DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2004 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description	FY 2002		FY 2003		FY 2004		FY 2005	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499	11	1.2	8	1.2	17	4.3	8	1.6
REP 000	Replacement	5	0.7	6	0.8	7	1.8	6	1.2
PRD 000	Productivity	6	0.5	2	0.4	10	2.6	2	0.4
NEW 000	New Mission								
	EQUIPMENT (Non ADP/T) $0.5 to $0.999	3	2.0	3	2.6	4	2.7	4	3.5
REP 100	Replacement			2	1.8	2	1.1	1	0.8
PRD 100	Productivity	3	2.0	1	0.9	2	1.6	3	2.7
NEW 100	New Mission								
	EQUIPMENT (Non ADP/T) $1.0 and Over	5	12.2	5	10.7	5	14.7	5	14.2
REP 200	Replacement	2	6.3	2	3.5			1	2.5
PRD 200	Productivity	2	4.2	3	7.2	5	14.7	4	11.7
NEW 200	New Mission	1	1.7						
	TOTAL EQUIPMENT (Non ADP/T)	19	15.4	16	14.5	26	21.7	17	19.2
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499	21	4.4	22	15.1	235	8.9	216	5.9
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999					1	1.0	4	3.6
ADP 200	ADP/T EQUIPMENT $1.0 and Over	1	1.3	2	2.7				
	TOTAL EQUIPMENT (ADP/T)	22	5.8	24	17.8	236	9.9	220	9.5
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499								
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999								
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over		2.7		11.5		19.2		3.5
	TOTAL SOFTWARE DEVELOPMENT		2.7		11.5		19.2		3.5
RPM 000	MINOR CONSTRUCTION		9.9		7.5		7.5		7.5
	TOTAL AGENCY CAPITAL INVESTMENTS	41	33.7	40	51.4	262	58.3	237	39.7
	Total Capital Outlays		70.5		53.0		58.4		46.4
	Total Depreciation Expense		69.4		42.8		42.4		41.9

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **FISCAL YEAR (FY) 2004 BUDGET ESTIMATES**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description REP 000 Replacement Equipment $0.1 to $0.499						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total REP 000	5	133.6	668	6	130	780	7	253	1,771	6	195.6	1,174

Narrative Justification:

These investments for forklifts, trucks and miscellaneous warehouse equipment are required to replace existing items with similar characteristics that have reached or significantly exceeded the useful life established for these categories. Based on guidance contained in various DoD governing policies, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization, and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.
FY 2004 projects include: one transporter truck ($135) at Anniston; one transporter truck ($135) at Tracy; one fire truck pumper ($318) at Tracy and one fire truck pumper ($370) at New Cumberland; one front load trash truck ($190) at New Cumberland; and one front loader ($148) at New Cumberland; Conveyor replacement ($475) at Puget Sound.

The Savings to Investment Ratio (SIR) for these projects ranges from 1.89 to 5.51 and the payback period ranges from 1.60 to 4.80 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2004-2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2003

C. Line Number & Item Description
PRD 000 Productivity Equipment $0.1 to $0.499

D. Activity Identification

Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total PRD 000	6	90.2	541	2	196.5	393	4	365.5	1,462	2	178.7	357.5

Narrative Justification:

FY 2004 projects include:
Sortation and Delivery system, building 66, at San Diego ($493); Small Parcel Conveyor changes, building 16B-5 ($250) at Tracy; Active Item conveyor building 19/16 ($245) at Tracy, inter-connecting buildings 475 and 1900 ($474) at Hawaii.

The Savings to Investment Ratio (SIR) for these projects ranges from 3.68 to 8.85 and the payback period ranges from .97 to 2.54 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description PRD 000 Productivity Equipment $0.1 to $0.499						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD-000 Security Enhancements (Various Depots)										6	185	1,111

Narrative Justification:

There is a need to enhance the security of the buildings in the various depots world wide. The projects include providing Intrusion detection systems, emergency notification system, and closed circuit television systems.

FY 2004 projects include:
Emergency notification system ($165) at Anniston, intrusion detection systems ($147) at Barstow, ($149) at Red River, ($100) at Richmond, Mobile command post ($275) at Tracy, closed circuit television systems ($275) at Hawaii.

