machine will increase as its condition continues to deteriorate. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$869.0K Net Present Value of Benefits: \$562.0K Benefit to Investment Ratio: 1.7 Payback Period: 6.02 years											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT-Productivity (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 99-M33		Item Description Auto Storage & Retrieval System				D. Activity Identification Corpus Christi Army Depot	
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Auto Storage & Retrieval Sys								1	2,403.000	2,403.000	
TOTAL								1		2,403.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Automated Storage & Retrieval System (ASRS) began implementation in 1987 and was brought on-line in 1990. ASRS is used to store and retrieve material for work in process in support of rotary wing aircraft systems and overhaul work. ASRS consists of mini-load, unit-load, oversize storage areas, and automated guided vehicles (AGV's). This project proposes the replacement of the obsolete computer system (software, hardware, servers), overhauling of the age stacker systems (mechanical and electrical), and purchasing of AGV's and pallet trucks. Current AGV's are sensitive to films and substances such as water and oil. Replacement with the newer model AGV's will compensate for problems caused by inclement weather or negligence.											
b. ANTICIPATED BENEFITS: By replacing the obsolete computer system, overhauling the age stacker system, and purchasing AGV's and pallet trucks, the project will ensure the continued storage, retrieval, and delivery of critical mission material in compliance with present and future production requirements. There will be faster cycle times, and work order response time will be reduced by 50%.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Failure to provide this modernization will limit the full capability of the current system as well as adversely affect any future aircraft programs. This will have an increasingly negative impact on production schedules and will result in the inability to comply with current and future workload requirements.											
d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$2,403.0K Net Present Value of Benefits: Benefit to Investment Ratio: 0.4 Payback Period: N/A											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Depot Maintenance			24-Feb-98		C. Line No 98-M7		Item Description Automated Storage & Retrieval System		D. Activity Identification Tobyhanna Army Depot		
Element of Cost		FY 97		FY 98		FY 99					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
Auto Storage & Retrieval Sys					1,065.900	1	1,065.900	1,075.000			
IP97008/IP00014						1					
TOTAL					1,065.900	1		1,075.000			
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: ASRS is used to store and retrieve large bulky pieces of material in support of fabrication and overhaul work. The system consists of man-aboard life vehicles (MALVs), automated guided vehicles (AGVs), and mini-load controllers. This project proposes the overhaul of the obsolete AGV fleet and replacement of the obsolete mini-load controllers. Replacement of the two obsolete and failing MALVs is proposed under a separate FY97 project (IP97018). This project is also in conjunction with the FY99 project (IP00014) for the computer control replacement. b. ANTICIPATED BENEFITS: By overhauling and replacing obsolete AGVs and controllers, the project will ensure the continued storage, retrieval and delivery of critical mission material in concert with present and future production requirements. There will be faster cycle times, and work order/customer response time will be reduced from 10 days to 8 hours. The EA projected savings per year is \$353K, resulting from an estimated savings in direct labor charges of 90%. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The inability of the current ASRS to fill critical customer requirements will continue to cause delays in production scheduling and deliveries. These delays will ultimately drive up costs. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$2,140.9K		Net Present Value of Benefits:		\$2,010.0K		Benefit to Investment Ratio:		3.0	
								Payback Period:		3.79 years	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
AUTOMATED DATA PROCESSING (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 99-M10		Item Description Dial Central Office(DCO) Upgrade		D. Activity Identification Sierra Army Depot			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Dial Central Office Upgrade								1	950.000	950.000	
JD00002											
TOTAL								1		950.000	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The life cycle of telecommunications digital switches is 8 years. The GTD5-MV currently in use was installed in 1988. b. ANTICIPATED BENEFITS: This upgrade will enhance the efficiency of the DCO, assure the availability of repair parts and service, and most importantly, make the DCO Integrated Service Digital Network (ISDN) compatible. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: If the software is not upgraded, SIAD will not be able to meet telecommunications requirements into the 21st century. If an upgrade is not acquired in the near future, a new switch will have to be purchased at an estimated cost of \$8-10M. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$950.0K		Net Present Value of Benefits:		\$659.0K		Benefit to Investment Ratio:		N/A	
								Payback Period:		N/A	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
AUTOMATED DATA PROCESSING (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 97-M27		Item Description Miscellaneous ADPE				D. Activity Identification Various Depots	
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Miscellaneous ADPE		1			2	250.000	500.000				
TOTAL		1			2		500.000				
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: These miscellaneous information management projects replace old/obsolete and unrepairable equipment with current state-of-the-art equipment. The current equipment supports only voice and low speed data. b. ANTICIPATED BENEFITS: FY97 - Engineering Personal Computer, Computer Aided Design and Drafting (CADD) - Moves the engineering design capability to the user desktop which enhances drafting and design functions, allows Computer Assisted Engineering (CAE) by all engineers, and provides standardization throughout the engineering community for sharing of information without having to continuously re-enter technical information. FY98 - Digital Link Cable/End User Cable - Replaces obsolete equipment which will improve processing speeds, increase productivity, and reduce maintenance costs. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Systems will continue to be unreliable. Downtime and administrative costs will increase. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$500.0K		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
										Payback Period: N/A	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
AUTOMATED DATA PROCESSING (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 98-M-41		Item Description Fiber Optic LAN		D. Activity Identification Red River Army Depot			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Fiber Optic Lan (Phase II & III)					1	600.000	600.000				
TOTAL					1		600.000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Current information handling needs cannot be met by using the obsolete broadband LAN which has reached the end of its economic life. RRAD is involved in the migration from dumb terminals to personal computers and upgrading the telecommunications infrastructure. b. ANTICIPATED BENEFITS: RRAD will be able to meet the DoD mandated implementation of Army Workload Performance System (AWPS). RRAD personnel will be able to access all the systems necessary to complete their mission and workload. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The existing LAN is no longer supported by the manufacturer (installed in the mid 80's). It cannot be upgraded or modified to be Joint Computer Aided Acquisition and Logistics Support (JCALS) Compliant. RRAD will not be able to transfer data between work groups. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$600.0K Net Present Value of Benefits: \$2,000.0K Benefit to Investment Ratio: 2.4 Payback Period: 4.1											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
MINOR CONSTRUCTION (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 98-M30		Item Description Ammo Renovation Autoclave Bldg.		D. Activity Identification Blue Grass Army Depot			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Ammo Ren. Autoclave Bldg.					1	994,000	994,000				
TOTAL					1		994,000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current washout facility uses hot water to erode explosives through the nose of projectiles. The process involves loading the items onto a rack, open end down, then onto a washout tank with the openings positioned over jet nozzles. These nozzles direct 180 degree water at 100 PSI into the cavity, eroding the explosive and allowing it to drop into the washout tank. This process recovers unusable explosive product and creates large amounts of water contaminated with TNT -- a hazardous waste. Industrial hygiene exposure limits which were implemented in May 97 require no more than 0.1 milligrams per cubic meter(mg/ml) of contamination versus the previous standard of 0.5 mg/ml. The revised standard cannot be met without extensive upgrades and investment in the existing explosive washout system. b. ANTICIPATED BENEFITS: The proposed autoclave system would employ new, state of the art technology to generate less than 0.1 mg/ml of hazardous waste and meet the new stricter requirement. In addition, the autoclave system would reduce overall TNT exposure levels for personnel working with TNT, use much less water, and be more conducive to the environment. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: BGAD must continue to process ammo recovery through the current washout facility. Safety standards will not be met, and workers will be exposed to higher levels of hazardous substances than allowed by law. This will result in the eventual closure of the washout facility and impairment of mission. d. ECONOMIC ANALYSIS PERFORMED? Exempt. This project meets the requirements for life-threatening, health-threatening, or safety-threatening projects contained in Sec. 2811, PL104-106.											
ECONOMIC INDICATORS: Total Cost of the Project \$994.0K Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates
MINOR CONSTRUCTION (\$ in Thousands)										
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 97-M22		Item Description Minor Construction		D. Activity Identification All Depots		
Element of Cost		FY 97		FY 98		FY 99				
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost		
Minor Construction	30	376.665	11,299.950	12	252.340	3,028.080	15	303.800	4,557.000	
TOTAL	30		11,299.950	12		3,028.080	15		4,557.000	
Narrative Justification:										
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Minor Construction projects address several key health, environmental and safety issues. Generally, projects upgrade fire protection, eliminate portable heaters, eliminate ammo storage areas that are in violation of safety codes, reduce employee cadmium and TNT exposure, increase railroad safety, stop seepage of hazardous waste into the ground, reduce energy consumption, and reduce operating costs.										
b. ANTICIPATED BENEFITS: Projects permit compliance with safety standards, eliminate workload and production deficiencies, reduce energy consumption and operating costs, and address environmental and health concerns.										
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Installations will not be in compliance with fire/safety/health regulations, and employees will be exposed to dangerous working conditions and hazardous substances which could result in claims against the government.										
d. ECONOMIC ANALYSIS PERFORMED? Yes.										
ECONOMIC INDICATORS:										
Total Cost of the Project		\$18,885.0K		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A
								Payback Period:		N/A

