

# Department of Defense Revolving Funds

## Justification/Overview



Fiscal Year (FY) 2004/FY 2005  
Biennial Budget Estimates

February 2003

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**Washington Headquarters Services  
Pentagon Reservation Maintenance Revolving Fund  
Summary of Operations**

**Overview**

The Pentagon Reservation Maintenance Revolving Fund (PRMRF) was established by the FY 1991 Defense Authorization Act (10 USC 2674). The fund is responsible for the maintenance, protection, repair, and renovation of the Pentagon Reservation. Currently, the PRMRF finances the activities of the Washington Headquarters Services (WHS) and the Pentagon Force Protection Agency (PFPA) in providing space, building services, and force protection for Department of Defense (DoD) Components, including the Military Departments and other activities housed within the Pentagon Reservation. The PRMRF financing relationship is similar to that of landlord and tenant in the private sector.

Beginning in FY 2004, the Department proposes that the PRMRF finance building services on the Pentagon Reservation, other WHS-managed facilities in the National Capital Region (NCR), and those facilities designated as part of the Pentagon Reservation in order to meet continuity of operations or other related national security needs of the Department. This change requires legislative authorization. A copy of the Department's proposed legislation will be provided separately.

The following activities are reimbursable financed through the PRMRF:

**Real Property Operations.** Includes cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, and administrative support within the Reservation. This activity also includes operating expenses for purchased utilities, operation of the Pentagon's Heating and Refrigeration Plant, the classified waste incinerator, and repair projects over \$10,000. These projects maintain the facilities within the Reservation at levels adequate to support the assigned missions and to prevent deterioration and damage to Reservation buildings, their support systems and operating equipment. Protection of the government's investment, cost effectiveness, health and safety of workers and the public are among the most important criteria for determining project priorities.

**Renovation.** In addition to providing routine building services and force protection, the PRMRF also finances the on-going leasehold improvement of the Pentagon, the Pentagon Renovation. The Renovation is expected to continue through FY 2010.

**Pentagon Force Protection Agency.** The terrorist attack of September 11<sup>th</sup> demonstrated the need for DoD to improve the physical security of the Pentagon. As part of that effort, the Pentagon Force Protection Agency (PFPA) was established by the Deputy Secretary of Defense as a Defense Agency under 10 USC 191, reporting directly to an official on the Office of the Secretary of Defense staff, the Director of Administration and Management. The mission of PFPA is to provide force protection, security, and law enforcement, as required for the people, facilities, infrastructure and

other resources at the Pentagon Reservation and for DoD activities and DoD-occupied facilities not under the jurisdiction of a Military Department within the NCR. PFPA is the DoD focal point for coordination with other DoD Components, other Executive Departments and Agencies, and State and local authorities on matters involving force protection, security, and law enforcement activities that impact the Pentagon and other DoD facilities within the NCR. Included in the PFPA mission as well, is the requirement to provide chemical, biological, and radiological (CBR) protection at the Pentagon and other DoD facilities within the NCR consistent with DoD policy, directives, and guidance concerning Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) protection.

**Requested Legislative Changes:** This budget request includes providing real property operation, repair and protection services at federally-owned and leased buildings where DoD has been delegated these responsibilities by the General Services Administration (GSA). These services are currently provided through the Buildings Maintenance Fund (BMF). This budget also expands PRMRF functions to include any “alternate sites” providing continuity of operations that the Secretary of Defense might designate as part of the Pentagon Reservation. Inclusion of BMF and alternate sites requires legislation which will be provided separately as part of the President’s Budget.

The following table summarizes PRMRF obligations by major program to include delegated leased and federally-owned buildings and Alternate Sites:

(\$ in Millions)	FY 2002	FY 2003	FY 2004	FY 2005
Real Property Operations/Repair	310.6	175.6	152.3	160.5
Pentagon Renovation	938.9	536.0	386.2	480.9
Pentagon Force Protection Agency	73.9	169.7	186.1	186.0
Total	1,323.4	881.3	724.6	827.4

The following table summarizes PRMRF obligations by major program for the Pentagon Reservation only and does not include other WHS-managed facilities in the NCR and alternate sites:

(\$ in Millions)	FY 2002	FY 2003	FY 2004	FY 2005
Real Property Operations/Repair	310.6	175.6	127.8	135.5
Pentagon Renovation	938.9	536.0	345.9	452.1
Pentagon Force Protection Agency	73.9	169.7	186.1	186.0
Total	1,323.4	881.3	659.8	773.6

## **Budget Highlights**

Commensurate with the renovation of the Pentagon, WHS will continue its commissioning program which documents all equipment, and its respective preventive maintenance, installed in the newly-renovated Pentagon. Preventive maintenance will increase to conform to the manufacturers' recommendations for equipment in the newly renovated building and meet sustainment objectives. WHS will also continue its development of a strategic plan for DoD space in the National Capital Region (NCR). The plan concentrates on the leased space inventory with the objectives to reduce dependence on leased space, meet anti-terrorism/force protection standards where practical, consolidate for operational effectiveness and economic efficiencies, maintain locations proximate to the Pentagon for DoD components that need it, and upgrade the work environment and support smart growth.

