

DEPARTMENT OF THE ARMY

FY 2001 BUDGET ESTIMATES

FEBRUARY 2000



ARMY WORKING CAPITAL FUND

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**Army Working Capital Fund
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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 the revolving fund concept. This encourages these activities to function in a more efficient and cost-effective 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. This activity group is a revolving fund based on a buyer-seller-relationship. It 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 warfighting readiness and abilities of Army units. The Activity group will undergo a major change in FY 2001 as we implement Single Stock Fund initiative by integrating our wholesale and retail divisions making a more efficient structure. After merging, the retail will no longer exist; the wholesale division will remain subdivided by commodity and managed by major subordinate commands under the Army Materiel Command as it is today. This initiative will streamline the Army's logistics and financial processes by enabling the customer to go directly to the national provider without first going through a retail stock fund "middleman." It will also provide total asset visibility of the Army's inventory, providing greater flexibility to optimize management of Army-owned assets.

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, and provides tenant support to Army and other DoD activities. There are currently five major depots in this activity group and one BRAC depot (Sacramento AD) (Sacramento will leave the activity group at the end of FY 2000). On October 1, 1999, this activity group transferred several ammunition storage depots and the ammunition storage missions from Anniston, Letterkenny and Red River Army depots to the Ordnance activity group.

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Ordnance. This activity group manufactures, renovates, stores and demilitarizes ordnance materiel for all services within the Department of Defense and foreign military customers. On October 1, 1999, the ammunition storage depots (Sierra, Tooele, Blue Grass, Savanna and Seneca) and the ammunition storage missions from Anniston, Red River and Letterkenny Army Depots, transferred to the Ordnance Activity from the Depot Maintenance Activity. The activity group now consists of three arsenals, two ammunition plants, five ammunition storage depots and three munitions centers. The arsenals and plants provide depot operations, set assembly, tenant support and national procurement services for thin- and thick-walled cannon. In addition, they are also responsible for ammunition logistics management including follow-on procurement, production, maintenance, engineering, and integrated logistics support management.

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 and communications systems. This mission covers a broad range of services such as requirements analysis and definition, systems 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 the purchase of small and medium computers, software, networking infrastructure and support services.

PERSONNEL

The AWCF activities continue an overall downward trend as workload decreases and other initiatives streamline the infrastructure. In FY 2001, the workload currently being performed at two Central Design Activities, the Industrial Logistics Systems Center (ILSC) and the Logistics Systems Support Center (LSSC), will be done by a contractor under the Wholesale Logistics Modernization Program initiative.

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Civilian and military end strengths and regular workyears (Full Time Equivalents)
by activity group:

	FY 1999	FY 2000	FY 2001
<u>Supply Management</u>			
Civilian End Strength	3,071	3,028	2,914
Civilian FTEs	3,172	3,082	2,950
Military End Strength	14	14	14
Military Work Years	14	14	14
<u>Depot Maintenance</u>			
Civilian End Strength	12,292	9,502	9490
Civilian FTEs	12,496	10,267	9,441
Military End Strength	32	22	22
Military Work Years	30	22	22
<u>Ordnance</u>			
Civilian End Strength	4,187	6,222	6,068
Civilian FTEs	4,576	6,298	6,042
Military End Strength	17	23	22
Military Work Years	17	23	22
<u>Information Services</u>			
Civilian End Strength	709	376	376
Civilian FTEs	776	601	373
Military End Strength	23	18	18
Military Work Years	63	18	18

COST OF GOODS & SERVICES PRODUCED (EXPENSES)

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

	FY 1999	FY 2000	FY 2001
Supply Management	6,456.7	6,454.2	4,840.5
Depot Maintenance	1,425.4	1,190.3	1,172.2
Ordnance	470.4	708.2	655.0
Information Services	122.2	159.7	106.0

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Costs will decrease significantly in the Supply Management activity as the retail and wholesale divisions are merged in FY 2001. In Depot Maintenance, costs will decrease by \$235 million from FY 1999 to FY 2000 mainly due to the transfer of the ammunition logistics mission to the Ordnance activity. Costs will remain relatively stable between FY 2000 and FY 2001. The FY 2000 Ordnance cost increase is primarily due to the transfer-in of the ammunition logistics mission from the Depot Maintenance Activity. The FY 2001 decrease is the result of a continued reduction in Ordnance workload. The Information Services Activity costs increase in FY 2000, in part, as a result of the transition to the Wholesale Logistics Modernization Program (WLMP) and decrease in FY 2001 as a result of WLMP implementation.

NET AND ACCUMULATED OPERATING RESULTS

The Army Working Capital Fund activity groups operate on a breakeven 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 year. The activity group's effectiveness is measured by comparing performance to goal. Net and accumulated operating results are reflected below (\$ in millions):

	FY 1999	FY 2000	FY 2001
<u>Supply Management</u>			
Net Operating Results	47.6	(3.3)	27.7
Accumulated Operating Results	31.0	27.7	0.0
<u>Depot Maintenance</u>			
Net Operating Results	19.1	(26.7)	6.0
Accumulated Operating Results*	85.1	0.0	0.0
<u>Ordnance</u>			
Net Operating Results	(69.6)	(72.0)	13.9
Accumulated Operating Results*	(0.3)	(13.9)	0.0
<u>Information Services</u>			
Net Operating Results	(.7)	(.1)	7.6
Accumulated Operating Results	(7.5)	(7.6)	0

*Recoverable AOR

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UNIT COSTS

Unit costing is a methodology established to authorize and control costs. This methodology allows 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 1999 and estimated unit cost goals for FYs 2000 and 2001:

	FY 1999	FY 2000	FY 2001
<u>Supply Management</u>			
Retail: Cost/\$ Gross Sales	\$1.01	\$1.00	\$0.96
Wholesale: Cost/\$ Gross Sales	\$0.97	\$0.99	\$0.98
<u>Depot Maintenance</u>			
\$ per Direct Labor Hour (DLH)	\$113.28	\$110.55	\$113.84
<u>Ordnance</u>			
\$ per Direct Labor Hour (DLH)	\$119.13	\$113.61	\$106.84
<u>Information Services</u>			
Design Activities: \$ per DLH	87.04	157.78	110.69
Small Computer Program: % Sales	1%	1%	1%

CUSTOMER RATE CHANGES

In general, activity group rates are set to recover full costs and adjust for accumulated operating results. Rate changes are expressed as a percentage change from the rate charged in the previous year. Positive operating results in the Supply Management activity in FY 1999 and FY 2000 brought prices down for our customers. 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 and FY 2000, the rates of these two activity groups contain a surcharge to restore cash to the AWCF corpus.

	FY 1999	FY 2000	FY 2001
Supply Management	7.6%	1.5%	-4.2%
Depot Maintenance	12.7%	5.9%	7.1%
Ordnance	28.6%	-5.7%	3.6%
Information Services	11.8%	19.2%	-26.6%

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CUSTOMER RATES

In the Depot Maintenance, Ordnance and Information Services activities, 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 direct and overhead costs. The following table shows the direct labor hour/surcharge rates by activity group:

	FY 1999	FY 2000	FY 2001
Supply Management	25.3%	25.3%	18.8%
Depot Maintenance	\$105.61	\$111.87	\$119.81
Ordnance	\$105.12	\$ 99.10	\$102.70
Information Services	69.93	83.38	61.19

REVENUE

As the Army continues to downsize and require fewer supplies, equipment and services, customer orders decline. Revenue decreases for all activity groups except Ordnance. Increases in Ordnance revenue reflect the transfer in of ammunition storage depots and missions from the Depot Maintenance Activity. The spike in Information Services in FY 2000 is due to increased Single Stock Fund orders and initiating the Wholesale Logistics Modernization Program contract. The following table displays revenue by activity group (\$ in millions):

	FY 1999	FY 2000	FY 2001
Supply Management (Net Sales)	6,474.2	6,429.0	4,705.8
Depot Maintenance	1,500.1	1,216.3	1,190.7
Ordnance	416.9	660.3	674.4
Information Services	121.5	159.6	113.5

WORKLOAD

In addition, the Supply Management activity gained efficiencies through continued efforts to reduce lead-times, resulting in fewer pipeline replacements. The decrease in the FY 2000 Depot Maintenance workload is partially a result of the transfer of several depots to the Ordnance activity. The remainder of the decrease in the FY 2000-01 workloads is due to reductions in customer

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demands. The workload in the Ordnance activity continues to decline as customer demands are reduced. Information Services' workload is accomplished through in-house and contract efforts.

	FY 1999	FY 2000	FY 2001
<u>Supply Management</u>			
SMA Line Items Managed (#)	125,308	125,238	125,440
SMA Requisitions Received (\$M)	\$4,151.0	\$3,911.6	\$4,526.0
SMA Requisitions Received (#)	967,071	967,100	1,118,902
Receipts (#)	303855.2	306,597.0	306,499.0
Issues (#)	957872.7	928,449.0	880,381.0
Contracts Executed (#>\$100K)	3,373	3,306	3,239
<u>Depot Maintenance</u>			
Direct Labor Hours (DLHs)	12,616	10,769	10,296
<u>Ordnance</u>			
Direct Labor Hours (DLHs)	3,981	6,234	6,131
<u>Information Services</u>			
Total Direct Labor Hours (DLHs) (000)	941.7	659.4	437.4
Central Design Activities DLHs (000)	926.9	640.4	418.4
Small Computer Program DLHs (000)	14.8	19.0	19.0

SUPPLY INVENTORY AND MATERIEL REPLACEMENT

Inventory of the Supply Management activity decreased by over \$4 billion from FY 1994 (\$13.4 billion) to FY 1999 (\$9.4 billion). Force structure changes and the Army Total Inventory Management Program are all contributing factors to the decrease. On-going lead-time reduction initiatives should result in continued inventory reductions.

PERFORMANCE INDICATORS

The Army recognizes the following performance indicators for the Depot Maintenance, Ordnance and Information services activity groups:

Indicator	Goal
Net operating results (NOR)	Meet or exceed budget
Schedule conformance	95%
Customer satisfaction	98%

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Order Processing Time
(Information Services only)

5 Working days or less

For supply management, stock availability (fill rate) measures the percentage of requisitions satisfied upon initial processing in the wholesale supply system. The target for stock availability is 85 percent demand satisfaction. Budget requirements are based on the 85 percent target.

Each individual activity section addresses FY 99 performance against these indicators.

DEPOT MAINTENANCE/ORDNANCE CARRY-OVER

The computation the months of carry-over (unfilled orders), applicable to the Depot Maintenance and Ordnance activity groups, is displayed in the following two tables:

(The number of months of carry-over is calculated in accordance with OSD policy)

Depot maintenance carry-over gradually decreases from 3.8 months in FY 1999 to 3.3 months in FY 2001:

Depot Maintenance Carryover	FY 1999	FY 2000	FY 2001
(\$ in millions)			
New Orders	1,556.6	1,158.1	1,202.8
Carry-in	563.3	450.9	354.6
Gross Orders	2,119.9	1,609.0	1,557.4
Total Revenue	1,500.1	1,216.3	1,190.7
Carry-Over	619.8	392.7	366.7
Less: WIP	30.0	26.2	26.3
Less: BRAC, Non-DoD, FMS			
Intra/Inter DWCF (excluding SMA)	100.2	13.6	6.7
Less: Contract Liabilities	18.3	11.2	11.1
Net Carry-Over	471.3	341.7	322.6
Carry-Over in Months	3.8	3.4	3.3

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Ordnance carry-over is projected to decrease from 7.1 months in FY 1999 to 3.2 months in FY 2001 as reflected below:

Ordnance Carryover	FY 1999	FY 2000	FY 2001
(\$ in millions)			
New Orders	452.1	653.9	612.5
Carry-In	304.8	315.8	309.5
Gross Orders	756.9	969.7	922.0
Total Revenue	416.9	660.3	674.4
Carry-Over	340.0	309.5	247.6
Less: WIP	16.2	16.2	16.2
Less: BRAC, Non-DoD FMS	29.1	51.9	27.6
Intra/Inter DWCF (excluding SMA)			
Less: Contract Liabilities	48.6	34.7	24.7
Net Carry-Over	246.2	206.7	179.1
Carry-Over in Months	7.1	3.8	3.2

Capital Budget

The AWCF activities are developing and maintaining operational capabilities through acquisition of production equipment, execution of minor construction projects, and development of software. Equipment is being acquired to replace obsolete and unserviceable equipment, modernize production and maintenance processes and eliminate environmental hazards. Software is being developed to improve business processes, data access, data utilization, and management decision making. The following table summarizes capital investments for FYs 1999-2001 (\$ in millions):

	FY 1999	FY 2000	FY 2001
Supply Management	48.6	65.6	60.5
Depot Maintenance	31.8	17.6	17.6
Ordnance	16.6	22.1	29.4
Information Services	.3	0	0
Total	97.3	105.3	107.5

Each AWCF activity will address individual capital requirements.

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FUNCTIONAL DESCRIPTION

The Supply Management Army (SMA) Activity group will undergo major changes in FY 2001 as we implement our Single Stock Fund initiative by integrating our wholesale and retail divisions making a more efficient structure. After merging, the retail will no longer exist; the wholesale division will remain subdivided by commodity and managed by major subordinate commands under the Army Materiel Command as it is today. This initiative will streamline the Army's logistics and financial processes by enabling the customer to go directly to the national provider without first going through a retail stock fund "middleman." It will also provide total asset visibility of the Army's inventory, providing greater flexibility to optimize management of Army-owned assets. The SMA will continue to manage the prepositioned war reserves under Army control.

ACTIVITY GROUP COMPOSITION

The Supply Management Activity consists of the following:

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
Type of Materiel Managed:		
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
SBCCOM	U.S. Army Soldier and Biological Chemical Command, Natick, MA	Ground support items
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

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BUDGET HIGHLIGHTS

Sales:

The Supply Management activity net sales are relatively stable between FY 1999 and 2000, but decrease significantly in FY 2001 with implementation of Single Stock Fund, when the Wholesale and Retail divisions are integrated into one level of management.

Indicator (\$ in millions)	FY 1999	FY 2000	FY 2001
Net Sales	\$6,474.2	\$6,429.0	\$4,705.8
Cost of Material Sold from Inventory	5,755.6	5,669.4	4,039.8
Obligations for Materiel (includes depot-level repair of DLRs)	5771.9	5664.8	3872.1
Credit for Returns	3,169.8	3,157.9	2,161.8

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 for supply management:

Indicator (\$ in millions)	FY 1999	FY 2000	FY 2001
Net Operating Results	47.6	(3.3)	(27.7)
Accumulated Operating Results	31.0	27.7	0.0

Workload and Economic Assumptions:

Prices for Army-managed items have been adjusted downward an average of 4.2 percent in FY 2001. Positive operating results drove prices downward as strong

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sales and ongoing efforts to reduce inventory levels (primarily lead-time stocks) resulted in lower replenishment and repair costs. The following presents general workload data and economic assumptions for the Wholesale Division:

Indicator	FY 1999	FY 2000	FY 2001
SMA Line Items Managed (#)	125,308	125,238	125,440
SMA Requisitions Received (\$M)	\$4,151.0	\$3,911.6	\$4,526.0
SMA Requisitions Received (#)	967,071.0	967,100.0	1,118,902.0
Receipts (#)	303,855.2	306,597.0	306,499.0
Issues (#)	957,872.7	928,449.0	880,381.0
Contracts Executed (# > \$100 K)	3,373	3,306	3,239
Credit Returns (\$M)	\$3,169.8	\$3,157.9	\$2,161.8
Surcharge Rate (Composite)	25.3%	25.3%	18.8%
Customer Price Change (%)	7.6%	1.5%	-4.2%
SMA Purchases Inflation (%)	1.2%	1.5%	1.0%

Unit Cost:

Unit cost is a managerial control. It is measured by dividing gross materiel cost (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 in FY 2000, but reflects an expected reduction as we merge the retail and wholesale divisions in FY 2001. The Wholesale Division remains relatively constant in FY 2000-01 by pursuing inventory reduction methods that permit it to sell materiel without replacement.

Unit Cost Goal	FY 1999	FY 2000	FY 2001
Retail	1.01	1.00	0.96
Wholesale	.97	0.99	0.98

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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). These reductions are being achieved despite the restoral of civilian spaces in FY 2000 resulting from the retention of selected field level reparables that were originally scheduled for transfer to the Defense Logistics Agency under the Consumable Item Transfer program.

Indicator	FY 1999	FY 2000	FY 2001
Civilian End Strength	3,071	3,028	2914
Civilian FTEs	3,172	3,082	2950
Military End Strength	14	14	14
Military Work Years	14	14	14

Inventory:

Inventory, revalued for unserviceability and potential disposal, declines through FY 2001 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 lead-times.

(\$ in millions)	FY 1999	FY 2000	FY 2001
Inventory (\$M)	9,411	9,034	8,592

Supply Management Stock Availability:

Stock Availability measures the percentage of Supply Management Activity requisitions satisfied upon initial processing in the wholesale supply system. The target for Stock Availability, 85 percent demand satisfaction, is the basis for budget requirements for FY 1999 through FY 2001. Data provided reflects FY 1999 actual performance. Stock Availability fell from fourth quarter FY 1997 to first quarter FY 1998 due to sales below projections that reduced managers' authority available to replenish stocks. OSD increased the wholesale unit cost

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during FY 1998, which provided more authority for the wholesale to procure and repair needed items. This increased unit cost was the primary reason for the improved stock availability throughout FY 1999 as shown on the chart below.

1Q99	2Q99	3Q99	4Q99
85%	87%	86%	85%

Capital Budget:

The Capital Investment Program reengineers and transforms Army logistics into a distribution-based system that uses modernized information technology and distribution capability to replace logistics mass with logistics velocity. Through this software transformation, the Army will be able to replace our legacy systems; reduce stockage levels and fill requisitions faster; and improve managerial decision-making through real time data access and visibility necessary to effectively manage our supply chain.