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 97-M34		Item Description SDS Defense Log. Mgmt. Sys. (DLMS)		D. Activity Identification All Depots			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software		1	671.000	671.000				1	1,262.000	1,262.000	
TOTAL		1		671.000				1		1,262.000	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Modification is based on a Department of Defense (DoD) directive to delete 80 position transactions and move to variable length records based on ANSI ACS X12 syntax. This directive applies to all logistics transactions. The current 425 document identifier codes for Military Logistics Systems (MILS) will be replaced by 53 applications of 26 transaction sets. The existing system will be modified to accept transactions in the DLMS X12 variable length record format in order to process all MILS records. This change will be in alignment with the industry standard.											
b. ANTICIPATED BENEFITS: Modification will increase functional capability with over 100 enhancements to MILS systems and will apply modern telecommunications technology to the Standard Depot System (SDS). This update will enable AMC systems to utilize standard formats to process MILS records such as requisitions. This standard variable length record format complies with industry standards.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: AMC systems will not be able to process incoming and outgoing traffic or use the Defense Automated Address System after Oct 98. The system will not be able to perform critical logistics sustainment functions.											
d. ECONOMIC ANALYSIS PERFORMED? No. DoD directed.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$1,933.0K		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
								Payback Period:		N/A	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 97-M32		Item Description SDS Common Operating Environment (COE)		D. Activity Identification All Depots			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software		1	6,200.000	6,200.000	1	4,800.000	4,800.000	1	3,980.000	3,980.000	
Transfer JLSC MRP					1	5,200.000	5,200.000				
TOTAL		1		6,200.000	2		10,000.000	1		3,980.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Currently the system does not allow for ready technology insertion. This effort would restructure the Army industrial logistics legacy system Standard Depot System (SDS) to reduce application program complexity. Restructuring/re-engineering facilitates modernization and enhances technology insertion, improves maintainability and facilitates incorporation of business process changes. b. ANTICIPATED BENEFITS: Restructuring of the SDS legacy system directly supports the Army Strategic Logistics Plan Automation Initiatives. Legacy restructuring will extend SDS system life and enhance maintainability because of the reduced system complexity and the increased receptivity to technology insertion and business process improvements (e.g. improved storage management and asset management). Legacy restructuring will offset critical skill losses by documenting data and functionality related to code implementation. This initiative is also critical to survival of the legacy system code since restructuring/re-engineering will allow the Army Central Design Activity to maintain the system within allotted personnel resources and condition the legacy code to facilitate insertion of required new technology -- particularly where the SDS technical infrastructure is at the end of its life cycle, or where commercial products are no longer available. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The Army automation logistics posture will be seriously flawed. Survival of the legacy system becomes questionable because of limited personnel resources possessing critical skills and the fact that the legacy code presents obstacles to insertion of required new technologies. d. ECONOMIC ANALYSIS PERFORMED? No. Required to conform to Defense Information Infrastructure/Common Operating Environment (DII/COE).											
ECONOMIC INDICATORS: Total Cost of the Project \$20,180.0K Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 98-M18		Item Description SDS Century Date Change				D. Activity Identification All Depots	
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
SDS Century Date Change		1	1,037.000	1,037.000	1	1,900.000	1,900.000	1	300.000	300.000	
TOTAL		1		1,037.000	1		1,900.000	1		300.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current SDS will not accommodate transition to the new century. This system change request (SCR) will modify SDS to recognize implicit and explicit dates into the 21st century. This recommendation will impact all SDS program tasks.											
b. ANTICIPATED BENEFITS: The modification to the SDS will improve data accuracy.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: SDS becomes inoperable without this change. Without the ability of SDS to distinguish, for example, the year 1905 from 2005, all logistics disciplines that are data driven become dysfunctional. The result will be an unprecedented failure to meet regulatory and business logistical performance goals in such activities as scheduling of repairs and maintenance into the depots, Material Release Order processing, and inspection schedules.											
d. ECONOMIC ANALYSIS PERFORMED? No. DoD Directed.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$3,237.0K		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
										Payback Period: N/A	