The Savings to Investment Ratio (SIR) for these projects ranges from 3.10 to 7.81 and the payback period ranges from 1.2 to 2.9 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description REP 100 Replacement Equipment $0.5 to $0.999						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100-01 Active Item Storage Building 16 B-2 (DDJC)										1	540	540

Narrative Justification:

This project is designed to consolidate eligible active stock into the bin complex from less efficient locations, including Sharpe Site in building 16 B-2, at Distribution Depot Tracy (DDJC). This system is a walk and select to conveyor by means of package flow-through racks. There will be one level of flow-through racks with pallet storage above for the reserve stock. Filling the racks will be performed with a turret truck. This type of selecting items is efficient and economical. Utilizing floor space for Active Item Storage will facilitate better cube utilization. The system will also merge with an existing conveyor system to route issues directly to the bin packing station unit for consolidation and packing.

The project has a Savings to Investment Ratio (SIR) of 5.15 and a payback of 1.69 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description REP 100 Replacement Equipment $0.5 to $0.999						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100-02 Upgrade Mini-Load System (W143) (DDNV)										1	600	600

Narrative Justification:

The Supreme Mini-load Cranes on floors 2 and 3 of W-143 (Cranes 1-20) were replaced in FY 2001 at Distribution Depot Norfolk (DDNV). Due to decreased workload, instead of replacing all the thirty cranes, it was decided to replace only 20 cranes. When cranes 1-20 were replaced, the existing bottom rail guides and the upper guide tube were reutilized per the contractor recommendations. The original assessment by the replacement contractor was that the rail and upper guide tube assembly could be utilized with the new cranes if the cranes were run at half speed (208 ft/min versus 440 ft /min). The new cranes have been running at half speed for approximately six months. The system is now beginning to experience problems that will negatively affect the life by causing premature deterioration and function of the new cranes. To correct these rail related problems, it is proposed to replace the floor rail and the upper guide rail for cranes 1-20. The scope of this project will be to replace the existing floor rail with number 40 floor rail, level and shim the rail to manufacturers specifications and thermite welding of all joints to ensure a smooth transition between rail sections. The rail length for 17 of the cranes will be 167 linear feet, and the rail length for 3 cranes will be 147 ft. The upper guide tube replacement will provide for removal of the existing guide beam with standard guide tube fastened with angle brackets welded to every cross-aisle tie throughout each of the twenty aisles.

The project has a Savings to Investment Ratio (SIR) of 2.81and a payback of 3.17 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description PRD 100 Productivity Equipment $0.5 to $0.999						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100-03 Intrusion Detection Devices (DDDE)										1	990	990

Narrative Justification:

As part of ongoing anti-terrorism and force protection initiatives, two studies have been conducted at Distribution Depot Europe (DDDE). The first was a Security Assistance Visit (SAV), conducted by DDC security specialists. The second was an Antiterrorism Force Protection Vulnerability Assessment (AT/VA), conducted by security specialists from the DDC, DLA HQ and the US Army Corp of Engineers. As a result of the first study, a list of security deficiencies was identified per DLAI 5710.1, (Physical Security). As a result of the second study the US Army Corp of Engineers identified vulnerabilities at DDDE, and made recommendations to reduce the vulnerability. If the project is not funded, the personnel access gates of all buildings identified in the studies will be controlled with security personnel on a one (1) shift basis Monday through Friday. The proposed project for the installation of the intrusion detection system in 16 various buildings will eliminate the need for eight security personnel to man these locations.

The savings to investment ratio for this project is 2.38 and the discounted payback is 3.9 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description PRD 100 Productivity Equipment $0.5 to $0.999						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100-04 Anti-Terrorism Security Enhancements (DDPH)										1	589	589

Narrative Justification:

As part of ongoing anti-terrorism and force protection initiatives, two studies have been conducted at Distribution Depot Pearl Harbor (DDPH). The first was a Security Assistance Visit (SAV), conducted by DDC security specialists. The second was an Antiterrorism Force Protection Vulnerability Assessment (AT/VA), conducted by security specialists from the DDC, DLA HQ and the US Army Corp of Engineers. As a result of the first study, a list of security deficiencies was identified per DLAI 5710.1, (Physical Security). As a result of the second study the US Army Corp of Engineers identified vulnerabilities at DDPH, and made recommendations to reduce the vulnerability. If the project is not funded, the personnel access gates of all buildings identified in the studies will be controlled with security personnel on a one shift basis Monday through Friday. The proposed project for the installation of the intrusion detection system in 12 various buildings will eliminate the need for six security personnel to man these locations.