A summary of the program:

Category (\$ in millions)	FY 1999	FY 2000	FY 2001
Equipment	0	0	0
ADP	0	0	0
Software	48.6	65.6	60.5
TOTAL	48.6	65.6	60.5

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

	FY 1999	FY 2000	FY 2001
Revenue			
Net Sales	6,474.2	6,429.0	4,705.8
Operations	6,386.3	6,346.5	4,655.6
Capital Surcharge	67.2	29.8	0.0
Depreciation exc Maj Const	20.7	52.7	50.2
Total Income:	6,474.2	6,429.0	4,705.8
Expenses			
Cost of Material Sold from Inventory	5,719.8	5,669.4	4,039.8
Salaries and Wages:	212.9	213.9	214.6
Military Personnel Compensation & Benefits	0.3	0.9	0.9
Civilian Personnel Compensation & Benefits	212.6	213.0	213.7
Travel & Transportation of Personnel	2.8	3.2	3.2
Materiel & Supplies (For Internal Operations)	2.7	2.5	2.2
Equipment	6.9	1.4	1.3
Other Purchases from Revolving Funds	192.8	172.8	184.7
Transportation of Things	61.0	67.7	68.9
Depreciation - Capital	20.7	52.7	50.2
Printing and Reproduction	0.3	0.8	0.8
Advisory and Assistance Services	18.1	13.5	13.3
Rent, Communication, Utilities & Misc. Charges	2.7	12.7	12.8
Other Purchased Services	112.0	136.9	142.1
Material Inflation	35.8	41.8	36.1
Loss/Obsolescence Obs (includes condemnation)	44.4	42.2	50.8
Safety of Use/Flight	23.8	22.7	19.6
Total Expenses:	6,456.7	6,454.2	4,840.5

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

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Operating Result	17.5	(25.2)	(134.7)
Less Capital Surcharge Reservation	67.2	29.8	0.0
Other Changes Affecting NOR/AOR	(97.3)	(51.7)	(107.0)
Net Operating Result	47.6	(3.3)	(27.7)
Prior Year AOR	(16.6)	31.0	27.7
Accumulated Operating Result	31.0	27.7	0.0

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

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	4,413.4	4,204.6	3,824.1
Operations & Maintenance, ARNG	392.9	401.0	350.4
Operations & Maintenance, AR	212.8	224.0	185.5
Subtotal, O&M:	5,019.1	4,829.6	4,360.0
Procurement Appropriations	77.2	77.4	75.4
RDTE	63.1	62.9	37.2
Military Personnel, Army	478.3	480.5	228.9
Other	46.6	47.2	42.3
Subtotal, Department of Army:	5,684.3	5,497.6	4,743.8
Department of Air Force	188.9	202.5	180.4
Department of Navy	64.4	68.5	59.7
US Marines	87.9	83.3	79.6
Department of Defense	701.7	749.3	614.8
Subtotal, Other DoD Services:	1,042.9	1,103.6	934.5
b. DWCF:			
Depot Maintenance, Army	220.9	220.4	211.1
Supply Management, Army (Retail)	2,794.8	2,583.9	713.6
Other DWCF:			
Subtotal DWCF:	3,015.7	2,804.3	924.7
c. Total DoD	9,742.9	9,405.5	6,603.0

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

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
DLA			
Other Federal Agencies	11.8	14.7	9.8
Foreign Military Sales	261.5	275.5	272.8
Other	21.6	18.8	18.2
Total New Orders:	10,037.8	9,714.5	6,903.8
2. Carry-in Orders	0.0	0.0	0.0
3. Total Gross Orders	10,037.8	9,714.5	6,903.8
4. Change in Backlog	389.5	119.1	25.4
5. Total Gross Sales	9,648.3	9,595.4	6,878.4
6. Less: Returns for Credit	3,169.8	3,157.9	2,161.8
Less: Allowances	4.3	8.5	10.8
Plus: Credit Differential			
7. Net Sales	6,474.2	6,429.0	4,705.8

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

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

	Expenses
FY 1999 Actual Cost	6,456.7
FY 2000 Estimate in President's Budget	5,932.2
Pricing Adjustments	0.0
Program Changes	522.0
Net Sales Increase	433.9
Personnel Benefits	6.0
Other Pur from Rev Funds	37.6
Depreciation	27.8
Other Pur Svcs	16.7
FY 2000 Current Estimate	6,454.2

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

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

FY 2000 Current Estimate		6,454.2
Pricing Adjustments		(2.3)
Civilian Personnel	1.1	
Inflation Adjustment	(3.4)	
Program Changes		(1,611.4)
Fuel Inflation	23.6	
Civilian Personnel	(0.4)	
UH 60	8.0	
CDA	6.7	
Capital Surcharge	(29.8)	
Transportation	1.2	
Loss/Obsolescence	6.2	
Other Purchased Services	12.9	
Net Sales	(1,634.0)	
Dep-Captiol	(2.7)	
SOU/SOF	(3.1)	
FY 2001 Estimate		4,840.5

**Army Working Capital Fund
FY 2001 Budget Estimate
Supply Management**

**Wholesale Only
Customer Price Change**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
1. Gross Sales at Cost	2,981.2	2,959.2	3,607.7
2. Less Materiel Inflation Adjustment	35.8	41.8	36.1
3. Revised Gross Sales at Cost	2,945.4	2,917.4	3,571.6
4. Surcharge (dollars)	748.4	751.2	676.8
5. Change to Customers:			
a. Previous Years Surcharge (rate)	17.8%	25.3%	25.3%
b. This year's Surcharge divided by line 3 above (\$)	26.6%	27.2%	20.0%
c. Percent change to customer	7.6%	1.5%	-4.2%

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

**SUMMARY BY DIVISION
(\$ in Millions)**

		CUSTOMER	NET	OBLIGATION TARGETS		
RETAIL		ORDERS NET	SALES	OPERATING	MOB	TOTAL
FORSCOM	FY 1999	1,474.9	1,479.4	1,473.4	0.0	1,473.4
	FY 2000	1,327.1	1,408.3	1,426.0	0.0	1,426.0
	FY 2001	436.7	518.7	448.9	0.0	448.9
USAREUR	FY 1999	914.6	847.5	893.1	0.0	893.1
	FY 2000	879.5	879.9	889.6	0.0	889.6
	FY 2001	371.3	371.3	354.6	0.0	354.6
TRADOC	FY 1999	640.4	730.3	756.6	0.0	756.6
	FY 2000	808.1	789.8	807.6	0.0	807.6
	FY 2001	483.7	488.8	478.3	0.0	478.3
USAEIGHT	FY 1999	302.8	279.5	277.5	0.0	277.5
	FY 2000	284.8	282.3	285.6	0.0	285.6
	FY 2001	185.3	190.2	174.7	0.0	174.7
USARPAC	FY 1999	190.8	193.5	193.9	0.0	193.9
	FY 2000	190.3	191.5	188.3	0.0	188.3
	FY 2001	109.4	127.1	103.2	0.0	103.2
USARSO	FY 1999	36.9	36.4	35.9	0.0	35.9
	FY 2000	21.6	21.5	21.7	0.0	21.7
	FY 2001	13.6	12.4	14.3	0.0	14.3
AMC-ID	FY 1999	263.0	281.8	257.8	0.0	257.8
	FY 2000	281.8	284.8	276.9	0.0	276.9
	FY 2001	193.3	200.4	194.0	0.0	194.0
DSS-W	FY 1999	11.7	12.4	12.0	0.0	12.0
	FY 2000	14.8	14.9	14.0	0.0	14.0
	FY 2001	5.1	5.3	5.0	0.0	5.0
NAMI	FY 2001	270.9	266.4	271.2	0.0	271.2
SUB-TOTAL	FY 1999	3,835.1	3,860.8	3,900.2	0.0	3,900.2
	FY 2000	3,808.0	3,873.0	3,909.7	0.0	3,909.7
	FY 2001	2,069.3	2,180.6	2,044.2	0.0	2,044.2

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

**SUMMARY BY DIVISION
(\$ in Millions)**

DIVISION		CUSTOMER ORDERS NET	NET SALES	OPERATING	MOB	TOTAL
WHOLESALE-CONSUMABLES						
ACALA						
	FY 1999	132.5	111.5	76.5	0.0	76.5
	FY 2000	125.6	110.6	83.1	0.0	83.1
	FY 2001	121.3	111.7	73.2	0.0	73.2
AMCOM-Air						
	FY 1999	155.4	132.2	95.3	0.0	95.3
	FY 2000	155.0	141.0	81.5	0.0	81.5
	FY 2001	135.8	126.8	84.7	0.0	84.7
CECOM						
	FY 1999	252.0	232.4	151.6	0.0	151.6
	FY 2000	226.4	228.8	119.1	0.0	119.1
	FY 2001	206.5	214.3	96.2	0.0	96.2
AMCOM-Missiles						
	FY 1999	34.3	38.4	21.6	0.0	21.6
	FY 2000	27.5	31.8	22.1	0.0	22.1
	FY 2001	22.8	25.5	23.3	0.0	23.3
SBCCOM						
	FY 1999	92.3	68.9	48.0	0.0	48.0
	FY 2000	88.0	78.0	60.0	25.2	85.2
	FY 2001	62.3	70.5	51.7	51.2	102.9
TACOM						
	FY 1999	262.4	243.1	171.8	0.0	171.8
	FY 2000	254.7	249.7	155.0	0.0	155.0
	FY 2001	238.4	231.5	138.7	0.0	138.7
SUB-TOTAL						
	FY 1999	928.9	826.5	564.8	0.0	564.8
	FY 2000	877.2	839.9	520.8	25.2	546.0
	FY 2001	787.2	780.2	467.8	51.2	519.0

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

**SUMMARY BY DIVISION
(\$ in Millions)**

DIVISION		NET CUSTOMER ORDERS	NET SALES	OBLIGATION OPERATING	TARGETS MOB	TOTAL
WHOLESALE-REPARABLES						
ACALA						
	FY 1999	187.3	145.7	89.4	0.0	89.4
	FY 2000	147.1	121.0	70.0	0.0	70.0
	FY 2001	204.8	179.2	77.4	0.0	77.4
AMCOM-Air						
	FY 1999	888.5	701.7	544.2	0.0	544.2
	FY 2000	780.0	671.1	501.4	5.7	507.1
	FY 2001	745.2	633.1	503.2	11.8	515.0
CECOM						
	FY 1999	266.2	261.1	203.2	0.0	203.2
	FY 2000	246.5	244.4	212.1	3.4	215.5
	FY 2001	261.8	255.6	229.9	6.5	236.4
AMCOM-Missiles						
	FY 1999	237.9	221.4	189.8	0.0	189.8
	FY 2000	249.8	249.6	191.9	0.0	191.9
	FY 2001	246.9	241.8	196.5	5.2	201.7
SBCCOM						
	FY 1999	3.2	2.3	3.0	0.0	3.0
	FY 2000	5.3	2.8	3.0	0.0	3.0
	FY 2001	3.1	2.0	3.3	0.0	3.3
TACOM						
	FY 1999	497.5	436.2	272.9	0.0	272.9
	FY 2000	426.2	419.2	344.9	8.0	352.9
	FY 2001	438.4	425.3	348.8	15.3	364.1
SUB-TOTAL						
	FY 1999	2,080.6	1,768.4	1,302.5	0.0	1,302.5
	FY 2000	1,854.9	1,708.1	1,323.3	17.1	1,340.4
	FY 2001	1,900.1	1,737.0	1,359.1	38.8	1,397.9

**Army Working Capital Fund
FY 2001 Budget Estimates**

**Supply Management
SUMMARY BY DIVISION
(\$ in Millions)**

DIVISION		NET		OBLIGATION TARGETS		
		CUSTOMER ORDERS	NET SALES	OPERATING	MOB	TOTAL
AMC MOB						
	FY 1999	19.1	18.5	4.4	0.0	4.4
	FY 2000	8.0	8.0	8.0	19.4	27.4
	FY 2001	8.0	8.0	8.0	33.0	41.0
COST OF OPS						
	FY 1999			612.3	0.0	612.3
	FY 2000			625.2	0.0	625.2
	FY 2001			619.3	0.0	619.3
CAPITAL						
	FY 1999			58.6	0.0	58.6
	FY 2000			65.6	0.0	65.6
	FY 2001			60.5	0.0	60.5
COMMITMENT						
	FY 1999			280.5	0.0	280.5
	FY 2000			289.4	0.0	289.4
	FY 2001			240.0	0.0	240.0
FATIGUE TESTING						
	FY 1999			7.2	0.0	7.2
	FY 2000			7.0	0.0	7.0
	FY 2001			7.0	0.0	7.0
ESI						
	FY 1999			42.9	0.0	42.9
	FY 2000			90.0	0.0	90.0
	FY 2001			0.0	0.0	0.0
WAR RESERVES						
	FY 1999				0.0	0.0
	FY 2000				61.7	61.7
	FY 2001				123.0	123.0
TOTAL						
	FY 1999	6,863.7	6,474.2	6,773.4	0.0	6,773.4
	FY 2000	6,548.1	6,429.0	6,839.0	61.7	6,900.7
	FY 2001	4,764.5	4,705.8	4,805.8	123.0	4,928.8

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

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

WEAPON SYSTEM/CATEGORY	FY 1999	FY 2000	FY 2001
Chemical Defense Equipment	35.9	41.8	39.6
Other Armament, Munitions and Chemi	62.6	66.8	61.0
AH-64	117.8	190.4	188.6
UH-60	167.3	179.3	176.1
OH-58D	100.9	86.9	84.6
CH-47D	114.5	74.2	65.9
T701C Engines	31.6	20.4	23.2
Air Delivery/Aviation/Troop Equipment	207.1	145.0	168.1
MSE	34.2	19.3	18.6
Night Vision Equipment	15.8	14.2	10.0
Batteries	56.7	46.5	37.6
Other Communications/Electronics	184.5	192.3	192.1
MLRS	8.2	17.4	26.1
PATRIOT	85.7	64.2	62.7
Other Missile Systems	85.9	73.0	74.8
M1 Series Tank	216.2	194.8	187.1
M88 Recovery Vehicle	42.6	52.8	40.7
M109 Howitzer	9.7	9.1	9.2
M198 Howitzer	8.9	6.7	5.9
M113 FOV	28.9	31.6	29.9
Bradley Fighting Vehicle	69.1	113.9	124.2
HMMWV	59.4	59.1	51.0
Tires	55.5	62.7	59.7
Other Tank & Automotive	68.2	81.7	109.5
TOTAL	1,867.2	1,844.1	1,846.2

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

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

		---- Peacetime ----		
	Total	Mobilization	Operating	Other
1. Materiel Inventory BOP at Standard	15,288.8	2,284.6	5,702.6	7,301.6
2. Materiel Inventory BOP (revalued-memo)	9,565.6	1,804.5	4,536.2	3,224.9
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	87.1	685.4	(772.5)
b. Price Changes (memo)	747.0	148.3	283.8	314.9
c. Inventory Reclassified and Repriced	16,035.8	2,520.0	6,671.8	6,844.0
4. Receipts at Standard	6,137.7	9.7	6,128.0	0.0
5. Gross Sales	9,648.3	18.5	9,629.8	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(36.8)	(122.5)	268.1	(182.4)
b. Returns from Customers for Credit	4,760.2	0.0	2,570.9	2,189.3
c. Returns from Customers without Credit	2,075.7	0.0		2,075.7
d. Returns to suppliers (-)	(2,051.9)	0.0		(2,051.9)
e. Transfers to Property Disposal (-)	(2,002.4)	0.0		(2,002.4)
f. Issues/Receipts without Reimbursement + OR (-)	(0.2)			(0.2)
g. Other	448.0			448.0
h. Total Adjustments	3,192.6	(122.5)	2,839.0	476.1
7. Materiel Inventory EOP	15,717.8	2,388.7	6,009.0	7,320.1
8. Materiel Inventory EOP (revalued-memo)	9,410.4	1,900.4	4,377.8	3,132.2
a. Economic Retention (memo)	2,483.5			2,483.5
b. Policy Retention (memo)	400.9			400.9
c. Potential Excess (memo)	247.8			247.8
9. Materiel Inventory on Order EOP (memo)	2,162.2	14.7	2,147.5	

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

**MATERIAL INVENTORY DATA
FISCAL YEAR 2000
(\$ in Millions)**

		---- Peacetime ----		
	Total	Mobilization	Operating	Other
1. Materiel Inventory BOP at Standard	15,717.8	2,388.7	6,009.0	7,320.1
2. Materiel Inventory BOP (revalued-memo)	9,410.4	1,900.4	4,377.8	3,132.2
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	10.9	1,086.2	(1,097.1)
b. Price Changes (memo)	261.3	80.4	101.0	79.9
c. Inventory Reclassified and Repriced	15,979.1	2,480.0	7,196.2	6,302.9
4. Receipts at Standard	6,139.3	11.1	6,128.2	
5. Gross Sales	9,595.4	8.0	9,587.4	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(169.4)	(1.9)	(109.0)	(58.5)
b. Returns from Customers for Credit	4,407.5	0.0	1,997.7	2,409.8
c. Returns from Customers without Credit	2,182.8	0.0	0.0	2,182.8
d. Returns to suppliers (-)	(1,741.8)	(6.0)	(4.4)	(1,731.4)
e. Transfers to Property Disposal (-)	(1,835.8)	0.0	0.0	(1,835.8)
f. Issues/Receipts without Reimbursement + OR (-)	(25.6)			(25.6)
g. Other	(86.7)	16.4	(20.6)	(82.5)
h. Total Adjustments	2,731.0	8.5	1,863.7	858.8
7. Materiel Inventory EOP	15,254.0	2,491.6	5,600.7	7,161.7
8. Materiel Inventory EOP (revalued-memo)	9,034.4	1,796.4	4,154.0	3,084.0
a. Economic Retention (memo)	2,428.0			2,428.0
b. Policy Retention (memo)	409.9			409.9
c. Potential Excess (memo)	246.1			246.1
9. Materiel Inventory on Order EOP (memo)	1,953.5	65.7	1,887.8	