The FY 2004 PRMRF President's Budget is the first congressional submission that includes the new Pentagon Force Protection Agency. Created in May 2002, PFPA immediately began an aggressive hiring program that will continue through FY 2004. PFPA will also continue to procure information technology capability to allow it to accomplish its augmented, post-9/11 mission.

In FY 2004, the renovation of the Pentagon will continue with accelerated design and construction activities, including design, construction, energy management control system, lock hardware and security systems, and interior signs for phases 3 and 4 of Wedge 2.

Information Management and Telecommunications planning, engineering management, acquisition and implementation activities will continue in FY 2004. In addition, the acceleration of planned modernization of Pentagon information technology common user infrastructure and addition of redundant network distribution, voice switching, external network interface connection suite, messaging upgrades and associated design and installation, directed as a result of the September 2001 terrorist attacks to enhance survivability and recoverability of command and communications and critical mission capabilities will continue.

The main contract for the reconstruction of areas of the Pentagon damaged by the September 11<sup>th</sup> terrorist attack was let shortly after the attack. Final construction and fit-out of tenant space is scheduled to be completed in March 2003.

The following table represents PRMRF obligations by object classification for FY 2002-2005 (\$ in millions):

Object Classification	FY 2002	FY 2003	FY 2004	FY 2005
Personnel Compensation	48.5	57.6	70.7	78.7
Personnel Benefits	11.5	16.7	21.8	24.8
Benefits to Former Employees	0.3	0.0	0.0	0.0
Travel	0.4	1.1	1.3	1.4
Transportation	0.4	0.1	0.1	0.1
Rent, Comm., and Utilities	64.2	72.8	73.6	75.7

Printing	0.1	0.5	0.5	0.6
Other Services	1116.4	627.2	437.5	523.5
Supplies and Materials	7.1	14.9	16.0	17.0
Equipment	74.5	90.4	103.1	105.6
Totals	1323.4	881.3	724.6	827.4

The following table represents PRMRF manpower (FTE) by major program:

Program	FY 2002	FY 2003	FY 2004	FY 2005
Real Property Operations	393	393	454	454
Pentagon Renovation Program	42	42	42	42
Pentagon Force Protection Agency	294	437	577	707
Totals	729	872	1,093	1,223

#### Narrative Explanation of Changes by Object Classification

In general, decreases from FY 2002 to FY 2003 result from near completion of terrorist attack recovery and reconstruction efforts financed in FY 2002.

Salaries and Benefits – Increase from FY 2003 to FY 2004 attributable to pay increase, one extra paid day in FY 2004, transfer to PRMRF of employees formerly funded through the BMF, PFPA net hiring of 140 FTE. Salary obligations will increase from FY 2004 to FY 2005 for PFPA net hiring of 130 FTE.

Travel – Increase from FY 2003 to FY 2004 attributed to price increases and increased PFPA new-recruit travel to and from the Federal Law Enforcement Training Center in Georgia.

Rent, Communications, and Utilities – Increase from FY 2003 to FY 2004 attributed to price increases.

Other Services – Net decrease from FY 2003 to FY 2004. Increase for price increase, transfer of leased building operation and maintenance from BMF, Site R operation and improvements and PFPA contract support. Offset by decreases in normal renovation program, CCSP, renovation acceleration, and building life-safety enhancements. Increase from FY 2004-2005 attributable to award of Wedge 3 construction contract.

Supplies and Materials – Increase from FY 2003 to FY 2004 attributed to price increase plus additional supplies and materials for new PFPA hires.

Equipment – Increase from FY 2003 to FY 2004 for price increase plus procurement of IT equipment by PFPA.

**WASHINGTON HEADQUARTERS SERVICES**  
**Summary of Price, Program and other Changes - Obligations**  
**Pentagon Reservation Maintenance Revolving Fund**  
**(Dollars in Millions)**

	<b>Cost of Operations <u>FY 2002</u></b>	<b>Annualization of Pay Raises</b>	<b>Price Growth <u>Amount</u></b>		<b>Program &amp; Other Changes</b>	<b>Cost of Operations <u>FY 2003</u></b>
Civilian Personnel Compensation	48.5	0.2	3.1%	0.9	8.0	\$57.6
Civilian Personnel Benefits	11.5	0.1	3.1%	0.3	2.1	\$16.7
Benefits to Former Employees	0.3	0.0	3.1%	0.0	-0.3	\$0.0
Travel	0.4		1.1%	0.0	0.7	1.1
Transportation	0.4		1.1%	0.0	-0.3	0.1
Rent, Communication and Utilities	64.2		1.1%	0.7	7.9	72.8
Printing	0.1		1.1%	0.0	0.4	0.5
Other Services	1,116.4		1.1%	12.3	-501.5	627.2
Supplies and Materials	7.1		1.1%	0.1	7.7	14.9
Equipment	74.5		1.1%	0.8	15.1	90.4
<b>TOTAL COST OF OPERATIONS (Includes Reimbursements)</b>	<b>1,323.4</b>	<b>0.3</b>		<b>15.1</b>	<b>-460.2</b>	<b>881.3</b>