The savings to investment ratio for this project is 2.76 and the discounted payback is 2.90 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description PRD 200-01 Productivity Equipment $1.0 and Over						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-01 Equipment to Support Stock Positioning (DDDE)										1	2,100	2,100

Narrative Justification:

In FY 2001, DLA made the decision to reposition 50,000 NSNs of material from Distribution Depots New Cumberland and Tracy, to Distribution Depot Europe (DDDE). The intent of moving the material closer to the customer was to reduce the transportation costs and delivery time. At the present time, material requests are met by picking the material up from the respective depots in the U.S. and shipping it by air to the customers in Europe. By storing sufficient quantities of material in DDDE to accommodate the customer's immediate needs for 6 months, it is possible to ship large quantities of material in bulk by ship from the U.S. Requisitions from customers in Europe are picked from storage at DDDE and shipped by surface transportation. In order for DDDE to accommodate this additional workload, additional enhancements are required. The main purpose of this Material Handling System(MHS) is associated with relocating the receiving operation from building 7977 to building 7972 and improving the packing operations that will remain in building 7977. Components of this MHS include: providing conveyors, ergonomic work stations, material handling equipment, and handle volume surges through a more effective and efficient process. Approximately 2,000 binnable lines are processed each day.

The Savings to Investment Ratio (SIR) for this project is 3.8 and the discounted payback is 2.4 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description PRD 200 Productivity Equipment $1.0 and Over						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Total Cost	Total Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-02 Equipment for General Purpose Warehouse (DDJC)				5,000	5,000	5,000	1	5,000	5,000	1	6,000	6,000

Narrative Justification:

Construction of a new 480,000 square foot General Purpose Warehouse (GPW), is planned for Distribution Depot Tracy (DDJC) in FY 2002. This facility will replace Buildings 8, 9, 11 and 12, which are WWII era warehouses. These buildings will be demolished and the new GPW will be constructed west of Building 16 complex. This is part of the process to eliminate substandard facilities and reduce infrastructure at DDJC. This equipment project facilitates coordination with construction of the new facility and ,allows for timely installation of the equipment. The equipment provides a high rise narrow aisle pallet rack storage system, turret trucks including batteries and chargers, rail guidance system for Material Handling Equipment (MHE), elevated dual stacked pallet conveyors, vertical pallet conveyors, floor level pallet conveyors, covered cross-over tunnel, intra-depot transporter conveyors and work stations. Installation of this new equipment will lower overall material handling costs, reduce facility space requirements and decrease warehouse receiving, storage and shipping times. If this equipment is not provided, the new facility will be used only in a bulk storage mode and a substantial portion of the available stacking height would not be utilized; DDJC would not be able to accommodate anticipated storage requirements or volume surge. Also, material handling costs will increase and system production capabilities will decrease if this equipment is not installed.

The Savings to Investment Ratio (SIR) for the entire project is 1.9 and the discounted payback is 4.9 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description PRD 200 Productivity Equipment $1.0 and Over						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-03 Warehouse Storage System Bldg 18-1 (DDJC)										1	1,400	1,400

Narrative Justification:

This project will provide the material handling equipment/systems to install a narrow aisle, rail guided package rack storage system, rail guided stock selectors, and associated rail guidance system. The system will expedite the processing of binnable material and reduce the multiple handling of material due to binnable material being stored both at Distribution Depots Sharpe and Tracy (DDJC). This project is one among several designed to consolidate all active binnable material at Tracy. The requirement is a direct result of Distribution 2000 and the DLA/DDC decision to lease Buildings 286, 330 and 386 at Sharpe to GSA. In addition, approximately 42,000 binnable locations stored in Building 330 at the Sharpe site have sufficient activity to require rewarehousing to Tracy. The package racks will provide approximately 10,400 storage openings, which can be divided/subdivided into an infinite number of storage locations depending on material size and quantity to be stored. This will result in material being processed in a more effective and efficient manner and allow for same day processing in support of the warfighter. The improvements will decrease transportation time, reduce multiple handling of material, and increase cube utilization.