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

**MATERIAL INVENTORY DATA
FISCAL YEAR 2001
(\$ in Millions)**

		---- Peacetime ----		
	Total	Mobilization	Operating	Other
1. Materiel Inventory BOP at Standard	15,254.0	2,491.6	5,600.7	7,161.7
2. Materiel Inventory BOP (revalued-memo)	9,034.4	1,796.4	4,154.0	3,084.0
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	39.4	1,245.4	(1,284.8)
b. Price Changes (memo)	(512.9)	(55.7)	(232.8)	(224.4)
c. Inventory Reclassified and Repriced	14,741.1	2,475.3	6,613.3	5,652.5
4. Receipts at Standard	3,734.1	21.7	3,712.4	0.0
5. Gross Sales	6,878.4	5.9	6,872.5	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(16.8)	0.0	(354.9)	338.1
b. Returns from Customers for Credit	3,566.6	0.0	2,369.8	1,196.8
c. Returns from Customers without Credit	2,150.3	0.0	0.1	2,150.2
d. Returns to suppliers (-)	(834.5)	3.6	0.0	(838.1)
e. Transfers to Property Disposal (-)	(1,723.2)	0.0	0.0	(1,723.2)
f. Issues/Receipts without Reimbursement + OR (-)	(32.5)	(23.5)	(2.1)	(6.9)
g. Other	(132.8)	(7.8)	(53.1)	(71.9)
h. Total Adjustments	2,977.1	(27.7)	1,959.8	1,045.0
7. Materiel Inventory EOP	14,573.9	2,463.4	5,413.0	6,697.5
8. Materiel Inventory EOP (revalued-memo)	8,591.7	1,866.4	3,756.6	2,968.7
a. Economic Retention (memo)	2,518.6			2,518.6
b. Policy Retention (memo)	381.9			381.9
c. Potential Excess (memo)	68.2			68.2
9. Materiel Inventory on Order EOP (memo)	1,753.0	170.0	1,583.0	

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

**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)	0.313	33.60	10.5	0.175	33.60	5.9
JP-4	0.378	45.36	17.1	0.088	45.36	4.0
JP-5	0.480	35.70	17.1	0.000	35.70	0.0
DISTILLATES	0.358	33.60	12.0	0.510	33.60	17.1
RESIDUALS	0.157	21.00	3.3	0.232	21.00	4.9
GASOHOL	0.000	34.44	0.0	0.000	34.44	0.0
JP-8	1.066	34.86	37.2	0.079	34.86	2.8
TOTAL	2.752	35.35	97.3	1.084	31.95	34.6
FY 2000						
AVGAS	0.000	102.06	0.0	0.000	102.06	0.0
MOGAS (L)	0.000	34.02	0.0	0.000	34.02	0.0
MOGAS (U)	0.320	28.56	9.1	0.230	28.56	6.6
JP-4	0.277	33.60	9.3	0.090	33.60	3.0
JP-5	0.429	26.46	11.4	0.000	26.46	0.0
DISTILLATES	0.350	25.20	8.8	0.505	25.20	12.7
GASOHOL	0.000	28.98	0.0	0.000	28.98	0.0
JP-8	1.100	26.04	28.6	0.042	26.04	1.1
TOTAL	2.476	27.17	67.3	0.867	27.00	23.4

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

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

	Procured From DFSC			Procured by Service		
	Barrels	Cost Per Barrel	Extended Price	Barrels	Cost Per Barrel	Extended Price
RESIDUALS	0.140	15.96	2.2	0.232	15.96	3.7
FY 2001						
AVGAS	0.000	157.92	0.0	0.000	157.92	0.0
MOGAS (L)	0.000	53.34	0.0	0.000	53.34	0.0
MOGAS (U)	0.300	45.78	13.7	0.125	45.78	5.7
JP-4	0.000	50.82	0.0	0.003	50.82	0.2
JP-5	0.420	43.26	18.2	0.000	43.26	0.0
DISTILLATES	0.325	41.16	13.4	0.435	41.16	17.9
RESIDUALS	0.070	27.30	1.9	0.000	27.30	0.0
GASOHOL	0.000	46.20	0.0	0.000	46.20	0.0
JP-8	0.687	42.42	29.1	0.040	42.42	1.7
TOTAL	1.802	42.36	76.3	0.603	42.25	25.5

**Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management**

**FY 20(BY)
WAR RESERVE MATERIAL (WRM)
STOCKPILE
(\$ in millions)**

STOCKPILE STATUS			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	2,491.6	2,448.9	42.7
2. Price Change	(55.7)	(53.7)	(2.0)
3. Reclassification	39.4	38.2	1.2
4. Inventory Changes	4.4	4.4	
a. Receipts @ std	21.7	21.7	
(1). Purchases	21.7	21.7	
(2). Returns from customers			
b. Issues @ std	(9.5)	(9.5)	
(1). Sales	(5.9)	(5.9)	
(2). Returns to suppliers	(3.6)	(3.6)	
(3). Disposals			
c. Adjustments @ std	(7.8)	(7.8)	
(1). Capitalizations			
(2). Gains and losses			
(3). Other	(7.8)	(7.8)	
5. Inventory EOP	2,479.9	2,437.8	41.9
STOCKPILE COSTS			
1. Storage		7.9	
2. Management			
3. Maintenance/Other			
Total Cost		7.9	
WRM BUDGET REQUEST			
1. Obligations @ cost			
a. Additional WRM		123.0	
b. Replen. WRM		5.9	
c. Repair WRM			
d. Assemble/Disassemble			
e. Other			
Total Request		128.9	

**Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance**

FUNCTIONAL DESCRIPTION

The Depot Maintenance activity group provides the Army an organic industrial capability to repair, overhaul, and upgrade weapon systems and equipment and provide tenant support to Army and other DoD activities. Depot maintenance activities both compete and partner with private industry to deliver goods and services efficiently and effectively. Effective October 1, 1999, this activity group transferred the ammunition storage depots (Blue Grass, Seneca, Sierra, Savanna, Tooele) and the ammunition storage missions from Anniston, Red River, and Letterkenny Army depots to the Ordnance activity group. The Depot Maintenance activity group has five active maintenance depots (Anniston, Corpus Christi, Letterkenny, Red River, and Tobyhanna) and one depot (Sacramento) in BRAC status (will leave the activity at the end of FY 2000).

ACTIVITY GROUP COMPOSITION

The Depot Maintenance activity group is currently composed of the following depots/depot activities:

Anniston Army Depot, Anniston, AL (ANAD) - maintains, overhauls, and repairs heavy tracked combat vehicles and artillery and provides base support to tenants. Effective 1 October 2000, the Defense Non-tactical Generator and Rail Equipment Center will be transferred from the Ordnance activity group to the Depot Maintenance activity group and will be a subordinate activity of ANAD.

Corpus Christi Army Depot, Corpus Christi, TX (CCAD) - maintains, repairs, overhauls, and upgrades rotary wing aircraft, engines and components. This depot is a tenant on a Navy installation.

Letterkenny Army Depot, Chambersburg, PA (LEAD) - maintains, repairs, and overhauls tactical missile systems and provides base support to tenants.

Red River Army Depot, Texarkana, TX (RRAD) - maintains and repairs light armored vehicles and select missile systems and provides base support to tenants.

Tobyhanna Army Depot, Tobyhanna, PA (TYAD) - manufactures, maintains, tests, and fields communications-electronics systems and equipment and missile guidance and control systems and equipment. Provides base support to tenants.

**Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance**

BUDGET HIGHLIGHTS

Civilian and military end strengths and FTEs are as follows:

	FY 1999	FY 2000	FY 2001
Civilian End Strength	12,292	9,502	9,490
Civilian FTEs	12,496	10,267	9,441
Military End Strength	32	22	22
Military Workyears	30	22	22

Personnel:

Several factors influence personnel levels reflected in this budget submission. While workload transfers and decreases and savings associated with the Quadrennial Defense Review (QDR) cause personnel reductions reflected in this budget, the transfer of functions to the Ordnance activity group is the driving force behind the substantial civilian manpower reduction (transfer out) between FY 1999 and FY 2000.

Costs, Operating Results and Rates:

	FY 1999	FY 2000	FY 2001
Costs of Goods & Services Produced (Expenses) (\$M)	1,425.4	1,190.3	1,172.2
Costs of Goods and Services Sold (\$M)	1,429.1	1,190.5	1,172.1
Net Operating Results (\$M)	19.1	(26.7)	6.0
Recoverable Accumulated Operating Results (\$M)	85.1	0.0	0.0
Customer Revenue Rate per DLH	\$105.61	\$111.87	\$119.81
Percent Rate Change from Prior Year	12.70%	5.93%	7.10%
Unit Costs (\$/DLH)	\$113.28	\$110.55	\$113.84
DLH (000)	12,616	10,769	10,296

Costs:

The actual FY 1999 Costs of Goods Produced (CGP) and Cost of Goods Sold (CGS) were 6% lower than planned in the FY 2000 President's Budget. The FY 2000 CGP and CGS are projected to be 3% lower than programmed in the FY 2000 President's Budget. The cost decrease in FY 2000 from FY 1999 is due to the restructuring of the Depot Maintenance and Ordnance activity groups.

**Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance**

Unit Costs:

Unit costs are calculated by dividing the Cost of Goods Sold by direct labor hours. The unit cost drop of \$2.73 from FY 1999 to FY 2000 cannot be directly compared because of a change in activity structure due to the transfer out of missions to the Ordnance activity. Unit costs are expected to rise 3% (\$3.29) from FY 2000 to FY 2001 due to direct labor hours declining by a greater percentage than Cost of Goods Sold.

Operating Results and Rates:

The FY 1999 Net Operating Result (NOR) of \$19.1 million exceeded the budgeted NOR of \$0.4 million, in part, due to revenue earned from a quarterly rate increase (\$ 71.8) which offset losses and declining workload. The FY 2000 NOR is now projected to be a loss of \$26.7 million, and will bring the long term Accumulated Operating Result (AOR) to zero. A NOR recovery factor is not required in FY 2001 to achieve a zero AOR in the budget year.

Carry-Over:

The number of months of carry-over is projected to remain relatively constant:

	FY 1999	FY 2000	FY 2001
New Orders (\$ in millions)	\$1,556.6	1,158.1	1,202.8
Carry-In	563.3	450.9	354.6
Gross Orders	2,119.9	1,609.0	1,557.4
Total Revenue	1,500.1	1,216.3	1,190.7
Carry-Over	619.8	392.7	366.7
Less: WIP	30.0	26.2	26.3
Less: BRAC, Non-DoD, FMS	100.2	13.6	6.7
Intra/Inter DWCF (excluding SMA)			
Less: Contract Liabilities	18.3	11.2	11.1
Net Carry-Over	471.3	341.7	322.6
Carry-Over in Months	3.8	3.4	3.3

**Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance**

Performance Indicators:

Performance indicators for the Depot Maintenance activity are schedule conformance (timeliness), NOR (financial), scrap/rework (quality) and fill rate (customer satisfaction). In FY 1999, the actual NOR was \$19.1 million against a \$0.4 program.

Capital Budget:

The Capital Investment Program (CIP) for Depot Maintenance includes various pieces of equipment to improve productivity such as an automated liquid penetrant inspection system to improve the capacity, reliability and safety of testing turbine parts at Anniston Army Depot; a vacuum furnace to enable Anniston Army Depot to reclaim additional turbine engine parts; and, in FY 2001, plasma spray equipment at Red River Army Depot to enable worn Bradley Fighting Vehicle parts to be reclaimed. In FY 2000, the Tobyhanna Army Depot Local Area Network will be upgraded to work with the Windows computer environment to provide improved Computer Aided Design, Imaging and Video Teleconference capabilities. The CIP software budget includes the cost of fielding the Army Workload and Performance System to improve management processes, as well as contractor support for the Wholesale Logistics Modernization Program to improve the logistics process. Various minor construction projects will be implemented at each of the depots to improve safety, reliability, productivity and capacity. A summary of the program follows:

	FY 1999	FY 2000	FY 2001
(\$ in millions)			
Equipment	7.5	4.7	3.6
ADPE & Telecommunications		1.0	
Software	20.4	10.2	12.1
Minor Construction	3.9	1.7	1.9
Total	31.8	17.6	17.6

**Army Working Capital Fund
FY 2001 Amended Budget Estimates
Depot Maintenance**

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

	FY 1999	FY 2000	FY 2001
Revenue			
Gross Sales:	1,500.1	1,216.3	1,190.7
Operations	1,415.1	1,129.3	1,142.4
Surcharges	51.8	52.5	12.6
Depreciation excluding Major Construction	33.2	34.5	35.8
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
Total Income:	1,500.1	1,216.3	1,190.7
Expenses			
Salaries and Wages:	659.3	528.8	522.7
Military Personnel Compensation & Benefits	2.2	1.7	1.8
Civilian Personnel Compensation & Benefits	657.1	527.1	520.9
Travel & Transportation of Personnel	13.5	12.6	11.1
Materials & Supplies (For Internal Operations)	387.5	362.6	372.3
Equipment	17.9	16.6	19.3
Other Purchases from Revolving Funds	56.0	73.1	71.9
Transportation of Things	18.7	3.1	1.9
Depreciation - Capital	33.2	34.5	35.8
Printing and Reproduction	1.9	2.4	2.4
Advisory and Assistance Services	9.9	3.3	3.3
Rent, Communication, Utilities, & Misc. Charges	32.7	23.6	19.2
Other Purchased Services	194.8	129.6	112.2
Total Expenses:	1,425.4	1,190.3	1,172.2
Operating Result	74.7	26.0	18.5
Less Surcharge Reservations	51.9	52.5	12.6
JLSC			
Cash	51.9	52.5	12.6
Capital			
Non-Recoverable - Mil Pay/AMMO/LOG Transfer			
Other Changes Affecting NOR:	(3.7)	(0.2)	0.1
Other Inventory Adjustments			
Net Change in WIP	3.7	0.2	(0.1)
Recoverable Net Operating Result	19.1	(26.7)	6.0

**Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance**

Operating Result	74.7	26.0	18.5
Less Surcharge Reservations	51.9	52.5	12.6
JLSC			
Cash	51.9	52.5	12.6
Capital			
Non-Recoverable - Mil Pay/AMMO/LOG Transfer			
Other Changes Affecting NOR:	(3.7)	(0.2)	0.1
Other Inventory Adjustments			
Net Change in WIP	3.7	0.2	(0.1)
Recoverable Net Operating Result	19.1	(26.7)	6.0
Prior Year Adjustments	101.9	(58.4)	(6.0)
Prior Year AOR	(126.5)	85.1	0.0
Accumulated Operating Result	(5.5)	0.0	0.0
Prior Year Non-Recoverable Amounts	90.6		
Recoverable AOR	85.1	0.0	0.0

**Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance**

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

	FY 1999	FY 2000	FY 2001
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	625.3	371.2	380.7
Operations & Maintenance, ARNG	4.3	11.5	8.3
Operations & Maintenance, AR	5.4	0.5	3.1
Subtotal, O&M:	635.0	383.3	392.1
Aircraft Procurement	5.7	17.5	21.1
Missile Procurement	11.3	18.4	19.4
Weapons & Tracked Combat Vehicles	83.2	92.8	96.8
Procurement of Ammunition	16.9	0.0	0.0
Other Procurement	54.0	38.3	38.8
Subtotal, Procurement:	171.1	167.1	176.2
RDTE	9.5	1.0	2.7
BRAC	38.8	4.4	0.6
Family Housing	0.8	0.5	0.5
Military Construction	0.2	0.0	0.0
Other	0.7	0.0	0.0
Subtotal, Department of Army:	856.0	556.2	572.1
Department of Air Force O&M	4.8	95.4	104.4
Department of Air Force Investment	0.0	0.0	0.0
Department of Navy O&M	44.5	71.2	99.9
Department of Navy Investment	0.0	0.0	0.0
US Marines O&M	4.3	6.8	6.9
Department of Defense O&M	0.0	7.0	7.0
Subtotal, Other DoD Services:	53.6	180.4	218.2
Other DoD Agencies:	47.9	6.3	10.2
Other DoD Agencies	47.9	6.3	10.2
CAWCF	0.0	0.0	0.0

**Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance**

b. DWCF:			
Depot Maintenance, Army	12.1	1.4	1.6
Ordnance, Army	0.0	18.0	18.2
Supply Management, Army	416.1	339.9	331.6
DECA	0.2	0.2	0.2
DFAS	1.9	1.9	1.9
DISA	4.6	3.2	3.3
DLA	17.5	18.3	19.0
JLSC	0.0	0.0	0.0
TRANSCOM	0.2	0.0	0.0
Other	122.3	11.2	1.5
Subtotal, DWCF:	574.9	394.0	377.3
c. Total DoD	1,532.3	1,136.8	1,177.8
d. Other Orders:	24.1	21.3	25.0
Other Federal Agencies	1.7	0.3	0.4
Foreign Military Sales	15.9	19.7	23.3
Trust Fund	0.0	0.0	0.0
Nonappropriated	2.5	0.3	0.3
Non-Federal Agencies	4.0	1.0	0.9
Total New Orders:	1,556.4	1,158.1	1,202.8
2. Carry-in Orders	563.3	450.9	354.6
3. Total Gross Orders	2,119.7	1,609.0	1,557.3
4. Funded Carry-over	619.6	392.7	366.6
5. Total Gross Sales	1,500.1	1,216.3	1,190.7
6. Number of Months of Carry-Over	3.8	3.4	3.3

**Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance**

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

	Expenses
FY 1999 Actual Cost	1,425.404
FY 2000 Estimate in President's Budget	1,232.290
Estimated Impact in FY 2000 of Actual FY 1999 Actions	0.200
WIP Adjustment	0.200
Pricing Adjustments	0.100
Pay Raise	1.800
General Inflation	(1.700)
Program Changes	(42.289)
PMRT (JLSC) Systems	1.261
DLA	(4.913)
DFAS	6.363
Other intrafund purchases	(5.576)
Civilian personnel costs due to QDR slippage	5.050
VERA/VSIP for QDR Slippage	(2.828)
Enlisted personnel costs	0.104
Civilian Personnel costs due to change in workload	(21.591)
Equipment purchases	0.342
Materials and supplies costs due to changes in workload	(43.234)
BRAC costs due to	
Travel	2.373
Transportation	1.486
Materials and Supplies	3.590
Other Purchased Services	24.010
Depreciation	(8.726)
FY 2000 Current Estimate	1,190.301

**Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance**

FY 2000 Current Estimate		1,190.301
Pricing Adjustments		30.439
Annulization of Prior Year Pay Raises	6.062	
Pay price growth	12.384	
Price Growth	10.893	
FY 2001 Pay Raise	(0.700)	
FY 2001 Non-pay inflation	(2.400)	
FY 2001 Fuel inflation	1.800	
FY 2001 Pay Adjustment	2.400	
Program Changes		(48.565)
Military Personnel Compensation	0.075	
Civilian Personnel Compensation	(26.278)	
Travel	(1.574)	
Material & Supplies for Internal Operations	3.392	
Equipment Purchases	2.436	
Other Intrafund (fund) purchases	(2.278)	
Transportation	(1.322)	
Capital Investment Depreciation	1.266	
Other Purchased Services	(24.282)	
FY 2001 Estimated Cost		1,172.175

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordnance**

Functional Description

The Ordnance manufacturing activities are managed by the Industrial Operations Command (IOC) located at Rock Island, IL. This activity group provides the Army an organic industrial capability to produce quality munitions and large caliber weapons, while also providing the full range of ammunition maintenance for modern weapons for U.S Military Services and allied Services. Ordnance activities manufacture, renovate, store and demilitarize materiel for all branches of DoD. The activities also provide ammunition logistics functions (i.e., receipts, issues, inventory, surveillance, maintenance and rewarehousing) for all U.S. Military Services.