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)										D. Activity Identification AMC	
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 99-M-44		Item Description DM Interfaces					
		FY 97		FY 98		FY 99					
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software								1	3,982.000	3,982.000	
TOTAL								1		3,982.000	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:											
b. ANTICIPATED BENEFITS: This funding is required to interface current legacy system interfaces to the Manufacturing Resource Planning (MRP) solution. It is understood that not all the legacy/SDS will be replaced with the MRP and therefore major interface requirements will have to be addressed.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:											
d. ECONOMIC ANALYSIS PERFORMED? N/A											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$3,982.0K		Net Present Value of Benefits:		Benefit to Investment Ratio:		Payback Period:			

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Depot Maintenance				C. Line No 99-M-43		Item Description Standard Depot System/MRP II		D. Activity Identification Joint Logistics Systems Center			
Element of Cost		FY 97		FY 98		FY 99					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
			1	4,260.000	4,260.000	1	10,490.000	10,490.000			
TOTAL			1		4,260.000	1		10,490.000			
Narrative Justification: Legacy systems are those Automated Information Systems (AISs) currently in place at each DoD depot/shipyard maintenance activity which are used to manage, control, schedule or support the respective workload requirements of the depot/shipyard maintenance activity. Funding will be utilized to continue modernizing and improving the Services' depot maintenance legacy systems. Modernization will result in a shared data environment for both the depot community and the warfighter, and eliminate the myriad problems associated with replicated and inaccurate information. Joint service interoperability will also result from the migration to a single shared data environment for all information users. Other logistics systems improvements will provide improved systems capability, reduced costs for information services, and an architecture that is compliant with the Defense Information Infrastructure (DII) Common Operating Environment (COE) which is based on the DoD Joint Technical Architecture (JTA). Specific improvements resulting from the modifications include: - Improved visibility and control of assets - Reduced information technology costs - Ability to achieve a seamless information system for the warfighter - Increased interoperability with other automated systems, such as DM System - Promote rapid business process change via improved application integration - Enhanced software reuse and reduce application upgrade cycle times - Support Year 2000 compliance Achievement of the DoD JTA and the specific improvements cited is impossible without the continued investment in the infrastructure modernization of systems. Failure to complete these critical efforts will result in forced maintenance of the current costly, ineffective, and inefficient logistics support to the warfighter, to include the inability to conduct effective joint service operations. This would severely compromise the ability to implement the Global Combat Support System (GCSS) and to create the DII/COE necessary to support the warfighter in DoD's Vision 2010. (Please see continuation sheet)											
ECONOMIC INDICATORS: Total Cost of the Project \$14,750.0K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		24-Feb-98		C. Line No 99-M-43		Item Description Standard Depot System/MRP		D. Activity Identification Joint Logistics Systems Center			
Element of Cost		FY 97		FY 98		FY 99					
Quantity		Unit Cost		Total Cost		Quantity		Unit Cost		Total Cost	
SDS/MRP II											
TOTAL											
Narrative Justification (Continuation): Improvements to Army legacy systems include the Standard Depot System (SDS) and the Legacy Manufacturing Resource Planning (MRP). Funding for the Army SDS provides for century date change, data standardization, accomplishment of the re-engineering of current systems to achieve the DoD goals of shared data, DII, COE, JTA, and achievement of the goals and objectives of the DoD Vision 2010. (FY 1996 \$7.26 million; FY 1997 \$4.50 million; FY 1998 \$4.26 million; and FY 1999 \$0.69 million) Funding for the Army Legacy MRP provides an ability to adapt the current logistics Manufacturing Resource Planning (MRP) system to the evolving joint operability established by the Global Combat Support System which is a key initiative of J4. Efforts would continue the process of modernization of legacy depot maintenance systems, ensuring compliance with the Defense Information Infrastructure (DII). (FY 1998 \$5.20 million)											
ECONOMIC INDICATORS: Total Cost of the Project											
Net Present Value of Benefits:						Benefit to Investment Ratio:			Payback Period:		