The project has a Savings to Investment Ratio (SIR) of 4.40 and a payback of 2.00 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description PRD 200 Productivity Equipment $1.0 and Over						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-04 Equipment for New Special Purpose Warehouse (DDSP)										1	3,851	3,851

Narrative Justification:

Construction of a new 242,000 SF Special Purpose Warehouse was awarded for Distribution Depot New Cumberland (DDSP) in FY 2002. This warehouse will replace 6 warehouses (Buildings 12, 113, 210, 212, 213, and 509) that are located in Mechanicsburg. These buildings will be returned to the host activity. This new warehouse will be constructed east of Warehouse 85. This is part of the process to eliminate all substandard facilities at DDSP, as well as reduce the DDC presence at the Mechanicsburg site. This proposed equipment project will provide a rail guided narrow aisle high rise pallet storage system that will take advantage of the 25' clear stack height in the new warehouse. This type of system will accommodate the existing storage requirements of the medical mission currently occupying 6 warehouses at the Mechanicsburg site. The proposed scope also includes the procurement of 8 stock selectors and 4 dual purpose vehicles, with charging area, capable of accessing pallet storage locations at the top level. Four transporter docks will be provided to interface with the existing depot wide transporter system.

The project has a Savings to Investment Ratio (SIR) of 5.30 and a payback of 1.70 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description PRD 200 Productivity Equipment $1.0 and Over						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-05 Pallet Storage System W135 (DDNV)										1	2,321	2,321

Narrative Justification:

Building W-135 at Distribution Depot Norfolk (DDNV) is a WWII concrete warehouse that is 1080 feet long by 260 feet wide by 15 feet high. One area in the warehouse is Bulk Central Receiving and has a pallet conveyor system for medium bulk. This operation will be relocated to a new building W-143 in FY 2003. Another area in warehouse W-135 has a transshipment conveyor system for processing transshipments for the fleet. This operation will also be relocated to building Y-109 in FY 2002. The intent of this project is to reconfigure these two areas with 15 feet high pallet racks with four storage levels. To maximize the efficiency of receiving, storage and selecting operations, three-wheeled counterbalanced forklifts will be utilized. The system will be rail guarded to protect the racks from forklift impact. This project will help achieve the depot goal of consolidating all fast moving bin and bulk material and supplies close to the waterfront. Also this project will add an additional 119,600 square feet of storage space for relocation of fast moving bulk from the remaining warehouses, which must be vacated as part of the original plan.

The project has a Savings to Investment Ratio (SIR) of 17.0 and a payback of 0.49 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description ADP 000 $0.1 to $0.499						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 000 Base Level Support	21	209.9	4,408	22	684.8	15,066	235	37.8	8,880	216	27.49	5,938

Narrative Justification:

In FY 2004, the DLA Distribution Center (DDC) will upgrade network infrastructure to include hardware and inside and outside cabling at Distribution Depot Tracy ($3,219). These upgrades will improve mission performance through increased connectivity depot-wide. The LAN infrastructure is standardized, upgraded, and refreshed according to recognized, DoD, and DLA standards.

DDC is coordinating the replacement of trunked radio equipment ($3,405) at multiple DDC Depots for compliance with Congressional mandate that all Federal agencies convert to a trunked radio system by FY 2005. Specifically, the proposed project involves the phased replacement of antiquated radio dispatching and pager systems with current state-of-the-art technology. A great degradation in radio communications has been experienced as a result of the increased mission requirements and the costly services required to maintain the antiquated equipment. The mission increases have placed a heavy burden on the base stations, creating immense interference problems. The short-range capability is inadequate to support the existing mission.

The existing Radio Frequency (RF) systems at Distribution Depots Anniston ($264), Albany ($329), and Tobyhanna ($103) are not compatible with Unique Item Tracking (UIT) equipment to allow the handheld devices to read the 2D barcode labels. To meet mission requirements, all of the existing RF systems will require replacement.