The Ordnance business activity manufactures and sells 155MM howitzers, 120MM M256 gun tubes, 120MM smoke mortars, gun mounts for the M1A1 Abrams tank, grenades and smoke rounds, rebuilt gas masks, and tool sets and kits. It also provides logistics support management, which includes follow-on procurement, production, maintenance, engineering, and integrated logistics, support management. In addition, several of the Ordnance installations are involved in the receipt, storage, issue, maintenance, and demilitarization of conventional ammunition. Seven activities provide base support for the installations they manage. Primary customers include the Army, other DoD Services, and Foreign Military Sales (FMS).

On October 1, 1999, five ammunition storage depots (Sierra, Tooele, Blue Grass, Savanna, and Seneca) and the ammunition storage missions at Anniston, Red River and Letterkenny Army Depots, transferred to the Ordnance Activity from the Depot Maintenance Activity. This transfer brings all ammunition-related functions under a single manager and enables consistent pricing for all ammunition-related goods and services. On October 1, 2000, the Defense Non-tactical Generator and Rail Equipment Center (DGRC) will be transferred to the Depot Maintenance Activity Group.

Activity Group Composition

Pine Bluff Arsenal (PBA)

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.

**Army Working Capital Fund
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Ordnance**

Rock Island Arsenal (RIA)

Rock Island, IL

Primary materiel or industrial capabilities include aircraft weapons, infantry weapons, air defense weapons and artillery; armament for tanks, artillery, personnel and cargo carriers; and special tools and tool sets. Provides base support to the Industrial Operations Command (IOC), Armament and Chemical Acquisition and Logistics Activity (ACALA), health clinic, DFAS, DRMS, DISA as well as to other smaller tenants.

Watervliet Arsenal (WVA)

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 (CAAA)

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 (McAAP)

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.

On October 1, 1999, the following depot maintenance activities realigned their ammunition-related functions under one single manager to the Ordnance activity group.

Sierra Army Depot (SIAD)

Herlong, CA

Stores, maintains, distributes, and demilitarizes munitions; and supports Operational Project Stocks. As the result of BRAC 95, Sierra will be realigned to support only the operational project mission stocks.

Tooele Army Depot (TEAD)

Tooele, UT

Stores, maintains, distributes, and demilitarizes conventional ammunition.

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FY 2001 Budget Estimates
Ordnance**

Blue Grass Army Depot (BGAD)

Richmond, KY

Stores, maintains, distributes and demilitarizes conventional ammunition.

Savanna Army Depot Activity (SVDA)

Savanna, IL

Stores, maintains, distributes and demilitarizes conventional ammunition and war reserve material. Scheduled for closure in FY 2000 as a result of BRAC 95.

Seneca Army Depot Activity (SEDA)

Romulus, NY

Stores, maintains, distributes, and demilitarizes munitions. Scheduled for closure in FY 2000 as a result of BRAC 95.

The ammunition/logistics functions for the following activities also became part of Ordnance in FY 2000:

Red River Munitions Center (RRMC)

Texarkana, TX

Stores, maintains, distributes, and demilitarizes conventional ammunition.

Letterkenny Munitions Center (LEMC)

Chambersburg, PA

Stores, maintains, distributes, and demilitarizes conventional ammunition.

Anniston Munitions Center (ANMC)

Anniston, AL

Stores, maintains, distributes, and demilitarizes conventional ammunition.

Budget Highlights

Personnel:

This budget submission reflects a personnel increase in FY 2000 due to the transfer of the ammunition/logistics function (2,364 FTEs) from the Depot Maintenance activity group. In FYs 2000 and FY 2001, there are decreases due to the decline in workload at Rock Island and Watervliet due to Quadrennial Defense Review (QDR) reductions related to Base Support Outsourcing, Ammunition Demilitarization and reengineering of functions. Personnel levels are further reduced by the Base Realignment and Closure of Seneca (FY 2000/2001) and Savanna (FY 2000) Army Depot Activities.

	FY 1999	FY 2000	FY2001
Civilian End Strength	4,187	6,222	6,068
Civilian FTEs	4,576	6,298	6,042
Military End strength	17	23	22
Military Workyears	17	23	22

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordnance**

Cost, Operating Results and Rates:

	FY 1999	FY 2000	FY 2001
Cost of Goods & Services Produced (\$M)	470.4	708.2	655.0
Cost of Goods & Services Sold (\$M)	474.2	708.2	655.0
Net Operating Results (\$M)	(69.6)	(72.0)	13.9
Accumulated Operating Results (\$M)	(0.3)	(13.9)	0.0
Customer Revenue Rate per DLH	\$105.12	\$99.10	\$102.70
Percent Change from Prior Year	28.6%	-5.7%	3.6%
Unit Costs (\$/DLH	\$119.13	\$113.61	\$106.84
DLH (000)	3,981	6,234	6,131

Costs:

In FY 2000 costs increase due to the expansion of the activity group, partially offset by QDR and BRAC related personnel reductions. In FY 2001 costs decrease due to declining workload and the personnel reductions related to QDR and BRAC in FY 2000. In addition, a large drop in materials and supplies will occur in FY 2001. This anomaly is due to several FY 1999 programs at Pine Bluff Arsenal slipping to FY 2000 due to testing problems and failures, and delayed receipt of materials.

Unit Costs:

The unit cost is calculated by dividing cost of goods sold by direct labor hours. The unit cost reduction in FY 2000 is due to the addition of lower cost installations transferring from the Depot Maintenance activity and personnel reductions occurring in late FY 1999.

Operating Results and Rates:

The FY 1999 Net Operating Result (NOR) loss of \$69.6 million exceeded the budgeted NOR of -\$38.6 million in part due to planned workload not materializing, programs slipping, and adjusted customer funding. The addition of the depots ammunition centers in FY 2000 should provide some stability to this Activity Group. However, FY 2000 is projected to still have significant losses due to continued decreases in workload. This reinforces the fact that workload is declining faster than the activity can reduce their infrastructure. In FY 2001 the projected NOR is \$13.9 million with customer rates set to achieve a zero

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordnance**

Accumulated Operating Result (AOR). The FY 2001 Ordnance budget includes a request of \$51.3 million to cover costs associated with Industrial Mobilization Capacity (IMC) (formerly called Unutilized Plant Capacity [UPC]) maintained for surge/replenishment requirements of which \$25.2 million is for Watervliet Arsenal. The IMC funding increase stabilizes rates and preserves the capability to produce specialty weapons and other items that cannot be supplied by private industry. The FY 1999 rate included a cash surcharge of \$8.00 per direct labor hour. The FY 2000 rate includes a \$5.34 per direct labor hour cash surcharge.

Performance Indicators:

Performance indicators for the Ordnance activity are schedule conformance (timeliness), NOR (financial), scrap/rework (quality), and fill rate (customer satisfaction). In FY 1999, the NOR was 80.5% below budget projections primarily due to workload slippages, planned programs that did not materialize, and a delay in personnel reductions.

Carry-over:

The number of months carry-over is computed in accordance with OSD policy, however because this activity group's current primary focus is on manufacturing, the 3-month criteria for pure maintenance operations is not relevant. A longer carry-over timeframe accommodates the longer lead-time requirements associated with the manufacturing process. The carry-over from FY 1999 was greater than projected in the FY 2000/2001 President's Budget due to production slippages at Pine Bluff Arsenal. Carryover decreases from 7.1 months in FY 1999 to 3.2 months in FY 2001. This is mainly due to the workload decline and the different mix of orders coming into the activity with the addition of ammunition storage and logistics workload.

(\$ in millions)	FY 1999	FY 2000	FY 2001
New Orders	452.1	653.9	639.1
Carry-in	304.8	315.8	309.5
Gross Orders	756.9	969.7	922.0
Total revenue	416.9	660.3	674.4
Carry-over	340.0	309.5	247.6
Less: WIP	16.2	16.2	16.2
Less: BRAC, Non-DOD, FMS, Intra/Inter DWCF (Excluding SMA)	29.1	51.9	27.6
Less: Contract Liabilities	48.6	34.7	24.7
Net Carry-over	246.2	206.7	179.1
Carry-over in Months	7.1	3.8	3.2

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordinance**

Capital Budget:

The Ordinance Capital Investment Program (CIP) is outlined in the table below. In FY 2000, a fluid bed mixer will be replaced and a bulk dunnage incinerator will be purchased to increase productivity at Pine Bluff Arsenal. In FY 2001, a 4 axis machining center will be replaced at Rock Island Arsenal and a Material Feed System will be installed for the Supercritical Water Oxidizer system at Pine Bluff Arsenal to increase productivity. The Minor Construction program will fund projects to replace or upgrade installation facilities that contribute to production deficiencies, use excessive resources, lack energy conservation, or do not comply with regulatory requirements addressing health, safety, environment and security concerns. Sierra Army Depot will purchase Automated Data Processing Equipment (ADPE) to upgrade its dial central office. Software purchases such as the enterprise resource planning systems and the Army Workload and Performance System (AWPS) will provide state of the art software technology. The AWPS project is congressionally mandated to better manage complex workload and personnel strategies for depot maintenance, ammunition, base operations, logistics and manufacturing workload.

(\$ in millions)	FY 1999	FY 2000	FY 2001
Equipment	10.6	8.0	13.5
Minor Construction	1.9	3.4	7.9
ADPE & Telecommunications	.8	2.0	3.3
Software	3.3	8.7	4.7
TOTAL Army Working Capital Fund	16.6	22.1	29.4

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordinance**

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

	FY 1999	FY 2000	FY 2001
Revenue			
Gross Sales:	416.9	660.3	674.4
Operations	392.0	615.6	652.4
Surcharges	12.3	24.1	5.5
Depreciation excluding Major Construction	12.6	20.6	16.5
Major Construction Depreciation			
Other Income	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income:	416.9	660.3	674.4
Expenses			
Salaries and Wages:	256.2	356.3	345.1
Military Personnel Compensation & Benefits	0.2	2.0	1.9
Civilian Personnel Compensation & Benefits	256.0	354.3	343.2
Travel & Transportation of Personnel	2.3	6.5	5.7
Materials & Supplies (For Internal Operations)	75.6	112.4	90.3
Equipment	6.1	14.1	12.1
Other Purchases from Revolving Funds	24.1	57.1	57.3
Transportation of Things	1.1	10.4	8.7
Depreciation - Capital	12.6	20.6	16.5
Printing and Reproduction	1.1	0.8	0.7
Advisory and Assistance Services	0.9	2.1	1.9
Rent, Communication, Utilities, & Misc. Charges	11.8	23.1	22.0
Other Purchased Services	78.6	104.8	94.7
Total Expenses:	470.4	708.2	655.0
Operating Result	(53.5)	(47.9)	19.4
Less Surcharge Reservations	12.3	24.1	5.5
Cash (Current Year)	12.3	18.3	0.0
Cash (Carried Over)	0.0	5.7	5.5
Other Changes Affecting NOR:	(3.8)	0.0	0.0
Other Inventory Adjustments	0.0	0.0	0.0
Net Change in Work in Process	3.8	0.0	0.0

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordinance**

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

	FY 1999	FY 2000	FY 2001
Net Operating Result	(69.6)	(72.0)	13.9
Prior Year Adjustments	32.2	58.4	0.0
Prior Year Accumulated Operating Result	30.3	(0.3)	(13.9)
Accumulated Operating Result	(7.1)	(13.9)	0.0
Non-Recoverable Amounts	6.9	0.0	0.0
Recoverable Accumulated Operating Result	(0.3)	0.0	0.0
Memo:			
Beginning Work in Process	20.0	16.2	16.2
Ending Work in Process	16.2	16.2	16.2
Cost of Goods Sold:	474.2	708.2	655.0

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordnance**

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

	FY 1999	FY 2000	FY 2001
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	163.3	272.8	306.1
Operations & Maintenance, ARNG	0.1	0.4	0.4
Operations & Maintenance, AR	0.0	0.1	0.1
Subtotal, O&M:	163.4	273.2	306.6
Aircraft Procurement	8.1	2.4	2.0
Missile Procurement	1.3	0.7	0.4
Weapons & Tracked Combat Vehicles	40.9	48.2	37.5
Procurement of Ammunition	79.0	106.5	106.0
Other Procurement	18.7	18.4	13.0
Subtotal, Procurement:	147.9	176.3	158.8
RDTE	17.2	17.5	13.0
BRAC	3.3	3.8	0.8
Family Housing	1.1	2.2	2.0
Military Construction	1.4	0.3	0.0
Other	3.5	2.7	4.7
Subtotal, Department of Army:	337.9	476.1	486.0
Department of Air Force O&M	2.5	10.4	12.2
Department of Navy O&M	8.2	6.7	4.7
US Marines O&M	6.4	3.4	3.8
Department of Defense O&M	0.6	0.6	0.5
Subtotal, Other DoD Services:	17.7	21.1	21.1
Other DoD Agencies:	23.8	16.3	18.6

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordnance**

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

b. DWCF:			
Depot Maintenance, Army	6.9	1.8	2.5
Information Services, Army	0.0	0.0	0.0
Ordnance, Army	0.0	0.0	0.0
Supply Management, Army	37.0	50.3	49.5
DECA	0.0	0.5	0.5
DFAS	2.7	2.7	2.9
DISA	0.0	0.0	0.0
DLA	0.1	0.1	0.1
JLSC	0.0	0.0	0.0
TRANSCOM	(0.0)	0.0	0.0
Other	13.9	11.4	14.0
Subtotal, DWCF:	60.5	66.7	69.4
c. Total DoD	440.0	580.1	595.1
d. Other Orders:	12.1	73.8	17.4
Other Federal Agencies	2.5	3.7	3.9
Foreign Military Sales	3.9	30.0	0.2
Trust Fund	0.0	0.0	0.0
Nonappropriated	0.7	20.3	6.8
Non-Federal Agencies	5.1	19.7	6.4
Total New Orders:	452.1	653.9	612.5
2. Carry-in Orders	304.8	315.8	309.5
3. Total Gross Orders	756.9	969.7	922.0
4. Funded Carry-over	340.0	309.5	247.6
5. Total Gross Sales	416.9	660.3	674.4
6. Number of Months of Carry-Over	7.1	3.8	3.2

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordnance**

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

		Expenses
FY 1999	Actual Cost	470.4
FY 2000	Estimate in President's Budget	672.1
	Pricing Adjustments	0.1
	Program Changes	36.0
	Additional DFAS Costs	5.6
	Supplies/Materials	26.1
	Maintenance, Road/Rail Repair	9.3
	Severence	0.4
	Reduced BRAC	(8.0)
	APE Workload	8.3
	Caretaker/Decap	4.5
	Other Workload Mix	(10.2)
FY 2000	Current Estimate	708.2

**Army Working Capital Fund
FY 2001 Budget Estimates
Ordinance**

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

FY 2000	Current Estimate		708.2
	Pricing Adjustments		18.8
	Annualization of Prior Year Pay Raises		4.0
	FY 2000 Pay Raise		9.3
	Civilian Personnel	9.3	
	Military Personnel	0.1	
	Fund Price Changes		2.0
	General Purchase Inflation		3.4
	Productivity Initiatives and Other Efficiencies		(3.6)
	Redesign IOC	(0.1)	
	Management HQ Fee	(0.9)	
	Capital Investment P	(0.1)	
	Employee Suggestion Program	(0.1)	
	Value Engineering	(2.5)	
	Methods and Standards	(0.0)	
	Program Changes		(68.3)
	Supplies/Materials	(27.7)	
	Severance	(6.8)	
	Reduced BRAC	(17.6)	
	Mobile Rail Trans	(4.7)	
	Personnel Reduction	(8.4)	
	Other Workload Mix	(3.1)	
FY 2001	Estimated Cost		655.0

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

Functional Description

The primary mission of the Information Systems activity group is to provide for the development and operational sustainment of automated information systems and software. This mission provides a multitude of services including requirements analysis and definition, system design, development, testing, integration, implementation support, and documentation services in support of the Department of Defense and Foreign Military Sales customers. The CECOM-Systems Management Center, Army Small Computer Program (ASCP) provides customers with fully competed commercial sources for the purchase of small and medium computers, software, networking infrastructure, and support services.