Exhibit Fund 9d Capital Budget Execution
Department of Army
Depot Maintenance
February 24, 1998
(\$ in Millions)

FY 97

PROJECTS ON THE FY 1997 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<u>EQUIPMENT</u>							
FY 97	Engine Test Cell Upgrade	0.600		0.600	0.600		Approved reprogramming to increase QIA for Bore Drill Machine
FY 97	Various Other Equipment (<\$500K)	10.623	(1.321) (0.025)	9.785	9.785		Reprogrammed to Computer Numerical Control Punch Press proj. Reprogrammed from contract price adjustm to 2 Vertical Turret Lathes
FY 97	Bore Drill Mill Machine	4.050	0.508	5.371	5.371		Approved reprogramming from Various Other Equip. <500K
FY 97	Horizontal Boring Mill	1.400	1.321	1.400	1.400		
FY 97	Xerox 4090 Page Printer	0.475	(0.014)	0.461	0.461		Reprogrammed \$.014 due to final contract price adjustment
FY 97	Page Printing System	0.415	(0.079)	0.336	336.000		Reprogrammed \$.079 due to final contract price adjustment
FY 97	XSMN Test Cells Cooling System		1.576	1.576	1.576		Reprogrammed from Production Assembly Cell
<u>EQUIPMENT- Productivity</u>							
FY 97	Production Assembly Cell	2.074	(0.039) (1.576)	0.459	0.459		Reprogrammed \$39K due to final contract price adjustment Reprogrammed for new requirem. "Transmission Cells Cooling Syst."
FY 97	Computer Numerical Control Punch Press	0.615	0.025	0.640	0.64		Reprogrammed \$25K due to cost increase of final bid
FY 97	Electronic Van Refurbishment	0.875		0.875	0.875		
<u>EQUIPMENT- Environmental</u>							
FY 97	Fume and Dust Collection System	0.200	(0.200)				Project cancelled. Reprogrammed to Various Other Equipment
<u>AUTOMATED DATA PROCESSING</u>							
FY 97	Fiber Optic LAN	1.286		1.286	1.286		
FY 97	Depot Maint. Standard System (DMSS)	4.140		4.140	4.14		
FY 97	Miscellaneous ADPE	0.161	(0.161)				Project cancelled. Reprogrammed to Various Other Equipment
FY 97	Encrypted Trunk Radio Network	1.544		1.544	1.544		
FY 97	Laser Digitizing System	0.500	(0.014)	0.486	0.486		0.000 Reprogrammed \$14.45K for final contract price adjustment
<u>MINOR CONSTRUCTION</u>							
FY 97	Minor Construction	11.300		11.300	11.300		
<u>SOFTWARE</u>							
FY 97	SDS Common Operating Environment (COE)	6.200		6.200	6.20		Reprogrammed to SDS & DLMS for DoD directed proj. SDS & DLMS
FY 97	SDS Century Date Change	1.708	(0.671)	1.037	1.037		Reprogrammed from CDC & COE for DoD directed project
FY 97	SDS Defense Log. Mgmt System (DLMS)		0.671	0.671	0.671		
	Total	48.166	0.000	48.166	383.831		

Exhibit Fund 9d Capital Budget Execution
Department of Army
Depot Maintenance
February 24, 1998
(\$ in Millions)