The Advanced HAZMAT Rapid Identification, Sorting and Tracking (AHRIST) initiatives will continue in FY 2004 for equipment purchases and installations at Tracy and Hill ($1,560). The AHRIST project is the spearhead effort for the Microchip Logistics (MICLOG) program. AHRIST is DLA's initial thrust into the passive Radio Frequency Identification (RFID) technology arena to determine viability for automated supply chain in-transit visibility from vendor through disposal for Hazardous Material (HAZMAT) items using unobtrusive electronic microchips. The intent is to rapidly identify and track hazardous material as it moves through the DLA supply chain. The equipment required includes RFID printers, portals and PC equipment.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description ADP 000 $1.0 and Over						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200-01 Telephone Network Upgrade							1	1,049	1,049	1	780	780

Narrative Justification:

The telephone network upgrade is a Distribution Depot Susquehanna initiative to upgrade mission essential telecommunications equipment. FY 2004 telecommunications upgrade will include installation of the next 3 current meridian software loads to increase telecommunications capabilities within the telephone switch ($470). This upgrade will enhance video teleconferencing, Integrated Services Digital Network (ISDN), ATM, telecommunication applications, modems and faxes that compete for telephone switch ports. Telecommunications application upgrades will include automatic Call Distribution, Call Pilot, Voice Mail, Call Center Management Information System, Enhanced 911, Telewall, and interactive Voice Response Systems ($579).

The FY 2004 Return on Investment (ROI) is 2.82 and payback period is .35 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description SWD 200 $1.0 and Over						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Distribution Standard System (DSS)			2,657			3,000			3,500			3,500

Narrative Justification:

The Distribution Standard System (DSS) was fully deployed at all 21 sites in FY 1998. DSS will continue to be enhanced through Business Process Improvements beyond Full Operational Capability (FOC). Many of these productivity System Change Requests (SCR's) are generated by the Defense Distribution Centers to improve and standardize the Distribution Business Processes. They will provide more cost effective customer support by enhancing the following functional areas: storage, workload planning, transportation, inventory, receiving, Total Package Fielding/Small Arms Serialization Program (TPF/SASP), Packing, Packaging, Preservation and Marking (PPP&M), Care Of Supplies In Storage (COSIS), inventory, Equipment Control System (ECS) and Hazardous Material (HAZMAT), Equipment Control System (ECS), and Management Information System (MIS). DSS System Change Requests (SCRs) created by DLA/DDC HQ to support Unique Serial Tracking (UIT), ERP Enterprise Resource Planning) of DSS interface requirements, DDDE/DDYJ initiatives, and DDC J-6 proposal to Optimize System Performance (OSP) of DSS processing time/costs. SCRs are required to keep DSS current with changing commercial and government freight policies, unique DoD and Service related initiatives, and regulatory changes to on-line and batch programs. These SCR's address priority 1 or priority 2 core mission issues. All development will be performed internally.

Expected benefits in the DSS functional EA are estimated to be over $400 million, with a Return On Investment (ROI) of 5.3 and an estimated payback of 2.8 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description SWD 200 $1.0 and Over						D. Activity Identification		
Element of Cost				FY 2002			FY 2003			FY 2004		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-02 Distribution Planning Management System (DPMS)									8,535			15,658

Narrative Justification:

The Distribution Planning Management System (DPMS) will provide process integration to evaluate and optimize at a global level transportation operations, not just in terms of cost, but also in terms of trade-offs between inventory, warehousing, forecasted demands and the actual capacities of the transportation/distribution network, to include suppliers to meet customer requirements. DPMS will integrate information about transportation rates, routes, carrier capacities and customer service requirements. DDC will be better able to manage the existing movement of products from vendors and distribution centers to customers through the use of DPMS resulting in greater coordination, asset visibility, and precise stock positioning to lower transportation and inventory holding costs. DPMS will interface with the Department of Defense's (DoD's) transportation financial system (PowerTrack), DSS, the execution and planning portions of Business Systems Modernization (BSM), as well as Service Enterprise Resource Planning (ERP) systems and DoD tracking systems. DPMS will be accomplished in phases. Phase 1 in FY 2003 includes development of the concept demo, software capabilities mapping to DDC processes and the Full Operational Capacity (FOC) blueprint depicting full functionality interfaces. The FY 2004 investment is for phase 2, 2nd Destination Optimization, phase 3, integration with BSM, phase 4, Reverse Logistics and will conclude with phase 5 which is integration with Services ERPs. All development will be performed externally.