The Information Systems business is currently restructuring in order to improve the support provided to the wholesale logistics business. This activity group is shifting away from the traditional model of an in-house activity toward one that takes advantage of the skills, products, and services provided by the private sector. Industrial Logistics Systems Center (ILSC) and Logistics Systems Support Center (LSSC) will reduce their workforce to a Retained Government Organization (RGO) of 67 personnel as a result of the implementation of the Wholesale Logistics Modernization Program (WLMP) contract.

The U.S. Army Communications and Electronics Command (CECOM) located at Fort Monmouth, NJ, exercises management control over the activity group.

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)

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

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)

c. Software Development Center – Lee (SDC-Lee) Ft 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 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 Systems (SIDPERS-3)
- The Army Authorization Documentation System – Redesign (TAADS-R0)

*A Base Realignment and Closure (BRAC) 1995 decision mandated relocation of SDC-Washington to Fort Meade, MD effective FY 1999. The relocation date has been postponed until May 2000 due to delayed completion of the facility at Fort Meade.

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

Sustaining Base Information Services/Installation Support Modules (SVIS/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)

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

Budget Highlights

Personnel:

Civilian end strength will decline to 376 authorizations at the beginning of the 4th quarter of FY 2000 primarily due to Wholesale Logistics Modernization Program (WLMP) implementation.

Military end strength will remain constant from FY 2000 through FY 2001.

	FY 1999	FY 2000	FY 2001
Civilian End Strength	709	376	376
Civilian FTEs	776	601	373
Military End Strength	23	18	18
Military Workyears	63	18	18

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

Costs, Operating Results and Rates:

	FY 1999	FY 2000	FY 2001
Costs of Goods and Services Produced (Expenses) (\$M)	122.169	159.725	105.944
Costs of Goods and Services Sold (\$M)	122.169	159.725	105.944
Net Operating Results (\$M)	(0.687)	(0.140)	7.586
Recoverable Accumulated Operating Results (\$M)	(7.446)	(7.586)	0.000
Customer Revenue Rate per DLH	\$69.93	\$83.38	\$61.19
Percent Rate Change from Prior Year	11.80%	19.23%	-26.61%
Unit Costs (\$/DLH)	\$87.04	\$157.78	\$110.69
DLH (000)	942	659	437

Costs:

FY 2000 costs increase by 31% (\$37.6 million) over FY 1999 levels. This significant increase is the result of the implementation of the Wholesale Logistics Modernization Program and Single Stock Fund. In FY 2001, costs will decrease 34% (\$53.8 million) from FY 2000 levels. The major driver of this cost reduction is the loss in personnel costs as a result of outsourcing of ILSC and LSSC:

Unit Costs:

Unit costs are calculated by dividing direct labor hours into the Cost of Goods Sold for organic software development only. The Unit Cost decreases in FY 2001 but not to the pre FY 2000 levels. Unit costs are distorted by the transition of the workforce at ILSC and LSSC from organic to contractor in the 4th quarter of FY 2000.

Operating Results and Rates:

Revenue increases substantially from FY 1999 to FY 2000. This increase in revenue is primarily due to receipt of QDR reimbursements for personnel reductions at ILSC and LSSC associated with award of the WLMP contract and Single Stock Fund orders. Costs increase, as well, due to the increased workload, award of the WLMP contract and elimination of carryover work. Revenues, costs, and rates return to more normal levels in FY 2001 as QDR, DFAS and SSF orders are reduced. The composite rate is reduced to \$61.19 in FY 2001 a decrease of 26.6% from the FY 2000 rate.

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

Performance Indicators:

The Information Services Activity Group has performance goals of achieving the budgeted Net Operating Result (NOR) and Direct Labor Hours (DLH's). The performance indicators for the Small Computer Program are: customer satisfaction; timeliness of customer receipt of products; and acquisition streamlining. The ASCP uses customer surveys to measure order-processing time (not to exceed 1 week), adherence to delivery schedules (within 30 days), quality of deliveries (not more than 1% returned), warranty support (no more than five complaints per month) and ensuring comparability with Indefinite Delivery Indefinite Quantity (IDIQ)/GSA contract prices.

Carry-over:

Carry-over is a mix of contractor and organic workload. Carry-over will be reduced from over 3 months to less than one month at the end of FY 2000 as a result of the WLMP contractor developing new processes as well as maintaining legacy systems.

	FY 1999	FY 2000	FY 2001
(\$M)			
New Orders	113.833	136.082	115.472
Carry-In	48.082	28.104	4.601
Gross Orders	161.915	164.186	120.074
Total Revenue	121.481	159.585	113.530
Carry-Over	40.434	4.601	6.543
Less WIP			
Less BRAC, Non-DoD, FMS	10.612	0.066	0.065
Intra/Inter DWCF (excluding SMA)			
Less Contract Liabilities			
Net Carry-Over	29.822	4.536	6.478
Carry-Over in Months	2.95	0.34	0.68

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

Capital Budget:

There is one capital project for a LAN upgrade at SDC-Lee, which will be completed by the end of FY 1999.

	FY 1999	FY 2000	FY 2001
(\$M)			
Equipment			
ADPE & Telecommunications	0.335		
Software			
Minor Construction			
Total	0.335		

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

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

	FY 1999	FY 2000	FY 2001
Revenue			
Gross Sales:	121.481	159.585	113.530
Operations	121.401	159.459	113.404
Surcharges			
Depreciation excluding Major Construction	0.080	0.126	0.126
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
 Total Income:	 121.481	 159.585	 113.530
Expenses			
Salaries and Wages:	58.401	56.150	27.060
Military Personnel Compensation & Benefits	2.517	1.520	1.583
Civilian Personnel Compensation & Benefits	55.884	54.630	25.477
Travel & Transportation of Personnel	2.196	3.473	1.180
Materials & Supplies (For Internal Operations)	1.267	0.608	0.419
Equipment	1.419	4.324	1.657
Other Purchases from Revolving Funds	3.011	3.580	3.065
Transportation of Things	0.021	0.012	0.000
Depreciation - Capital	0.080	0.126	0.126
Printing and Reproduction	0.061	0.065	0.043
Advisory and Assistance Services	2.036	2.976	2.950
Rent, Communication, Utilities, & Misc. Charges	5.004	5.604	5.408
Other Purchased Services	48.673	82.807	64.035
 Total Expenses:	 122.169	 159.725	 105.944

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

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

	FY 1999	FY 2000	FY 2001
Operating Result	(0.687)	(0.140)	7.586
Net Operating Result	(0.687)	(0.140)	7.586
Prior Year Adjustments	10.810		
Prior Year Accumulated Operating Result	(17.569)	(7.446)	(7.586)
Accumulated Operating Result	(7.446)	(7.586)	0.000
Non-Recoverable Amounts			
Recoverable Accumulated Operating Result	(7.446)	(7.586)	0.000

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

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

	FY 1999	FY 2000	FY 2001
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	59.666	67.343	54.578
Operations & Maintenance, ARNG	0.373	0.559	0.605
Operations & Maintenance, AR	0.031	0.058	0.058
Subtotal, O&M:	60.070	67.960	55.241
Aircraft Procurement			
Missile Procurement			
Weapons & Tracked Combat Vehicles			
Procurement of Ammunition			
Other Procurement	0.189	0.165	0.166
Subtotal, Procurement:	0.189	0.165	0.166
RDTE	0.071	0.116	0.117
BRAC			
Family Housing	3.816	5.312	3.972
Military Construction			
Other	0.149		
Subtotal, Department of Army:	64.295	73.553	59.495
Department of Air Force O&M	0.120	0.031	0.032
Department of Air Force Investment	0.007	0.013	0.014
Department of Navy O&M	0.523	0.004	0.005
US Marines O&M	0.025		
Department of Defense O&M	2.089	2.469	2.318
Subtotal, Other DoD Services:	2.765	2.517	2.369
Other DoD Agencies:	0.944	0.134	0.135
Other DoD Agencies	0.916	0.134	0.135
CAWCF	0.028		

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

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

	FY 1999	FY 2000	FY 2001
b. DWCF:			
Depot Maintenance, Army	6.980	7.952	7.915
Information Services, Army	0.046	0.085	0.085
Ordnance, Army			
Supply Management, Army	28.633	37.944	32.491
DECA			
DFAS	5.054	7.908	7.230
DISA			
DLA	2.993	4.674	4.594
JLSC			
TRANSCOM	0.343	0.218	0.220
Other	0.046	0.085	0.085
Subtotal, DWCF:	44.095	58.865	52.620
c. Total DoD	112.100	135.070	114.620
d. Other Orders:	1.734	1.012	0.853
Other Federal Agencies	0.352	0.298	0.301
Foreign Military Sales	0.623	0.705	0.543
Trust Fund			
Nonappropriated	0.759	0.009	0.009
Non-Federal Agencies			
Total New Orders:	113.833	136.082	115.472
2. Carry-in Orders	48.082	28.104	4.601
3. Total Gross Orders	161.915	164.186	120.074
4. Funded Carry-over	40.434	4.601	6.543
5. Total Gross Sales	121.481	159.585	113.530
6. Number of Months of Carry-Over	2.95	0.34	0.68

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

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

	Expenses
FY 1999 Actual Cost	122.169
FY 2000 Estimate in President's Budget	111.125
Estimated Impact in FY 2000 of Actual FY 1999 Actions	2.781
Workload Increase	1.285
Increased travel costs	1.496
Pricing Adjustments	0.276
Program Changes	45.543
Decreased Civilian Personnel Costs	(0.303)
Increased Contract Costs	41.929
PCS Costs	1.316
Equipment	2.383
Increased DFAS costs	0.218
FY 2000 Current Estimate	159.725

**Army Working Capital Fund
FY 2001 Budget Estimates
Information Services**

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

		Expenses
FY 2000 Current Estimate		159.725
Pricing Adjustments		3.263
Annualization of Prior Year Pay Raises		0.508
FY 2000 Pay Raise		1.236
Civilian Personnel	1.175	
Military Personnel	0.060	
Fund Price Changes		0.085
General Purchase Inflation		1.434
Productivity Initiatives and Other Efficiencies		(52.618)
WLMP implemented at ILSC & LSSC	(30.655)	
WLMP implemented at ILSC & LSSC	(2.063)	
WLMP contract efficiencies	(19.900)	
Other (specify)		
Other (specify)		
Program Changes		(4.426)
Equipment	(2.833)	
Decreased contract cost	(1.593)	
FY 2001 Estimated Cost		105.944

Activity Group Capital Investment Summary Supply Management (\$ in Millions)						
Line No.	Description	FY 99		FY00		FY 01
		Quantity	Total Cost	Quantity	Total Cost	Quantity Total Cost
	EQUIPMENT-Replacement					
	SUBTOTAL					
	EQUIPMENT- Productivity					
	SUBTOTAL					
	EQUIPMENT- Environmental					
	SUBTOTAL					
	EQUIPMENT- New Mission					
	SUBTOTAL					
	EQUIPMENT TOTAL					
	AUTOMATED DATA PROCESSING					
	ADP TOTAL					

Activity Group Capital Investment Summary Supply Management (\$ in Millions)						
Line No.	Description	FY 99		FY00		FY 01
		Quantity	Total Cost	Quantity	Total Cost	Quantity Total Cost
	MINOR CONSTRUCTION					
	MINOR CONSTRUCTION TOTAL					
	SOFTWARE					
00-2	Wholesale Logistics Modernization Program			1	25.087	1 28.318
98-1	CCSS Century Date Change	2	3.934	3	0.342	
98-14	Common Operating Environment (COE)	1	12.364	1	4.287	1 6.240
99-4	Commercial Asset Visibility (CAV II)	16	2.280	12	1.000	28 2.770
98-15	Vision 2010	1	3.285			
98-3	Integrated Sustainment Maintenance (ISM)	3	3.995			
98-2	LOGSA Century Date Change	1	4.146			
98-9	Lateral Redistribution	1	1.500			
96-20	Materiel Management System (MMS)	1	1.460			
97-6	Single Stock Fund (SSF)	2	15.623	2	34.869	2 23.125
	SOFTWARE TOTAL	26	48.587	19	65.585	32 60.453
	SUPPLY MANAGEMENT TOTAL	26	48.587	19	65.585	32 60.453

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission
SOFTWARE (\$ in Thousands)										
B. Component, Activity Group, Date Supply Management, Army	28 Feb 00	C. Line No 00-2		Item Description Wholesale Logistics Modernization Program		D. Activity Identification Army Materiel Command				
Element of Cost	Quantity	FY 99		FY 00		FY 01				
		Unit Cost	Total Cost	Quantity	Unit Cost	Quantity	Unit Cost	Total Cost	Total Cost	
Contractor Support				1	25,087.000		25,087.000	25,087.000	28,318.000	
TOTAL				1				25,087.000	28,318.000	
Narrative Justification:										
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current Army standard logistics systems are based on 25-year-old computer technology and depend on large layered inventory levels to support a forward deployed force against the Cold War enemy. The current process is characterized by a lack of flexibility, has resulted in separate wholesale and retail systems, and suffers from long shipping times and limited visibility of the supply pipe-line. The Army must reengineer its logistics processes to provide the flexibility to support today's CONUS-based power projection scenarios and utilize modern information technology enablers that will provide real time visibility of the entire logistics supply chain and support the Revolution in Military Logistics. b. ANTICIPATED BENEFITS: The Wholesale Logistics Modernization Program is a ten-year project to correct the noted deficiencies. It will enable the Army to take advantage of commercial expertise, experience, and investments in process improvement and information technology. The Army Materiel Command (AMC) will be able to perform business process reengineering (BPR), adopt market-driven business practices, and provide significantly improved services. The new process will help us achieve synchronization with Global Combat Support System - Army. The Army will retain Intellectual Property Rights to all documentation with regard to BPR reports and system description and implementation plans. The Supply Management portion of the ten-year investment will total \$215 M, part of a \$400M program, which also includes the Depot Maintenance business area. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: AMC will be forced to maintain inefficient and unduly expensive wholesale logistics processes due to the limitations of the current automated system, the Commodity Command Standard System. The system contains processes that are outdated, expensive to maintain, and technically vulnerable. The COBOL 74 compiler supporting the system is no longer supported by the manufacturer. These deficiencies will preclude the Army from providing an agile logistics support capability as required by the Revolution in Military Logistics. d. ECONOMIC ANALYSIS PERFORMED? Yes. An Economic Analysis was done by the Cost Analysis Division, Directorate for Resource Management, CECOM, Ft. Monmouth, N.J.										
ECONOMIC INDICATORS:										
Total Cost of the Project	\$53,405	Net Present Value of Benefits:		(\$45,100)		Benefit to Investment Ratio:		Payback Period:		

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management, Army		28 Feb 00		C. Line No 98-1		Item Description CCSS Century Date Change		D. Activity Identification Army Materiel Command			
Element of Cost		FY 99		FY 00		FY 01					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Labor-CDA		1	1,967.000	1,967.000	1	212.000	212.000				
Labor-CONTR		1	1,967.000	1,967.000	1	130.000	130.000				
TOTAL		2		3,934.000	3		342.000				
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 and the system will fail, causing the failure of the Army Materiel Command mission. b. ANTICIPATED BENEFITS: All date fields in CCSS must be assessed and fixed to ensure continued system operational capability after the turn of the millennium. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Immediate and catastrophic system failure will result in an unprecedented failure to meet business performance goals in activities involving status accounting, forecasting, financial management, requisition processing and other logistics support functions. This system failure will pose an immediate threat to total Army readiness. d. ECONOMIC ANALYSIS PERFORMED? N/A.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$10,562		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
								Payback Period:		N/A	