FY 98

PROJECTS ON THE FY 1998/1999 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<u>EQUIPMENT</u>							
FY 98	Various Other Equipment (<\$500K)	3.970	0.308	4.278	4.278		
FY 98	Indoor Radar Test Range	2.632	(1.909)	0.723	0.723	(0.000)	Increased from 3.970 due to rounding of items <\$500K.
FY 98	Vertical Turret Lathe	0.800	0.800	1.400	1.4		Reprogrammed to Red River Lan & SH60 Transmission Test Stand
FY 98	SH60 Transmission Test Stand		1.309	1.309	1.309		Cost Increase
							Reprogrammed from Indoor Test Range
<u>EQUIPMENT- Productivity</u>							
FY 98		0.923	(0.923)				98-M3 moved to FY99 (CNC 5 AXIS MCH CTR)
FY 98	Shot Blast Booth	0.750		0.750	0.75		
FY 98	Whirltower	11.200	0.056	11.256	11.256	0.000	Cost Increase
FY 98	CNC Automatic Punch Press	0.694	0.012	0.706	0.706		Cost Increase
FY 98	CNC Horizontal Mch Ctr	0.868	0.001	0.869	0.869		Rounding
FY 98	Automated Storage & Retrieval System	1.120	(0.054)	1.066	1.0659	(0.000)	Decreased Cost
<u>EQUIPMENT- Environmental</u>							
<u>AUTOMATED DATA PROCESSING</u>							
FY 98	Miscellaneous ADPE	0.500		0.500	0.5		
FY 98	Fiber Optic LAN (RRAD)		0.600	0.600	0.6		Reprogrammed from Indoor Test Range
<u>MINOR CONSTRUCTION</u>							
FY 98	Ammo Renovation Autoclave Bldg.		0.994	0.994	0.994		New Project, taken from bulk line
FY 98	Minor Construction	3.028		3.028	3.028		Reduction for AMMO Renv. Auto. BLDG.
<u>SOFTWARE</u>							
FY 98	SDS Common Operating Environment (COE)	4.800	5.200	10.000	10		Transfer from JLSC
FY 98	SDS Century Date Change	1.900		1.900	1.9		
FY 98	Standard Depot System/ MRP	4.260		4.260	4.26		
	Total	37.445	6.194	43.639	43.639		

Activity Group Capital Investment Summary Ordinance (\$ in Millions)							
Line No.	Description	FY 97 Quantity	FY 97 Total Cost	FY 98 Quantity	FY 98 Total Cost	FY 99 Quantity	FY 99 Total Cost
98-A3	EQUIPMENT-Replacement						
98-A1	Various Capital Equipment <\$500k	41	10.836	38	9.696	31	8.072
98-A2	Jig Grinder Equipment			1	0.744		
	Finisher Rotational Parts					1	0.976
	SUBTOTAL	41	10.836	39	10.440	32	9.048
97-A12	EQUIPMENT-Productivity						
98-A4	Rework GLATT Material Feed System	1	0.911				
	Fluid Bed Mixing Machine			1	1.615		
	SUBTOTAL	1	0.911	1	1.615		
98-A5	EQUIPMENT-Environmental						
	Air Pollution Controls Upgrade					2	4.130
	SUBTOTAL					2	4.130
	EQUIPMENT TOTAL	42	11.747	40	12.055	34	13.178
97-A9	ADPE AND TELECOM EQUIPMENT						
97-A-13	Miscellaneous ADP < \$500k	1	0.266	4	1.118	2	0.649
	Law Enforcement Security Telecom System						
	ADP TOTAL	1	0.266	4	1.118	2	0.649
98-A12	MINOR CONSTRUCTION						
	Minor Construction	8	2.157	13	2.928	9	1.859
	MINOR CONSTRUCTION TOTAL	8	2.157	13	2.928	9	1.859
	Ordinance	51	14.170	57	16.100	45	15.685

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT-Replacement (\$ in Thousands)										D. Activity Identification Various Installations	
B. Component, Activity Group, Date Ordnance		24-Feb-98		C. Line No 98-A3		Item Description Various Capital Equipment <\$500k					
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Total Cost	Total Cost
Replacement		41	264.293	20	268.100	17	258.170	10	243.100	4,388.890	
Productivity				13	239.760	10	243.100	3	347.666	2,431.000	
Environmental				2	299.000	3	347.666	1	209.000	1,042.998	
New Mission				3	206.330	31	209.000			209.000	
TOTAL		41	10,836.013	38	9,695.870					8,071.888	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This category of projects replaces various equipment items which have outlived their useful lives, become uneconomical to repair, or become unsafe to operate. Examples include lathes, rail service material handler, reconditioned scrubber blowers, slurry prep tank renovation, matcher planer, extruding press, robot handling system, turret lathe (4 axes Computer Numerically Controlled (CNC)), and vibration monitoring.											
b. ANTICIPATED BENEFITS: Acquisition of this equipment will improve efficiency, increase capacity which cannot be met with current equipment, replace unsafe or unusable assets, and allow compliance with regulatory agency (state, local or Federal) mandates.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Equipment support capability would not be provided for mission needs. This would cause reduction in mission capacity, failure to meet expected deliveries, increased man-hour expenditure and downtime, inability to obtain repair parts, tolerance inaccuracies leading to rework, and violation of Occupational Safety and Health Act (OSHA), Environmental Protection Agency (EPA), National Discharge Elimination System (NPDES) compliance and state laws. This equipment is necessary to economically and safely meet the Load, Assemble and Pack (LAP) requirements, renovation and demilitarization of ammunition, production of defensive chemical items, and manufacturing of cannon and weapons components within the organic base. Replacement of obsolete, worn or unrepairable equipment is essential if the Army is to continue to provide in-house support capabilities in a timely and cost effective manner, and provide safe and environmentally compliant work places.											
d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$28,603.8K		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
										Payback Period: N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission	
EQUIPMENT-Replacement (\$ in Thousands)										FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date		24-Feb-98		C. Line No		Item Description		Jig Grinder Equipment		D. Activity Identification	
Ordnance		98-A1		98-A1		Jig Grinder Equipment		Rock Island Arsenal (RIA)			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Equipment					1	743.823	743.823				
TOTAL					1		743.823				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current machine cannot be rebuilt economically and must be replaced as it can no longer maintain the level of precision required by manufacturing drawings. The jig grinder is the only type of precision machine tool capable of generating complex contours and smooth surfaces to meet stringent tolerances as specified on tool and gauge drawings. The special tooling this machine makes supports all end items in the Arsenal's manufacturing mission. b. ANTICIPATED BENEFITS: This machine is required for the manufacture of special tooling for current and next generation weapon systems. Specifically, the jig grinder allows RIA to manufacture specialized precision instruments, tools, fixtures and gauges which cannot be purchased in a timely or cost effective manner. In addition to an expected annual savings of \$.252M, this project allows RIA to manufacture and/or reclaim precision instruments which would not otherwise be made or reutilized. Finally, this project allows for reductions in scrap by 25% in the first year and saves \$.039M annually in labor costs over 10 years. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Failure to fund this project will prevent RIA to develop the necessary tools, fixtures and gauges to support their manufacturing mission. Also, failure to execute this project will impact cost and scheduling of current and future mission armament products and cause safety violations. The new machine will better meet OSHA requirements to protect the operator from exposure to moving parts and debris as well as protecting others in the immediate area. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$743.8K Net Present Value of Benefits: \$2,313.0K Benefit to Investment Ratio: 4.4 Payback Period: 2.96 years											