The Return on Investment (ROI) is 7.64 and the payback period is 1.8 years.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2004-2009 Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Distribution Depot Activity Group February 2003				C. Line Number & Item Description RPM 000 Minor Construction						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction (DDC)			9,873			7,500			7,500			7,500

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:

1. Installing and improving fire protection and alarm systems
2. Upgrading security facilities (gates, fences, lighting) to meet current standards
3. Adding paving for open storage, road networks and organizational and personnel parking
4. Altering facilities to accommodate mission consolidation and stock repositioning
5. Renovation of administrative and storage facilities
6. Incidental improvements associated with facilities repair projects

These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the distribution mission.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2004 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
FEBRUARY 2003
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2003 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2002	Equipment except ADPE & TELCOM:	0.9	16.3	15.4	0.9	
	Replacement <$500K	0.6	1.2	0.7	0.6	Two projects cancelled
	Productivity <$500K	(0.4)	0.1	0.5	(0.4)	Project accelerated from FY03
	Replacement $0.5 to $0.999K	0.0	0.0	0.0	0.0	
	Productivity $0.5 to $0.999K	0.5	2.5	2.0	0.5	Emergent requirement
	Counter Terrorism Requirements	(1.4)	0.0	1.4	(1.4)	Emergent requirement
	MS/RM System Upgrade	0.7	3.8	3.1	0.7	
	Storage Module Upgrade	0.2	3.4	3.2	0.2	
	EDC Active Item Area, Phase 2	0.8	3.6	2.8	0.8	
	Receiving Conveyor, Bldg 5010	(0.0)	1.7	1.7	(0.0)	
2002	Equipment - ADPE & TELCOM:	1.0	6.8	5.8	1.0	
	Base Level Support	0.2	4.6	4.4	0.2	Reprogram to SWD
	Telephone Switch Upgrade	0.8	2.2	1.3	0.8	
2002	Software Development:	(1.0)	1.7	2.7	(1.0)	Emergent SCR
	DSS System Change Requests (SCRs)	(1.0)	1.7	2.7	(1.0)	
2002	Minor Construction	(2.6)	7.3	9.9	(2.6)	Emergent projects
	Total FY 2002	**(1.6)**	**32.1**	**33.7**	**(1.6)**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2004 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
FEBRUARY 2003
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2003 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2003	Equipment except ADPE & TELCOM:	0.2	14.5	14.3	0.2	
	Replacement <$500K	0.0	0.8	0.8	0.0	
	Productivity <$500K	0.2	0.4	0.2	0.2	Project accelerated to FY 02
	Replacement $0.5 to $0.999K	0.0	1.8	1.8	0.0	
	Productivity $0.5 to $0.999K	0.0	0.9	0.9	0.0	
	Whse Stg Sys Refurbishment, Bldg 13	0.0	1.7	1.7	0.0	
	Bulk Receiving Upgrade. Bldg 143	0.0	1.8	1.8	0.0	
	Equipment for Humidity Warehouse	0.0	2.6	2.6	0.0	
	Narrow Aisle Cantilever Rack Stg, Bldg J39	0.0	2.0	2.0	0.0	
	Forward Stock Positioning System	0.0	2.5	2.5	0.0	
2003	Equipment - ADPE & TELCOM:	0.0	17.8	17.8	0.0	
	Base Level Support	0.0	15.1	15.1	0.0	
	Telecom Network Infrastructure	0.0	1.2	1.2	0.0	
	AHRIST	0.0	1.5	1.5	0.0	
2003	Software Development:	0.0	11.5	11.5	0.0	
	Distribution Standard System	0.0	3.0	3.0	0.0	
	Distribution Planning & Management Sys	0.0	8.5	8.5	0.0	
2003	Minor Construction	0.0	7.5	7.5	0.0	
	Total FY 2003	**0.2**	**51.4**	**51.2**	**0.2**	