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission
B. Component, Activity Group, Date Supply Management, Army		28 Feb 00		C. Line No 98-14		Item Description Common Operating Environment (COE)		D. Activity Identification Army Materiel Command		
Element of Cost		FY 99		FY 00		FY 01				
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software		1	12,364.000	12,364.000	1	4,287.000	4,287.000	1	6,240.000	6,240.000
TOTAL		1		12,364.000	1		4,287.000	1		6,240.000
Narrative Justification:										
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: There are currently about 8,940 disparate non-standard and bridge systems at the various Major Subordinate Commands (MSC) and Separate Reporting Activities (SRA) of AMC, of which roughly 60% support supply management activities. The obsolete design characteristics of these systems impede technology insertions and limit user access. They also hamper efforts to introduce business process improvements and cause logistics costs to rise with each system change. This combination of archaic structure, lack of documentation, and outdated technology makes it extremely difficult to respond to rapidly changing business requirements which demand modern technology. b. ANTICIPATED BENEFITS: This effort will provide a Windows-based common technology architecture for the various wholesale logistics processes, designed around a client-server model. The COE will allow the users of logistics systems to perform all business functions from a single workstation. Using a Graphical User Interface (GUI) they will be able to integrate data from the various separate logistics systems, thus reducing the time and effort of analyzing the currently fragmented data, which resides on numerous non-standard applications. It will implement an open architecture, that prescribes the rules whereby applications can share data. The numerous current systems will be consolidated and linked to make business process reengineering possible. A standard technical architecture will be in place to allow new command-unique systems to be included. The common operating environment will also give the users an interface with the modernized Wholesale Logistics Modernization Program (WLMP) system, when it is developed. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The Army's wholesale supply system will remain inefficient and costly, even with significant upgrades, such as the WLMP. This effort will complement WLMP by providing a common technology architecture to all wholesale logistics processes and by reducing support costs and infrastructure needs. d. ECONOMIC ANALYSIS PERFORMED? No. Directed by DoD in Joint Vision 2010 (Joint Chiefs of Staff Implementation Policy, CJCSI 3010.01), the Defense Planning Guidance (DPG) for FY 1999-2003, and the Quadrennial Defense Review (QDR) of May 1997. Economic Analyses will be completed, where cost savings are quantifiable, for individual efforts within this initiative.										
ECONOMIC INDICATORS:										
Total Cost of the Project		\$38,675		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A
								Payback Period:		N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission
SOFTWARE (\$ in Thousands)										D. Activity Identification Army Materiel Command
B. Component, Activity Group, Date Supply Management, Army	28 Feb 00		C. Line No 99-4		Item Description Commercial Asset Visibility (CAV II)		FY 01			
Element of Cost	FY 99		FY 00		FY 01		FY 01			
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Labor	1	980.000	980.000	1	500.000	500.000	1	1,430.000	1,430.000	
Travel	1	175.000	175.000	1	100.000	100.000	1	300.000	300.000	
Initial Contracts	13	25.000	325.000	10	40.000	400.000	26	40.000	1,040.000	
Navy (FMSO)	1	800.000	800.000							
TOTAL	16		2,280.000	12		1,000.000	28		2,770.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Under Commodity Command Standard System (CCSS), the Inventory Control Points (ICPs) have limited visibility of assets being repaired at commercial contractors sites. There is no automated system to provide accountability reporting, notification of shipment, nor a method to correct financial or inventory imbalances. Physical inventories done at 11 contractor sites showed that CCSS had an inaccuracy rate of 62.9%. Inventory results showed that assets totaling \$90M were unaccounted for at the ICPs and assets totaling \$8.5M were unaccounted for at the contractors' sites. The program plans to deploy the system at 18-20 contractor sites Army-wide during FY99. b. ANTICIPATED BENEFITS: Commercial Asset Visibility (CAV) II is a PC-based system that facilitates reporting by a contractor's site. This reporting provides asset visibility, utilizing asset management transactions, to indicate receipts, induction's, completions, shipments, disposals, etc. CAV II is a Joint Initiative managed by Naval Supply (NAVSUP) with all the services participating. It provides the interface with CCSS for enhanced visibility of assets being repaired at commercial contractor sites. CAV II increases asset visibility in CCSS, improves shipping procedures, measures repair turn-around time, and monitors contractor performance. Continued deployment will correct financial and inventory imbalances in CCSS and contractor accountable records. Accurate databases will reduce unnecessary procurements by the ICPs, and optimize stock availability. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The estimated 10 deployments planned for FY00 and 26 deployments planned for FY 01 will not be realized. Financial and inventory imbalances in CCSS and the contractors' records will continue to escalate. DA recognized a materiel weakness on lack of accurate visibility of components repaired under National Maintenance Contracts which resulted in DA direction that CAV II implementation be expedited at all Army ICPs. d. ECONOMIC ANALYSIS PERFORMED? Yes.										
ECONOMIC INDICATORS:										
Total Cost of the Project	\$6,050	Net Present Value of Benefits:		\$45,800		Benefit to Investment Ratio:		8.6		Payback Period: 10 years

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Supply Management, Army		28 Feb 00		C. Line No 97-6		Item Description Single Stock Fund (SSF)		D. Activity Identification Army Materiel Command			
Element of Cost	Quantity	FY 99		FY 00		FY 01		Quantity	Unit Cost	Total Cost	
		Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost				
Travel Contracts	1	200.000	200.000	1	200.000	1	200.000	1	200.000	200.000	
	1	15,423.000	15,423.000	1	34,669.000	1	22,925.000	1	22,925.000	22,925.000	
TOTAL	2		15,623.000	2		2		2		23,125.000	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Army Stock Fund has a horizontal management structure (with two points of sale) because supply and financial operations were decentralized to Army Materiel Command (AMC) for the wholesale level and to other Major Commands (MACOMs) for the retail level. The MACOMs have further decentralized retail operations to 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: 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. Eliminating this point of sale will end duplication in logistical and financial processing. It will also 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 will gain ownership and visibility over Army installation assets and thus be able to respond more rapidly than the installation to high priority Non-Mission Capable Supply (NMCS) requisitions. SSF is a re-engineering of Army logistical and financial processes in a legacy system environment. The Army's information technology modernization initiatives, such as the Wholesale Logistics Modernization Program (WLMP) and the Global Combat Support System-Army (GCSS-A), will incorporate these re-engineering changes.											
CONTINUED ON NEXT PAGE											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$87,335		Net Present Value of Benefits:		Benefit to Investment Ratio:		Payback Period:			

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Supply Management, Army		28 Feb 00		C. Line No 97-6		Item Description Single Stock Fund (SSF)		D. Activity Identification Army Materiel Command			
Element of Cost		FY 99		FY 00		FY 01					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
TOTAL											
Narrative Justification: CONTINUED FROM PRECEDING PAGE. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The business rule changes being developed in the SSF are part of the foundation for the development of the WLMP objective system and of the GCSS-A. If funding is not approved, the Army Stock Fund 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 the redistribution of assets. d. ECONOMIC ANALYSIS PERFORMED? Yes. The initial EA was performed in FY1997. This officially approved EA is currently being updated based on DA's revision of the Campaign Plan. The SSF was directed under Defense Resource Management Directives (DRMD) 901 and 927J, November 1989.											
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
Supply Management
28 Feb 00
(\$ in Millions)
FY 1999

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
<u>EQUIPMENT</u>							
<u>AUTOMATED DATA PROCESSING</u>							
<u>MINOR CONSTRUCTION</u>							
<u>SOFTWARE</u>							
FY 99	CCSS Century Date Change	2,854	1,080	3,934	3,934		Reprogram In \$1,480K from DM (SDS MRP II). Reprogram out \$400 K to LOGSA CDC
FY 99	Common Operating Environment (COE)	11,364	1,000	12,364	12,364		Reprogrammed In from SIIR
FY 99	Commercial Asset Visibility (CAV II)	2,280		2,280	2,280		
FY 99	Vision 2010	3,285		3,285	3,285		
FY 99	Integrated Sustainment Maintenance (ISM)	3,995		3,995	3,995		
FY 99	LOGSA Century Date Change	0,746	3,400	4,146	4,146		Reprogrammed in \$3,000K from DM (SDS MRP II) and \$400 K from CCSS CDC.
FY 99	Lateral Redistribution	1,500		1,500	1,500		
FY 99	Material Management System (MMS)	1,460		1,460	1,460		
FY 99	CCSS Defense Logistics Mgmt. System	3,920	(3,920)				Reprogrammed out to SSF
FY 99	Single Item Inventory Record (SIIR)	1,000	(1,000)				Reprogrammed out to COE
FY 99	Single Stock Fund (SSF)	11,703	3,920	15,623	15,623		Reprogrammed In from CCSS DLMS
Total		44,107	4,480	48,587	48,587		

Exhibit Fund 9d Capital Budget Execution
 Department of Army
 Supply Management
 28 Feb 00
 (\$ in Millions)

FY 2000

PROJECTS ON THE FY 2001 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>AUTOMATED DATA PROCESSING</u>							
<u>MINOR CONSTRUCTION</u>							
<u>SOFTWARE</u>							
FY 00	Wholesale Logistics Modernization Program	10,900	14,187	25,087	25,087		Reprog \$11,305K from COE, \$132K from AEPS, and \$2,750K from Operating Budget
FY 00	CCSS Century Date Change	0,342		0,342	0,342		
FY 00	Common Operating Environment (COE)	17,349	(13,062)	4,287	4,287		Reprog \$11,305K to WLMP, \$2,625 to SSF, and \$868K from AEPS
FY 00	#REF!	1,000	(1,000)				Reprog \$132K to WLMP and \$868K to COE
FY 00	Commercial Asset Visibility (CAV II)	1,000		1,000	1,000		
FY 00	Single Stock Fund	32,244	2,625	34,869	34,869		Reprog \$2,625K from COE
Total		62,835	2,750	65,585	65,585		

Activity Group Capital Investment Summary Depot Maintenance (\$ in Millions)						
Line No.	Description	FY 99		FY00		FY 01
		Quantity	Total Cost	Quantity	Total Cost	Quantity Total Cost
99-01	EQUIPMENT-Replacement Various Capital Equipment (<\$500K)	10	2.634	4	1.375	8 3.030
	SUBTOTAL	10	2.634	4	1.375	8 3.030
99-02	EQUIPMENT- Productivity					
00-01	CNC Machining Center Retrofit	1	0.889	1	0.900	
00-02	Automated Liquid Penetrant Inspection Sys			1	0.950	
00-03	Vacuum Furnace			1	0.829	
00-04	ASRS Positioner Controls Upgrade			1	0.623	
01-01	Chemical Cleaning System					
01-01	Plasma Spray Equipment					1 0.550
99-03	Automated Storage & Retrieval Sys (TYAD)	1	1.075			
99-05	Auto Storage & Retrieval System (CCAD)	1	2.403			
99-06	Auto Storage & Retrieval Sys (LEAD)	1	0.499			
	SUBTOTAL	4	4.866	4	3.302	1 0.550
	EQUIPMENT- Environmental					
	SUBTOTAL					
	EQUIPMENT- New Mission					
	SUBTOTAL					

Activity Group Capital Investment Summary Depot Maintenance (\$ in Millions)						
Line No.	Description	FY 99		FY00		FY 01
		Quantity	Total Cost	Quantity	Total Cost	Quantity Total Cost
00-05	EQUIPMENT TOTAL	14	7.500	8	4.677	9 3.580
	AUTOMATED DATA PROCESSING					
	LAN Switching Upgrade			1	0.965	
	ADP TOTAL			1	0.965	
99-07	MINOR CONSTRUCTION					
	Miscellaneous Minor Constr Proj <\$500K	10	3.891	8	1.690	5 1.918
	MINOR CONSTRUCTION TOTAL	10	3.891	8	1.690	5 1.918
	SOFTWARE					
99-08	Army Workload and Performance System	1	3.188	1	2.713	1 3.599
00-06	Wholesale Logistics Modernization Program			1	6.913	1 7.500
99-09	SDS/ Manufact. Resources Prog. (MRP)	1	4.730			
99-10	SDS Common Operating Environmt (COE)	1	3.980			1 1.000
99-13	SDS Century Date Change	6	1.654	6	0.600	
99-12	DM Interfaces	1	3.982			
99-04	Rotary Wing Aircraft Sustainment Prog. (RWASP)	1	2.885			
	SOFTWARE TOTAL	11	20.419	8	10.226	3 12.099
	Activity TOTAL	35	31.810	25	17.558	17 17.597

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 99-01		Item Description Various Capital Equipment (<\$500K)		D. Activity Identification All Depots			
Element of Cost		FY99		FY00		FY01					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Various Other Equip (<\$500K)		10	263.400	2,634.000	4	343.750	1,375.000	8	378.750	3,030.000	
TOTAL		10		2,634.000	4		1,375.000	8		3,030.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This project 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 and reliability, increases capacity which cannot be met with current equipment, replaces unsafe or unusable assets, and includes requirements for environmental hazardous waste reduction or regulatory mandated requirements. This new equipment enables 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, failure to meet present and future workload requirements, increased man-hour expenditures, inability to meet production schedules, excessive downtime, and decreased accuracy and dependability. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$7,039		Net Present Value of Benefits:		Benefit to Investment Ratio:		Payback Period:			

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
EQUIPMENT-Productivity (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 00-01		Item Description Automated Liquid Penetrant Inspection Sys		D. Activity Identification Anniston Army Depot			
Element of Cost		FY99		FY00		FY01					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
Automated Liquid Penetrant Inspection System					1	900.000					
TOTAL					1	900.000					
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Turbine Engine Disassembly and Containerization Branch will utilize this Automated Liquid Penetrant Inspection System (ALPIS) for the inspection of critical components/parts for the AGT 1500 Turbine Engine. The Turbine Engine contains high stressed critical parts which rotate at up to 45,000 RPMs. The detection of cracks in these components/parts during overhaul is critical. Putting a part back into service that has cracks of a critical size can result in catastrophic failure of an engine. As the Turbine Engine System ages, the components are reused many times. Many critical components will require that exacting tests be performed to reveal hidden flaws. b. ANTICIPATED BENEFITS: The ALPIS is a fully automated system that will perform all process steps of the post emulsifiable and water washable penetrant techniques without the assistance of an operator. The anticipated benefits include: 1) Increased capacity - The system will have the ability to process large parts which currently may only be tested using the less reliable solvent removable process. 2) Increased reliability - The most important benefit of the system is the increased reliability of test results. With aging of the Turbine Engine system, it is essential that Anniston can reliably detect defects in critical parts. The automated system will reliably and consistently prepare parts for inspection, greatly reducing the chance for human error. 3) Increased Safety - Operator safety and well being is enhanced by minimizing the operators exposure to penetrant solution and vapors, and minimizing the handling of heavy parts throughout the inspection process. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: If the Automated Liquid Penetrant Inspection System is not purchased, Anniston Army Depot's Turbine Engine Disassembly and Containerization Branch may not be able to efficiently support the inspection of the AGT 1500 Turbine Engine Program, which will become more demanding as the Turbine Engine System ages. Major Weapons System supported: M1 Abrams Tank d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$900		Net Present Value of Benefits:		\$1,100		Benefit to Investment Ratio:		2.2	
								Payback Period:		4.6 years	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 00-02		Item Description Vacuum Furnace		D. Activity Identification Anniston Army Depot			
Element of Cost		FY99		FY00		FY01					
Quantity		Unit Cost		Total Cost		Quantity		Unit Cost		Total Cost	
Vacuum Furnace						1	950.000				
TOTAL						1	950.000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Turbine Engine Support Branch troubleshoots, diagnoses defects and performs rebuild, assembly and testing of the Hydromechanical Unit (HMU), fuel nozzles, oil pumps, compressors, Turbine Wheels and AGT 1500 Turbine Engine. Many of these components/parts require heat treating and/or vacuum brazing during this reclamation process. When the existing vacuum furnace is used to heat treat reclaimed parts, the parts emit impurities which contaminate the furnace chamber. Vacuum brazing requires a super clean furnace chamber. If not clean, the chamber can adversely affect the braze alloy flow and the successful brazing of components/parts. Therefore, the existing vacuum furnace cannot be used for vacuum brazing. b. ANTICIPATED BENEFITS: This new Vacuum Furnace will enable Anniston Army Depot to reclaim additional turbine engine components/parts. Reclamation of components/parts is more economical than buying new parts. The Turbine Engine Support Branch will be able to reclaim 50% of the parts that require replacement. Controlled cooling of the furnace will result in less distortion of materials. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Without this Vacuum Furnace, Anniston Army Depot may not be able to produce sufficient quantities of reclaimed components/parts to properly support the AGT 1500 Turbine Engine Program. New components/parts would have to be purchased. Major weapons systems supported: M1 Abrams Tank d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$950		Net Present Value of Benefits:		\$10,000		Benefit to Investment Ratio:		11.5	
								Payback Period:		1.25 Yrs	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 00-03		Item Description ASRS Positioner Controls Upgrade		D. Activity Identification Anniston Army Depot			
Element of Cost		FY99		FY00		FY01					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
ASRS Positioner Controls Upgrade					1	829,000	829,000				
TOTAL					1		829,000				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Anniston Army Depot is responsible for receiving, storing and retrieving parts required to support the tracked vehicle and artillery overhaul and repair programs. Programs include the M1 Tank Family of Vehicles (FOV), M88 Recovery Vehicle, M60 Tank FOV, M551 Reconnaissance Vehicle, M113 Armored Personnel Carrier FOV, and M198 Towed Howitzer. The Automated Storage and Retrieval System (ASRS) houses \$70 to \$75 million of inventory. Due to the age of the system, the positioner controls for the unit load cranes are outdated and are becoming very difficult and costly to maintain. Many repair parts for the controls are obsolete or near obsolete and are not supported by the manufacturer. It is anticipated that in the near future the depot will not be able to maintain operation of the ASRS because of the nonavailability of repair parts or components. b. ANTICIPATED BENEFITS: This project will upgrade the controls for the unit load cranes and provide the Supply Management Division with a modernized parts storage and retrieval system which will greatly enhance the ability to provide reliable parts storage and retrieval support for the depot's maintenance missions. This upgrade will provide the depot with a modern, more efficient control system for the cranes. Maintenance and repairs for the controls will be greatly decreased. Since the upgraded controls will incorporate the latest in technology, repair parts and service will be easily attainable. Upgrade of these controls will increase reliability, improve readiness and improve morale. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: If the controls are not upgraded, the ASRS will not be maintainable and the depot will risk losing this capability. Operation of the ASRS is critical to the completion of Anniston's various maintenance missions. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$829		Net Present Value of Benefits:		\$956		Benefit to Investment Ratio:		2.2	
								Payback Period:		5.4	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission			
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 00-04		Item Description Chemical Cleaning System		FY00		FY01		D. Activity Identification Anniston Army Depot	
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
Chemical Cleaning System					1	623.000	623.000						
TOTAL					1		623.000						
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Presently, Anniston disassembles engines in Building 130 and then uses forklifts to move the components to Building 409 and 411 for chemical cleaning. After cleaning, the components are returned to Building 130 for repair and reassembly. This increases the product's cost and risks damaging the components by accident and exposure to the elements. The new cleaning process, which will be located in Building 130, will accommodate the M113 Family of Vehicles (FOV), Self Supported Artillery, M551, M88, M60, M48 and M9ACE. Current workloads for the Directorate of Production are expected to increase over the life of this project. b. ANTICIPATED BENEFITS: The mission requirement to provide this support will remain for the life of the project. The economic life of this project will be 10 years and the useful life of the chemical cleaning process will be 10 years. The safety of the operation will be greatly increased if the parts can be moved with hoists and conveyors instead of having to use forklifts to move them in and out of work bays. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Maintenance and operating costs for the forklifts will increase at a rate of 2% per year for the life of the project. Transporting components/parts to other buildings will add cost to the product and increases the risk of damage to the components through accidents and exposure to the elements. d. ECONOMIC ANALYSIS PERFORMED? Yes.													
ECONOMIC INDICATORS:													
Total Cost of the Project		\$623		Net Present Value of Benefits:		\$930		Benefit to Investment Ratio:		2.5		Payback Period: 4.1	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 01-01		Item Description Plasma Spray Equipment		Activity Identification Red River Army Depot			
Element of Cost		FY99		FY00		FY01					
Quantity		Unit Cost		Total Cost		Quantity		Unit Cost		Total Cost	
Plasma Spray Equipment							1		550.000		550.000
TOTAL							1				550.000
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Red River Army Depot performs overhaul and repair on the Bradley Fighting Vehicle (BFV). During the overhaul many components , which are too worn for reuse, are discarded and replaced. The BFV VTA903 engine and many of the subsystem components could be reclaimed with the use of thermal spray technologies, if they were available at the depot. b. ANTICIPATED BENEFITS: With the approval of this project, worn BFV components could be reclaimed at the time of overhaul. Plasma Spray Equipment (PSE) would apply a ceramic material spray coating to worn parts that are subject to a lot of friction damage and for which wear resistance is the primary determinant of useful life. Applying a ceramic coating would reduce subsequent wear and permit higher operational temperatures, both of which would extend the life of the part. Reclaiming parts would reduce BFV overhaul costs by as much as 20% and would also reduce operating costs, because fewer replacement parts and less POL would be required. Industry tests have shown that the use of ceramic thermal spray coating increases part mobility (movement) and reduces harmful emissions. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The cost of overhauling the BFV will remain high. By continuing to replace versus reclaim components, the Army will forego expected program savings of over \$6.2M over the 10-year expected life of the equipment. In addition, the ancillary benefits in part mobility and fuel savings will not be realized. d. ECONOMIC ANALYSIS PERFORMED? YES.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$550		Net Present Value of Benefits:		\$3,244		Benefit to Investment Ratio:		6.9	
										Payback Period:	
										5.2	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
AUTOMATED DATA PROCESSING (\$ in Thousands)											
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 00-05		Item Description LAN Switching Upgrade				D. Activity Identification Tobyhanna Army Depot	
Element of Cost		FY99		FY00		FY01					
Quantity		Unit Cost		Total Cost		Quantity		Unit Cost		Total Cost	
LAN Switching Upgrade						1	965.154				
TOTAL						1	965.154				
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current Local Area Network (LAN) primarily consists of a 100 megabyte Fiber Distribution Data ring and a 10 megabyte shared Ethernet hub. The current LAN will not be able to handle the increased traffic as the depot transitions to a total Windows NT desktop environment, as well as to Computer Guided Design, Imaging and Video Teleconferencing. An upgrade is needed to the existing system, which frequently slows down or freezes up. b. ANTICIPATED BENEFITS: Moving to a switched network environment will give each depot end user a dedicated 10 Megabyte per second (MBS) Ethernet with the ability of going to 100 MBS. This will reduce the number of user problems. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Failure to implement this project will result in a slower operating network with increased periods of saturation, resulting in user problems. d. ECONOMIC ANALYSIS PERFORMED? No. Status Quo is not applicable.											
ECONOMIC INDICATORS: Total Cost of the Project \$965 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 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 99-07		Item Description Miscellaneous Minor Constr Proj <\$500K		D. Activity Identification All Depots			
Element of Cost		FY99		FY00		FY01					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost		
Various Minor Construction Projects <\$500K	10	389.125	3,891.250	8	211.250	1,690.000	5	383.600	1,918.000		
TOTAL	10		3,891.250	8		1,690.000	5		1,918.000		
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 exposure to cadmium and trinitrotoluene (TNT), 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 costs, and address environmental and health concerns. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Installation 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		\$7,499		Net Present Value of Benefits:		Benefit to Investment Ratio:		Payback Period:			