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
B. Component, Activity Group, Date Ordnance				24-Feb-98		C. Line No 98-A2		Item Description Finisher Rotational Parts		D. Activity Identification Rock Island Arsenal (RIA)	
Element of Cost		FY 97		FY 98		FY 99					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment						1	975.960	975.960			
TOTAL						1		975.960			
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Current manufacturing processes at RIA require finishing (the process of bringing parts to their final configuration) internal diameter, grooves, faces and outside diameters. This work must be performed to very precise tolerances and standards. The current equipment has reached the limits of its capabilities and is becoming increasingly unreliable to perform highly precise manufacturing operations. This new machine, which is able to hold tighter tolerances and provide repeatability, will greatly improve RIA's capability to generate critical parts in support of current and next generation weapon systems. b. ANTICIPATED BENEFITS: The objective of this project is to improve RIA's micro-finishing capabilities. New Computer Numerically Controlled (CNC) models are capable of combining multiple operations into one. This improves parts quality by completing multiple part features in one fixtured setup. This project will provide an annual operating cost savings of \$.074M over an 11-year period. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Failure to fund this project will impact RIA's ability to support manufacture of current and next generation armament components. Also, increased maintenance and repair costs of existing equipment will not allow RIA to provide cost effective manufacturing of core mission items in a timely manner. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$976.0K		Net Present Value of Benefits:		\$112.0K		Benefit to Investment Ratio:		1.1	
										Payback Period: 10.65 years	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT-Productivity (\$ in Thousands)											
B. Component, Activity Group, Date		24-Feb-98		C. Line No 98-A4		Item Description Fluid Bed Mixing Machine		D. Activity Identification Pine Bluff Arsenal (PBA)			
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Total Cost	Total Cost
Equipment				1	1,615.000						
TOTAL				1	1,615.000					1,615.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This mixer is used in the manufacture of the M18 Series Smoke and XM83 Training Grenades. Each of the two existing fluid bed mixers can produce 4 batches of smoke mix per day (10 hours). One of these machines is beyond its normal life expectancy (22 years) and is becoming unreliable. Prior to being used on the production line, each batch must be tested for proper duration of burn. Failed batches must be re-blended with additional ingredients to correct the deficiency. At maximum capacity (4 batches/day) overtime must be used whenever re-blends of mix are required to meet preliminary burn time tests. Break-downs are becoming more frequent which increases costs and reduces output. b. ANTICIPATED BENEFITS: Planned grenade production over the next 5 years will require 12 batches of mix per day to support the end-item production demands, assuming no break-downs are encountered and minimal re-blending of mix batches is necessary. This production rate will require two shifts of 10 hours each. More than minimal re-blends or break-downs will require additional time. The new machine is required to support planned smoke grenade programs. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Without an additional machine, PBA, will be required to run existing machines on two shifts, with little time available for re-blends. Machine maintenance and repairs will further impede the ability to support end-item production. The age of existing equipment makes breakdowns likely. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$1,615.0K Net Present Value of Benefits: \$481.0K Benefit to Investment Ratio: 1.3 Payback Period: 6.96 years											