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 99-08		Item Description Army Workload and Performance System		D. Activity Identification All Depots		
Element of Cost		FY99		FY00		FY01				
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
AWPS		1	3,188,000	3,188,000	1	2,713,000	2,713,000	1	3,599,000	3,599,000
TOTAL		1		3,188,000	1		2,713,000	1		3,599,000
Narrative Justification:										
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: General Accounting Office concluded in February 1997 that the Army cannot identify and prioritize its institutional workload. The material weakness stated that "...managers at all levels do not have the information needed to improve work performance, improve organizational efficiency, and determine support staffing needs, manpower budgets, and personnel reductions." The Army's plan to correct this material weakness includes the fielding of Army Workload and Performance System (AWPS). b. ANTICIPATED BENEFITS: The Army Workload and Performance System (AWPS) will assist HQ, Army Materiel Command, Major Subordinate Commands and Depots in managing complex workload and employment strategies. AWPS is a personal computer based, networked, software solution designed to integrate existing production and financial data into a single graphic program. Production and resource managers can isolate key scheduling and cost problems at the product level, and project workforce needed to accomplish various levels of workload. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: AWPS is at the stage where only depot maintenance workload can be evaluated. Without additional expenditures, workload associated with "Ammunition", "Base Operations", "Logistics" and "Manufacturing" cannot also be incorporated into AWPS. The system, as is, only partially corrects the noted material weakness. Decisions to make personnel reductions are prohibited, by law, until AWPS is operational at the maintenance depots. d. ECONOMIC ANALYSIS PERFORMED? No Exempt, mandated by Congress.										
ECONOMIC INDICATORS:										
Total Cost of the Project		\$13,541		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 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 00-06		Item Description Wholesale Logistics Modernization Program		D. Activity Identification CECOM			
		FY99		FY00		FY01					
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Contractor Support					1	6,913.000	6,913.000	1	7,500.000	7,500.000	
TOTAL					1		6,913.000	1		7,500.000	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current Army standard logistics systems are based on 25 year old computer technology and depend on large layered inventory levels to support a forward deployed force against the Cold War enemy. The current process is characterized by a lack of flexibility, has resulted in separate wholesale and retail systems, and suffers from long shipping times and limited visibility of the supply pipe-line. The Army must reengineer its logistics processes to provide the flexibility to support today's CONUS-based power projection scenarios and utilize modern information technology enablers that will provide real time visibility of logistics processes and support the Revolution in Military Logistics. b. ANTICIPATED BENEFITS: Wholesale Logistics Modernization Program is a ten-year project to correct the noted deficiencies. It will enable the Army to take advantage of commercial expertise, experience, and investments in process improvement and information technology. The Army Materiel Command (AMC) will be able to perform business process reengineering (BPR), adopt market-driven business practices, and provide significantly improved services. The new process will help us achieve synchronization with Global Combat Support System - Army. The Army will retain Intellectual Property Rights to all documentation with regard to BPR reports and system description and implementation plans. The Depot Maintenance portion of the ten-year investment will total \$59 M, part of a \$400M program, which also includes the Supply Management business area. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: AMC will be forced to maintain inefficient and unduly expensive wholesale logistics processes due to the limitations of the current automated system, the Standard Depot System. The system contains processes that are outdated, expensive to maintain, and technically vulnerable. The COBOL 74 compiler supporting the system is no longer supported by the manufacturer. These deficiencies will preclude the Army from providing an agile logistics support capability as required by the Revolution in Military Logistics. d. ECONOMIC ANALYSIS PERFORMED? Yes. An Economic Analysis was done by the Cost Analysis Division, Directorate for Resource Management, CECOM, Ft. Monmouth, N.J.											
ECONOMIC INDICATORS: Total Cost of the Project \$14,413 Net Present Value of Benefits: (\$12,000) Benefit to Investment Ratio: Payback Period:											

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission
B. Component, Activity Group, Date Depot Maintenance		28 Feb 00		C. Line No 99-10		Item Description SDS Common Operating Environmnt (COE)		D. Activity Identification Various Depots		
Element of Cost	Quantity	FY99		FY00		FY01		Total Cost	Total Cost	Total Cost
		Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Quantity			
Software Development	1	3,980,000					1	1,000,000	1,000,000	
TOTAL	1						1		1,000,000	
Narrative Justification:										
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current technology, involving numerous disparate unique and bridge systems at the various Major Subordinate Commands (MSC) and Separate Reporting Activities (SRA) impedes technology insertions and business process improvements, limits end user access, and causes logistics maintenance costs to rise with each change. The obsolete design characteristics hamper efforts to introduce business process improvements. This combination of archaic structure, lack of documentation, and outdated technology makes it extremely difficult to respond to rapidly changing business requirements which demand modern technology. b. ANTICIPATED BENEFITS: This effort will enable AMC to comply with DoD policy, including Joint Vision 2010 (Joint Chiefs of Staff Implementation Policy, CJCSI 3010.01), Defense Planning Guidance for FY 1999-2003 and the May 1997 Quadrennial Defense Review. These directives require all organizations to reduce logistics support costs and consolidate functions that are being performed at multiple locations. There are currently 8,940 unique and bridge systems across AMC, of which roughly 40% support depot maintenance activities. These must be consolidated and linked to enable AMC to accomplish business process improvements. There also must be a standard technical architecture in place to allow the insertion of new command unique systems. This initiative will create a common operating environment across MSC's and SRA's that will interface with the WLMP system and allow the end users to perform all business functions from a single workstation. It will also enable AMC to reduce the number of unique applications that operate at different sites and lower support costs by doing so. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The Army wholesale Depot Maintenance System will remain inefficient and costly, in spite of significant upgrades, such as Wholesale Logistics Modernization Program (WLMP). This effort will complement WLMP by providing a complete technology architecture to all wholesale logistics processes and by helping to reduce support costs and infrastructure needs for the distributed and outdated Army Depot Maintenance System. d. ECONOMIC ANALYSIS PERFORMED? No. Exempt. Required to conform to Defense Information Infrastructure/Common Operating Environment (DII/COE).										
ECONOMIC INDICATORS:										
Total Cost of the Project		\$17,447		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 2000-2001 Amended Budget Estimate Submission
SOFTWARE (\$ in Thousands)										
B. Component, Activity Group, Date Depot Maintenance	28 Feb 00	C. Line No 99-13		Item Description SDS Century Date Change		D. Activity Identification All Depots				
Element of Cost	Quantity	FY99		FY00		FY01				
		Unit Cost	Total Cost	Quantity	Unit Cost	Quantity	Unit Cost	Quantity	Unit Cost	Total Cost
SDS Century Date Change	6	275.666	1,653.996	6	100.000					
TOTAL	6		1,653.996	6						
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current Standard Depot System (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. ECONOMIC ANALYSIS PERFORMED? Exempt. DoD Directed.										
ECONOMIC INDICATORS:										
Total Cost of the Project	\$5,645	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
Depot Maintenance
28 Feb 00
(\$ in Millions)

FY 1999

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/Deficiency	Explanation
EQUIPMENT							
EQUIPMENT-Replacement							
FY 99	Various Capital Equipment (<\$500K)	2.601	0.033	2.634	2.634		Reprogram in fr CNC 5-Axis Machining Center project.
EQUIPMENT-Productivity							
FY 99	CNC 5-Axis Machining Center	0.923	(0.923)				
FY 99	CNC Machining Center Retrofit		0.889	0.889	0.889		Reprogram out to CNC Mach. Ctr. Retrofit (890K) and Var. Cap. Equip. (33K)
FY 99	Automated Storage & Retrieval Sys (TYAD)	1.075		1.075	1.075		
FY 99	Auto Storage & Retrieval System (CCAD)	2.403		2.403	2.403		Reprogram in fr CNC 5-Axis Mach. Ctr. (890K). Reprog out to ORD activities (1K)
FY 99	Auto Storage & Retrieval Sys (LEAD)	0.499		0.499	0.499		
AUTOMATED DATA PROCESSING							
MINOR CONSTRUCTION							
FY 99	Miscellaneous Minor Constr Proj <\$500K	3.925	(0.034)	3.891	3.891		Reprogram \$25K out to ORD activities. Reprogram \$9K out to FY98 Var. Minor Construct
SOFTWARE							
FY 99	Army Workload and Performance System	1.565	1.623	3.188	3.188		Reprogram in fr SDS/MRP (\$1,280K) and ORD activities (343K).
FY 99	SDS/Manufact. Resources Prog. (MRP)	10.490	(5.760)	4.730	4.730		Reprogram out of \$4,480K to SMA activities (for Y2K) and \$1,280K to AWPS.
FY 99	SDS Common Operating Environment (COE)	3.980		3.980	3.980		
FY 99	SDS Defense Log. Mgmt Sys (DLMS)	1.262	(1.262)				Reprogram out of \$1,150K to SDS CDC, 16K to ORD activities, \$57K out to FY98 Whirl Tower, and \$9K to FY98 Var Minor Construction. Project cut by \$30 K.
FY 99	SDS Century Date Change	0.504	1.150	1.654	1.654		Reprogram in of \$1,150K fr SDS DLMS
FY 99	DM Interfaces	3.982		3.982	3.982		
FY 99	Rotary Wing Acft Sustainment Proj		2.885	2.885	2.885		Funds reprogrammed from OMA to Capital Investment Program
Total		33.209	(1.399)	31.810	31.810		

Exhibit Fund 9d Capital Budget Execution
Department of Army
Depot Maintenance
28 Feb 00
(\$ in Millions)

FY 2000

PROJECTS ON THE FY 2001 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 00	Various Capital Equipment (<\$500K)	1.375		1.375	1.375		
<u>EQUIPMENT-Productivity</u>							
FY 00	Automated Liquid Penetrant Inspection Sys	0.900		0.900	0.900		
FY 00	Vacuum Furnace	0.950		0.950	0.950		
FY 00	ASRS Positioner Controls Upgrade	0.829		0.829	0.829		
FY 00	Chemical Cleaning System	0.623		0.623	0.623		
<u>AUTOMATED DATA PROCESSING</u>							
FY 00	LAN Switching Upgrade	0.965		0.965	0.965		
<u>MINOR CONSTRUCTION</u>							
FY 00	Miscellaneous Minor Constr Proj <\$500K	2.435	(0.745)	1.690	1.690		Reprog \$413K to SDS CDC and \$332K to FY98 Whirl Tower Relocation Project
<u>SOFTWARE</u>							
FY 00	Army Workload and Performance System	2.713		2.713	2.713		
FY 00	Wholesale Logistics Modernization Program	2.900		6.913	6.913		Reprog \$2,713K from SDS COE and \$1,300K from Operating Budget
FY 00	SDS Century Date Change	2.720	(2.720)				Reprog \$2,713K to WLMF and \$7K to SDS CDC
FY 00		0.180	0.420	0.600	0.600		Reprog \$413K from Misc Minor Construct Proj and \$7K from SDS COE
	Total	16.590	0.968	17.558	17.558		

Activity Group Capital Investment Summary Ordinance (\$ in Millions)						
Line No.	Description	FY 99		FY00		FY 01
		Quantity	Total Cost	Quantity	Total Cost	Quantity Total Cost
98-A3	EQUIPMENT-Replacement					
98-A2	Various Capital Equipment <\$500k	23	5.518	16	4.680	52 12.055
00-A2	Finisher for Rotational Parts	1	0.976			
01-A6	Fluid Bed Mixer			1	1.678	1 0.779
	4 Axis Machining Center					
	SUBTOTAL	24	6.494	17	6.358	53 12.834
00-A3	EQUIPMENT- Productivity					
01-A3	Bulk Dunnage Incinerator			1	1.067	1 0.625
	Mat'l Feed For Supercritical Water Oxidizer					
	SUBTOTAL			1	1.067	1 0.625
98-A5	EQUIPMENT- Environmental					
00-A4	Air Pollution Controls Upgrade	2	4.130	1	0.629	
	Thermal Arc Spray System					
	SUBTOTAL	2	4.130	1	0.629	
	EQUIPMENT- New Mission					
	SUBTOTAL					
	EQUIPMENT TOTAL	26	10.624	19	8.054	54 13.459

Activity Group Capital Investment Summary Ordinance (\$ in Millions)						
Line No.	Description	FY 99		FY00		FY 01
		Quantity	Total Cost	Quantity	Total Cost	Quantity Total Cost
97-A9 00-A5	AUTOMATED DATA PROCESSING					
	Miscellaneous ADPE <\$500k	4	0.856	4	1.326	10 3.324
	Dial Central Office (DCO) Upgrade			1	0.650	
	ADP TOTAL	4	0.856	5	1.976	10 3.324
98-A6	MINOR CONSTRUCTION					
	Minor Construction <\$500k	7	1.859	11	3.387	26 7.900
	MINOR CONSTRUCTION TOTAL	7	1.859	11	3.387	26 7.900
M98-03 00-A6	SOFTWARE					
	Army Workload & Performance Sys (AWPS)	1	3.279	1	4.715	1 4.674
	Enterprise Resource Planning (ERP)			1	3.971	
	SOFTWARE TOTAL	1	3.279	2	8.686	1 4.674
	Activity TOTAL	38	16.618	37	22.103	91 29.357