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 1999 Amended Budget Estimates	
EQUIPMENT-Environmental (\$ in Thousands)										D. Activity Identification Pine Bluff Arsenal (PBA)	
B. Component, Activity Group, Date Ordnance		24-Feb-98		C. Line No 98-A5		Item Description Air Pollution Controls Upgrade					
		FY 97		FY 98		FY 99					
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Equipment Installation								1	1,078.000	1,078.000	
								1	3,052.000	3,052.000	
TOTAL								2		4,130.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Current Air Pollution Controls were designed to meet emission standards required by the U.S. Environmental Protection Agency (EPA) and Arkansas Department of Pollution Control and Ecology (ADPC&E) for their current operating permit (1989). PBA will not meet the more stringent standards which will be required to renew the permit in November 1999. The new regulations, such as the Resource Conservation and Recovery Act (RCRA) mandate much tighter control of particulates and vapors. b. ANTICIPATED BENEFITS: This project will install new scrubbers and blowers, made with exotic materials to withstand the high temperatures and corrosive atmosphere, a new exhaust stack, and new, more automated and operationally efficient controls. The control rooms housing these controls will also be moved further from the potential hazards of the incinerator and scrubber blowers, reducing hazard exposure. These improvements will allow PBA to renew its operating permit for the next ten years so it can continue disposal of its hazardous wastes in full compliance with environmental regulations. Through the use of the Central Incinerator Complex, PBA reduces the volume of wastes which are placed in the hazardous wastes landfill by more than 90%. Local waste handlers do not have the technology to incinerate the types of chemical and smoke mixtures used in munitions. These wastes would have to be transported to other states where the technology does exist. This assumes that other states would allow the importation of hazardous wastes for disposal. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: PBA will not meet the tighter environmental regulation, and their incinerator complex will be closed by state inspectors. PBA will have to dispose of its hazardous wastes off-site at great expense, assuming that a suitable disposal site could be found. PBA is the Army's source for Research & Development of Chemical and Obscurant Munitions. These efforts support its continuing role in providing "cradle to grave" management of these munitions. d. ECONOMIC ANALYSIS PERFORMED? Per Paragraph 6a, DOD Policy Statement, Aug 94, Economic Analysis of AWCf Capital Budget Investment Projects: exemption from EA is applicable to hazardous waste management facilities under provisions found in Title 40, CFR.											
ECONOMIC INDICATORS: Total Cost of the Project \$4,130.0K Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A											

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission	
ADPE AND TELECOM EQUIPMENT										FY 1999 Amended	
(\$ in Thousands)										Budget Estimates	
B. Component, Activity Group, Date		24-Feb-98		C. Line No		Item Description		D. Activity Identification		Various Ordnance Installations	
Ordnance		97-A9		Miscellaneous ADP < \$500k							
Element of Cost		FY 97		FY 98		FY 99					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Equipment					4	279.500	1,118.000	2	324.500	649.000	
TOTAL					4		1,118.000	2		649.000	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: These miscellaneous information management projects replace old/obsolete and unrepairable equipment with current state-of-the-art equipment. b. ANTICIPATED BENEFITS: Replacement of obsolete equipment will improve processing speeds, increase productivity, and reduce maintenance costs at Rock Island and Watervliet Arsenal. It will also decrease the amount of floor space required which will reduce operating costs. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Systems will continue to be unreliable, downtime will be greater, and administrative costs will be higher. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$1,767.0K		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
										Payback Period: N/A	

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission	
AUTOMATED DATA PROCESSING										FY 1999 Amended	
(\$ in Thousands)										Budget Estimates	
B. Component, Activity Group, Date		C. Line No		Item Description		FY 98		FY 99		FY 00	
Ordnance		24-Feb-98		97-A-13		Law Enforcement Security Telecom System		Rock Island Arsenal (RIA)		Rock Island Arsenal (RIA)	
Element of Cost		FY 97		FY 98		FY 99		FY 00		FY 00	
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Total Cost
Equipment		1	266.301	266.301							
TOTAL		1		266.301							
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The FCC has mandated that new radio installations be low band units after 31 Dec 97. The current radio system is not low band. b. ANTICIPATED BENEFITS: Rock Island Arsenal is located in the center of the Mississippi River, connected by three bridges with Rock Island, IL, Moline, IL, and Davenport, IA. These bridges handle an estimated 30,000 to 35,000 vehicles per day, on a year around basis. The radio is essential for communications for law enforcement and security. Duties include patrolling road ways, parking lots, and buildings, armed escorts, traffic enforcement, and alarm responses to mission essential vulnerable areas (arms, ammunition, explosives and money handling activities). c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Non-compliance with FCC regulations would mean the loss of radio communications. This would render the RIA police incapable of performing its mission and jeopardize the security of RIA. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$266.3K		Net Present Value of Benefits:		Benefit to Investment Ratio:		Payback Period:			

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission	
MINOR CONSTRUCTION										FY 1999 Amended	
(\$ In Thousands)										Budget Estimates	
B. Component, Activity Group, Date		24-Feb-98		C. Line No		Item Description		D. Activity Identification		Various Ordnance Installations	
Ordnance		98-A12		Minor Construction							
Element of Cost	Quantity	FY 97 Unit Cost	FY 97 Total Cost	Quantity	FY 98 Unit Cost	FY 98 Total Cost	Quantity	FY 99 Unit Cost	FY 99 Total Cost		
Minor Construction	8	269.625	2,157.000	13	225.200	2,927.600	9	206.500	1,858.500		
TOTAL	8		2,157.000	13		2,927.600	9		1,858.500		
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This program will replace or upgrade installation facilities which contribute to production deficiencies, use excessive resources, lack energy conservation, or do not comply with regulatory requirements addressing safety, environmental, and security concerns. Examples of projects required for health and safety compliance include Replacement Windows (Bldg 104, Crane Army Ammunition Activity(CAAA)), Steel Secondary Doors (Bldg 138, CAAA), and a Deluge System (Bldg 138, CAAA). An example of a project which corrects workload/production deficiencies is the Underground Electric Service to Production Building (Pine Bluff Arsenal (PBA). An example of a project which corrects an environmental concern is Upgrade Wastewater Treatment (PBA).											
b. ANTICIPATED BENEFITS: These projects correct health and safety deficiencies by 1) replacing glass windows with non-shatterable, slow burning plastic window panes, 2) installing steel secondary doors to provide protection from blast over pressures, hazardous fragments and thermal effects of accidental explosion, and 3) complying with fire and safety codes. Other benefits include reducing labor costs by the elimination of double handling of ammunition.											
c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Without this program, activities will not comply with health, safety, environmental and security requirements. They may also fail to accomplish present and future workload requirements.											
d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$6,943.1K		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
										Payback Period: N/A	

Exhibit Fund 9d Capital Budget Execution
Department of Army
Ordinance

(\$ in Millions)

FY 97

PROJECTS ON THE FY 1997 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
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EQUIPMENT

EQUIPMENT-Replacement

FY 97	Various Capital Equipment <\$500k	14.420	(3.295) (0.277) (0.012)	10.836	10.836	0.000	Reprogrammed from "Ordinance" to "Supply Management" for ISM Reprogrammed to Ordinance "Rework GLATT Material Feed " Reprogrammed to Ordinance Minor Construction for Rock Island Arsenal project.
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EQUIPMENT-Productivity

FY 97	Rework GLATT Material Feed System	0.634	0.277	0.911	0.911	(0.000)	Reprogrammed for cost increase due to "one vendor" bid & change in methodology which required more stringent tolerances.
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EQUIPMENT-Environmental

AUTOMATED DATA PROCESSING

FY 97	Miscellaneous ADP < \$500k	0.270	-0.270	0.266	0.266		Reprogrammed to Law Enforcement Security Telecom system
FY 97	Law Enforcement Security Telecom System		0.266			(0.000)	New requirement; reprogrammed from Miscellaneous ADP

MINOR CONSTRUCTION

FY 97	Minor Construction	2.145	0.012	2.157	2.157	(0.000)	Reprogrammed from Various Equipment category for cost increase.
	Total	17.469	(3.299)	14.170	14.170	0.000	

Exhibit Fund 9d Capital Budget Execution
Department of Army
Ordnance
16-Sep-96
(\$ in Millions)

FY 98

PROJECTS ON THE FY 1998/1999 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<u>EQUIPMENT</u>							
<u>EQUIPMENT-Replacement</u>							
FY 98	Various Capital Equipment <\$500k	9.354		9.354	9.696	0.342	Request increase be funded by OA from Air Pollution Controls.
FY 98	Jig Grinder Equipment	0.768		0.768	0.744	(0.024)	Review of cost estimate resulted in lower OA requirement.
<u>EQUIPMENT-Productivity</u>							
FY 98	Fluid Bed Mixing Machine				1.615	1.615	Request OA be taken from Air Pollution Controls.
<u>EQUIPMENT-Environmental</u>							
FY 98	Air Pollution Controls Upgrade	4.130		4.130		(4.130)	Air Pollution Controls - request project be moved to FY 99.
<u>ADPE AND TELECOM EQUIPMENT</u>							
FY 98	Miscellaneous ADP < \$500k	1.118		1.118	1.118		
<u>MINOR CONSTRUCTION</u>							
FY 98	Minor Construction	2.928		2.928	2.928	(0.000)	
	Total	18.298		18.298	16.100	(2.198)	

Activity Group Capital Investment Summary Information Services (\$ in Millions)							
Line No.	Description	FY 97		FY 98		FY 99	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
98-1	AUTOMATED DATA PROCESSING						
	Miscellaneous ADPE & Telecom Equip, <\$500k			1	0.300	1	0.335
	ADP TOTAL			1	0.300	1	0.335
	Information Services			1	0.300	1	0.335

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission	
AUTOMATED DATA PROCESSING										FY 1999 Amended	
(\$ in Thousands)										Budget Estimates	
B. Component, Activity Group, Date		24-Feb-98		C. Line No		98-1		Item Description		D. Activity Identification	
Information Services								Miscellaneous ADPE & Telecom Equip, <\$500K		SDC-LEE	
Element of Cost		FY 97		FY 98		FY 99		FY 99			
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Miscellaneous ADPE & Telecom Equip, <\$500K					1	300.000	300.000	1	335.000	335.000	
TOTAL					1		300.000	1		335.000	
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Current LAN has been in operation since 1989 and supports operations in 13 separate buildings on the Fort Lee installation as well as 4 different contractor sites off Post. The current system is completely saturated and is experiencing 5% downtime due to equipment failures as a result of system overload. Updated routers, switches, and installation of approximately a mile and a half of fiber optic cable are critically required to maintain support to users. In addition, workload is shifting to a higher ratio of contract support which will require installation of additional nodes. b. ANTICIPATED BENEFITS: Increased capacity of the LAN will provide upgraded services necessary to support development, testing and extensions of over 30 standard software systems to Worldwide DOD users. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Information Services activity group users and customers will continue to experience increased downtimes due to system failures. Downtimes will impact entries to financial accounting systems, the DA Standard Army Military Information Systems (STAMIS) Customer Service Office, links to the CECOM network for testing of Army tactical systems, and communication between SDC-Lee and its customers and headquarters elements. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS: Total Cost of the Project \$635.0K Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:											