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Ordnance		28 Feb 00		C. Line No 98-A3		Item Description Various Capital Equipment <\$500k		D. Activity Identification Various Installations			
Element of Cost		FY 99		FY 00		FY 01					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Replacement		10	166.900	1,669.000	10	289.600	2,896.000	31	216.320	6,705.920	
Productivity		11	255.818	2,813.998	5	272.200	1,361.000	20	243.450	4,869.000	
Environmental		2	517.659	1,035.318	1	423.000	423.000	1	480.000	480.000	
New Mission											
TOTAL		23		5,518.316	16		4,680.000	52		12,054.920	
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 Machine Matching & Planning Equipment, Extruding Press, Robot Handling System, Gun Tube Inspection System, and Abrasive Water Jet System. 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		\$22,253		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
										Payback Period:	
										N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
EQUIPMENT- Replacement (\$ in Thousands)				B. Component, Activity Group, Date Ordnance 28 Feb 00		C. Line No 00-A2		Item Description Fluid Bed Mixer		D. Activity Identification Pine Bluff Arsenal (PBA)	
Element of Cost Equipment		FY 99		FY 00		FY 01		FY 01		FY 01	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
				1	1,678,000						
TOTAL				1	1,678,000						
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Fluid Bed Mixers are used to blend the various smoke mixtures for PBA's assigned smoke munitions. The existing machines are over 25 years old and have been used heavily. The maintenance costs are escalating and the machines cannot be relied upon for dependable production. This project will replace one of these original fluid bed mixers. The munitions supported by these mixers are: the M18 Colored Smoke Grenades, the M83 Teraphthalic Acid Smoke (Training.) Grenade, XM90 Light Vehicle Obsuration Smoke System (LVOSS) Grenade, and the M8 TA Smoke Pot. b. ANTICIPATED BENEFITS: With this replacement PBA will have the needed capacity to produce the required munitions at the rate needed to meet the Army's and other Services' needs. The combined capacity and reliability of the new machines will place PBA in a better position to avoid a schedule slippage by using multiple shifts. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The original mixers are badly worn and the potential for a major failure of these machines is great. Parts are difficult to obtain, requiring a long time to acquire. These parts' shortages would result in an extended period, when the production schedule could not be met. Such a major failure, and the related downtime, would seriously impede PBA's Smoke Grenade and Smoke Pot manufacturing capability. The Army and other Services will experience shortfalls to both the War Reserve and training requirements. The newer machines will result significantly less maintenance downtime and cost. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$1,678		Net Present Value of Benefits:		\$172.9		Benefit to Investment Ratio:		1.1	
										Payback Period: N/A per EA	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
EQUIPMENT- Replacement (\$ in Thousands)											
B. Component, Activity Group, Date		28 Feb 00		C. Line No 01-A6		Item Description 4 Axis Machining Center		D. Activity Identification Rock Island Arsenal (RIA)			
		FY 99		FY 00		FY 01					
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Equipment								1	779.000	779.000	
TOTAL								1		779.000	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current machine can not be economically rebuilt and must be replaced. It can no longer maintain the level of precision that is required by manufacturing drawings. For the last 11 years, the current machine has been operating 3 shifts a day and reliability and heavy maintenance are now an economic issue. This machine is required to manufacture critical parts for the M119/M198 Howitzers and M182 Gun Mount for the M109A6 Paladin. b. ANTICIPATED BENEFITS: This machine is required for the manufacture of lightweight small dimensional parts. The acquisition of this new machine would mean faster machining times, more safety features, and newer technology. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Failure to execute this project will impact cost and scheduling of current and future armament products. In addition, the new machine will better meet Occupational Safety and Health Act (OSHA) requirements to protect the operator from exposure to moving parts and debris. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$779		Net Present Value of Benefits:		\$57.8		Benefit to Investment Ratio:		1.1	
								Payback Period:		N/A per EA	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission					
EQUIPMENT- Productivity										FY 2000-2001 Amended					
(\$ in Thousands)										Budget Estimate Submission					
B. Component, Activity Group, Date		C. Line No		Item Description		FY 00		FY 01		D. Activity Identification					
Ordnance		00-A3		Bulk Dunnage Incinerator						Pine Bluff Arsenal (PBA)					
28 Feb 00															
FY 99		FY 00		FY 01											
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
Equipment				1	1,067.000	1,067.000									
TOTAL				1		1,067.000									
Narrative Justification:															
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The PBA Central Incinerator Complex originally had four means of incinerating wastes: the Fluid Bed Incinerator, for liquid, slurry, and powder wastes; the Rotary Deactivation Furnace for small ordnance items; the Chain Grate Incinerator, a continuous feed system for bulk waste; and the Car Bottom Furnace for very large items which were too large for the Chain Grate Incinerator to accommodate. The Chain Grate Incinerator was used for most bulk wastes with the Car Bottom Furnace providing back-up. Due to its heavy use, the Chain Grate became unserviceable and was removed. All bulk material incineration is currently disposed via the Car Bottom Furnace. The material being disposed of includes various PBA-generated wastes and DOD wastes, including out-of-date medicines and medical supplies. The anticipated workload, nearly 3 million pounds, is too great for the Car Bottom Furnace. Due to its design, the Car Bottom Furnace is a slow method of bulk disposal. A single charge is loaded into the furnace and incinerated. Before personnel can load the next charge the furnace must cool sufficiently to allow approach. b. ANTICIPATED BENEFITS: The Bulk Dunnage Incinerator will be a continuous feed system allowing much greater efficiency. The Car Bottom Furnace has been used as a temporary "fix" to allow continued operation. This project will replace the defunct Chain Grate Furnace. The current, more stringent, environmental regulations restrict replacing with a similar (Chain Grate) unit. The design of the new system must meet these more restrictive regulations. The existing Car Bottom Furnace will continue in operation for items which are too large for the new unit to accommodate. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: PBA will not meet its projected workload of PBA generated and DOD waste material destruction. PBA will be forced to continue this inefficient, "temporary" operation. The Car Bottom Furnace will require high maintenance and/or premature replacement, due to its heavy use. d. ECONOMIC ANALYSIS PERFORMED? Yes.															
ECONOMIC INDICATORS:															
Total Cost of the Project		\$1,067		Net Present Value of Benefits:		\$13,288.8		Benefit to Investment Ratio:		13.5		Payback Period:		N/A per EA	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission	
EQUIPMENT- Productivity										FY 2000-2001 Amended	
(\$ in Thousands)										Budget Estimate Submission	
B. Component, Activity Group, Date		28 Feb 00		C. Line No		Item Description		D. Activity Identification		Pine Bluff Arsenal (PBA)	
Ordnance		01-A3		Mat'l Feed For Supercritical Water Oxidizer							
		FY 99		FY 00		FY 01					
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Equipment								1	624.600	624.600	
TOTAL								1		624.600	
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: A Supercritical Water Oxidizer (SCWO) system is being built at PBA. This system is an alternative to incineration; the SCWO is designed to oxidize (not incinerate) loose, pulverized smoke mixtures. Oxidation will eliminate large amounts of toxic particulate smoke matter more completely and cleanly prior to discharge into the atmosphere. All substances treated in the SCWO must be either liquified or a slurry mixture. By contrast, the Bulk Dunnage Incinerator burns moderate sized solid combustible materials, such as contaminated cardboard or wood packaging materials (dunnage). Since the SCWO was a prototype within the Army, the original design didn't include the capability to store and automatically feed the particulate matter into the system. Like an incinerator this system requires continuous operation. Both operators and material handlers must work "around the clock" to keep the system in operation. This SCWO will be staffed in two - twelve hour shifts while it is in operation. b. ANTICIPATED BENEFITS: This project will equip the SCWO system with waste material storage facilities to maintain a twelve hour supply of waste material, and an automated, continuous feed system. The project will reduce the need for material handlers to a single shift. Only the system operator(s) would be required during the second shift. The resultant cost avoidance of these additional personnel is the crux of this project. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: PBA will need to employ additional material handlers to support the continuous operation of this waste disposal system. Additional personnel costs of about \$250,000 per year will be incurred which will then have to be passed to their customers. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$625		Net Present Value of Benefits:		\$10.74		Benefit to Investment Ratio:		1.0	
								Payback Period:		N/A per EA	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date		28 Feb 00		C. Line No 00-A4		Item Description Thermal Arc Spray System		D. Activity Identification McAlester Army Ammo Plant			
Element of Cost		FY 99		FY 00		FY 01					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Equipment					1	628.813	628.813				
TOTAL					1		628.813				
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: In the past, bomb bodies have been primer-coated to inhibit corrosion. Because this process releases Volatile Organic Compounds (VOCs) it has the potential poison the environment; in addition, it provides limited protection against corrosion. b. ANTICIPATED BENEFITS: The new technology used in thermal arc spray coating is environmentally benign and is projected to extend corrosion resistance more than two-fold over the conventional primer. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Impending environmental legislation may prevent continued use of the conventional primer coating. Without thermal arc spray, corrosion resistance would not be improved. The Navy bomb program managers have developed and endorsed this technology and expect McAlester Army Ammunition Plant (McAAP) to establish this capability. Without it McAAP might lose some or all of its bomb workload. d. ECONOMIC ANALYSIS PERFORMED? Yes. The Status Quo is not an option; therefore no NPV, BIR, or Payback have been calculated.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$629		Net Present Value of Benefits:		\$1,166		Benefit to Investment Ratio:		N/A	
								Payback Period:		N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION AUTOMATED DATA PROCESSING (\$ in Thousands)										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Ordnance		28 Feb 00		C. Line No 97-A9		Item Description Miscellaneous ADPE <\$500k		D. Activity Identification Various Ordnance Installations			
Element of Cost		FY 99		FY 00		FY 01					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Total Cost
Equipment	4	214.000	856.000	4	331.500	1,326.000	10	332.400	3,324.000		
TOTAL	4		856.000	4		1,326.000	10		3,324.000		
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, and Tooele Army Depot. Projects will allow sites to conform to Army standards and improve communications with other Army sites. New technology will improve security and lessen the threat of access by unauthorized sources. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Systems/equipment will continue to be unreliable, downtime will increase and administrative costs will rise. Users will be unable to communicate with higher headquarters, other installations, and customers via electronic means. Data will be at risk for release to unauthorized users. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$5,506		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
										Payback Period: N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION AUTOMATED DATA PROCESSING (\$ in Thousands)										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
B. Component, Activity Group, Date Ordnance		28 Feb 00		C. Line No 00-A5		Item Description Dial Central Office (DCO) Upgrade		D. Activity Identification Sierra Army Depot			
		FY 99		FY 00		FY 01					
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Total Cost
Equipment				1	650.000	650.000					
TOTAL				1		650.000					
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 at Sierra 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 upgrade is not accomplished, Sierra Army Depot will be unable 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 \$8-10 M. d. ECONOMIC ANALYSIS PERFORMED? Yes. The status quo is not an option.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$650		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
								Payback Period:		N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission	
MINOR CONSTRUCTION										FY 2000-2001 Amended	
(\$ in Thousands)										Budget Estimate Submission	
B. Component, Activity Group, Date		28 Feb 00		C. Line No		Item Description		D. Activity Identification		Various Installations	
Ordnance		98-A6		Minor Construction <\$500k							
Element of Cost		FY 99		FY 00		FY 01					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Minor Construction		7	265.571	1,858.997	11	307.909	3,386.999	26	303.846	7,899.996	
TOTAL		7		1,858.997	11		3,386.999	26		7,899.996	
Narrative Justification: a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This program will replace or upgrade installation facilities that contribute to production deficiencies, use excessive resources, lack energy conservation, or do not comply with regulatory requirements addressing health, safety, environmental and security concerns. Examples of projects required for health and safety compliance include Fire Suppression Systems, Blast Chamber Facility, and Watermain Loop. Examples of projects that correct workload/production deficiencies are alterations to the Industrial Repair Facility and Construct Pump Test Facility. Examples of projects that correct excessive use of resources/lack of energy conservation are Container Stuffing Pad and Heat/Insulate Ground Level Warehouses. Examples of environmental projects are Sewage Plant Remediation, Upgrade Production Engineering Lab Wastewater Utilities, and Admin Building for an Environmental Lab. b. ANTICIPATED BENEFITS: These projects correct health/safety/security deficiencies by 1) providing fire suppression, 2) decreasing exposure to hazards from open air burning and detonation of conventional ammunition, 3) providing sufficient water quality and pressure, and 4) complying with fire and safety codes. Other benefits include reduced labor costs by centralization of personnel, elimination of lost production time during winter months, more energy efficient facilities, and prevention of contamination of the sanitary sewer. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Without this program, installations 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		\$13,146		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
										Payback Period: N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date Ordnance		28 Feb 00		C. Line No M98-03		Item Description Army Workload & Performance Sys (AWPS)		D. Activity Identification Various Installations			
Element of Cost		FY 99		FY 00		FY 01					
Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
1	3,279.000	3,279.000	1	4,715.000	4,715.000	1	4,674.000	4,674.000			
AWPS											
TOTAL		1		3,279.000	1		4,715.000	4,674.000			
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: General Accounting Office concluded in February 1997 that the Army cannot identify and prioritize its institutional workload. The material weakness stated that "managers at all levels do not have the information needed to improve work performance, improved organizational efficiency and determine support staffing needs, manpower budgets and personnel reductions". The Army's plan to correct this material weakness includes the fielding of the Army Workload & Performance System (AWPS). b. ANTICIPATED BENEFITS: AWPS will assist HQ, Industrial Operations Command (IOC) and other Major Subordinate Commands in managing complex workload and employment strategies. AWPS is a personal computer based, networked, software solution designed to integrate existing production and financial data into a single graphic program. Production and resource managers can isolate key scheduling and cost problems at the product level and project workforce needed to accomplish various levels of workload. The investment in AWPS purchases programming, training, site engineering, documentation and technical support. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: AWPS is approaching validation of the Maintenance and Ammunition modules. Without additional funding, work needed to complete certification, training, and implementation of these modules, and development and fielding of the Base Operations module cannot be accomplished. d. ECONOMIC ANALYSIS PERFORMED? No. Exempt. Congressional Mandate.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$12,668		Net Present Value of Benefits:		N/A		Benefit to Investment Ratio:		N/A	
										Payback Period: N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission	
SOFTWARE (\$ in Thousands)											
B. Component, Activity Group, Date		28 Feb 00		C. Line No 00-A6		Item Description Enterprise Resource Planning (ERP)				D. Activity Identification Rock Island Arsenal (RIA)	
Element of Cost		FY 99		FY 00		FY 01					
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software (incl. license fees, site survey, business process re-engineering, interfaces, training, implementation & instruct)					1	3,971.000	3,971.000				
TOTAL					1		3,971.000				
Narrative Justification:											
a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current Manufacturing Resource Planning (MRP) system is based on obsolete legacy technology, and its mid- and long-term sustainability is questionable. This places the business of the enterprise at great risk and is limits the competitive edge that emerging technology offers. The existing legacy MRP system does not include the logistics support and base operations missions. b. ANTICIPATED BENEFITS: RIA has three missions: manufacturing, logistics support, and base operations. The three missions require different approaches but share a common need for enterprise reporting. By procuring a state-of-the-market, commercial-off-the-shelf, ERP solution, which will be used for all three missions, RIA will replace existing systems, which are nearing the end of their productive life cycles, improve productivity, promote the use of industry's best business practices, and achieve the ultimate goal of reducing operational costs. c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Without this project RIA will retain the current MRP system and other non-integrated systems with increased costs and degradation of services. They run the risks of increased downtime, loss of functionality, operating losses and cash drains due to the under-recovery of overhead and unexpected indirect labor expenses resulting from downtime. d. ECONOMIC ANALYSIS PERFORMED? Yes.											
ECONOMIC INDICATORS:											
Total Cost of the Project		\$3,971		Net Present Value of Benefits:		\$1,593		Benefit to Investment Ratio:		1.4	
								Payback Period:		6.3 Yrs	

Exhibit Fund 9d Capital Budget Execution
Department of Army
Ordinance
28 Feb 00
(\$ in Millions)

FY 1999

PROJECTS ON THE FY 2001 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 99	Various Capital Equipment <\$500k	8.072	(2.554)	5.518	5.518		Reprogrammings out of \$2.038K to ORD AWPS, \$343K to DM AWPS, \$8K to FY98 Var MC, and \$166K to Misc ADPE. Reprogramming in of 1K fr DM
FY 99	Finisher for Rotational Parts	0.976		0.976	0.976		
<u>EQUIPMENT-Environmental</u>							
FY 99	Air Pollution Controls Upgrade	4.130		4.130	4.130		
<u>AUTOMATED DATA PROCESSING</u>							
FY 99	Miscellaneous ADPE <\$500k	0.649	0.207	0.856	0.856		Reprog in of \$166K fr Var. Cap. Eq. For Security Telecom Sys at RIA Reprog in of \$41K fr DM activities
<u>MINOR CONSTRUCTION</u>							
FY 99	Minor Construction <\$500k	1.859		1.859	1.859		
<u>SOFTWARE</u>							
FY 99	Army Workload & Performance Sys (AWPS)	1.241	2.038	3.279	3.279		Reprogramming in of \$2.038K fr Var. Cap. Eq. to devel/field Ammo Module
Total		16.927	(0.309)	16.618	16.618		

Exhibit Fund 9d Capital Budget Execution
Department of Army
Ordinance
28 Feb 00
(\$ in Millions)
FY 2000

PROJECTS ON THE FY 2001 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>							
EQUIPMENT-Replacement							
FY 00	Various Capital Equipment <\$500k	7.760		7.760	4.680	3.080	Apply asset to AWPS to support increase
FY 00	Fluid Bed Mixer	1.678		1.678	1.678		
EQUIPMENT- Productivity							
FY 00	Bulk Damage Incinerator	1.067		1.067	1.067		
EQUIPMENT- Environmental							
FY 00	Thermal Arc Spray System	0.629		0.629	0.629		
<u>AUTOMATED DATA PROCESSING</u>							
FY 00	Miscellaneous ADPE <\$500k	1.747		1.747	1.326	0.421	Apply asset to AWPS to support increase
FY 00	Dial Central Office (DCO) Upgrade	0.650		0.650	0.650		
<u>MINOR CONSTRUCTION</u>							
FY 00	Minor Construction <\$500k	4.365		4.365	3.387	0.978	Apply asset to AWPS to support increase
<u>SOFTWARE</u>							
FY 00	Army Workload & Performance Sys (AWPS)	0.236		0.236	4.715	(4.479)	Assets applied from Var. Cap. Equip.. Misc ADPE & MC for mandated increase to support program needs
FY 00	Enterprise Resource Planning (ERP)	3.971		3.971	3.971		
	Total	22.103		22.103	22.103		

Activity Group Capital Investment Summary Information Services (\$ in Millions)						
Line No.	Description	FY 99		FY00		FY 01
		Quantity	Total Cost	Quantity	Total Cost	Quantity Total Cost
98-1	AUTOMATED DATA PROCESSING					
	Misc. ADPE & Telecom Equip. <\$500K	1	0.335			
	ADP TOTAL	1	0.335			
	INFORMATION SERVICES TOTAL	1	0.335			

Exhibit Fund 9d Capital Budget Execution
 Department of Army
 Information Services
 28 Feb 00
 (\$ in Millions)

FY 1999

PROJECTS ON THE FY 2001 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>AUTOMATED DATA PROCESSING</u>						
FY 99	Misc. ADPE & Telecom Equip. <\$500K	0.335		0.335	0.335		
	<u>MINOR CONSTRUCTION</u>						
	<u>SOFTWARE</u>						
	Total	0.335		0.335	0.335		