**WASHINGTON HEADQUARTERS SERVICES**  
**Summary of Price, Program and other Changes - Obligations**  
**Pentagon Reservation Maintenance Revolving Fund**  
**(Dollars in Millions)**

	<b>Cost of Operations <u>FY 2003</u></b>	<b>Annualization of Pay Raises</b>	<b>Price Growth <u>Amount</u></b>		<b>Program &amp; Other Changes</b>	<b>Cost of Operations <u>FY 2004</u></b>
Civilian Personnel Compensation	57.6	0.2	2.0%	0.7	12.2	70.7
Civilian Personnel Benefits	16.7	0.1	2.0%	0.2	4.8	21.8
Benefits to Former Employees	0.0	0.0	2.0%	0.0	0.0	0.0
Travel	1.1		1.6%	0.0	0.2	1.3
Transportation	0.1		1.6%	0.0	0.0	0.1
Rent, Communication and Utilities	72.8		1.6%	1.2	-0.4	73.6
Printing	0.5		1.6%	0.0	0.0	0.5
Other Services	627.2		1.6%	10.0	-199.7	437.5
Supplies and Materials	14.9		1.6%	0.2	0.9	16.0
Equipment	90.4		1.6%	1.4	11.3	103.1
<b>TOTAL COST OF OPERATIONS (Includes Reimbursements)</b>	<b>881.3</b>	<b>0.3</b>		<b>13.8</b>	<b>-170.8</b>	<b>724.6</b>



**WASHINGTON HEADQUARTERS SERVICES**  
**Summary of Price, Program and other Changes - Obligations**  
**Pentagon Reservation Maintenance Revolving Fund**  
**(Dollars in Millions)**

	<b>Cost of Operations <u>FY 2004</u></b>	<b>Annualization of Pay Raises</b>	<b>Price Growth <u>Amount</u></b>		<b>Program &amp; Other Changes</b>	<b>Cost of Operations <u>FY 2005</u></b>
Civilian Personnel Compensation	70.7	0.2	3.4%	1.3	6.5	78.7
Civilian Personnel Benefits	21.8	0.1	3.4%	0.4	2.5	24.8
Benefits to Former Employees	0.0	0.0	3.4%	0.0	0.0	0.0
Travel	1.3		1.8%	0.0	0.1	1.4
Transportation	0.1		1.8%	0.0	0.0	0.1
Rent, Communication and Utilities	73.6		1.8%	1.2	0.9	75.7
Printing	0.5		1.8%	0.0	0.1	0.6
Other Services	437.5		1.8%	7.0	79.0	523.5
Supplies and Materials	16.0		1.8%	0.3	0.7	17.0
Equipment	103.1		1.8%	1.6	0.9	105.6
<b>TOTAL COST OF OPERATIONS (Includes Reimbursements)</b>	<b>724.6</b>	<b>0.3</b>		<b>11.8</b>	<b>90.7</b>	<b>827.4</b>

**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
SOURCES OF REVENUE  
(Dollars in Millions)**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
1. Orders from DoD Components:				
Rent:				
USAF	50.4	45.5	104.6	132.8
ARMY	93.2	84.1	208.6	268.7
NAVY	24.6	24.4	63.2	79.2
USMC	15.7	15.6	35.3	45.2
DISA	4.6	4.1	12.9	14.9
DIA	10.6	9.5	21.8	27.0
NIMA	0.2	0.2	0.6	0.8
NSA	0.1	0.1	0.1	0.1
JCS	26.4	24.4	67.1	78.8
WHS (Central Services)	39.8	36.1	85.7	109.5
MDA	4.1	5.3	11.5	15.0
AFIS	0.5	0.3	0.6	0.7
DLA	0.2	0.2	2.8	3.7
DLSA	0.3	0.2	0.6	0.7
Defense Emergency Response Fund	538.0	305.0	0.0	0.0
Other Charges:				
- Building Services and Space Adjustments	25.2	33.7	34.5	35.6
- Renovation Furniture	4.0	32.0	0.0	13.0
2. Total Orders from DoD Components:	837.9	620.8	649.9	825.7
3. Other Orders:				
DoD Concessions Committee (Rent)	1.2	1.3	1.7	1.7
Transfers from Defense Emergency Response Fund	470.0	255.0	0.0	0.0
4. Total Gross Orders:	1,309.1	877.1	651.6	827.4

**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
REVENUE AND EXPENSES  
(Dollars in Millions)**

	<u><b>FY 2002</b></u>	<u><b>FY 2003</b></u>	<u><b>FY 2004</b></u>	<u><b>FY 2005</b></u>
Revenue - Reimbursable	839.1	622.1	651.6	827.4
Revenue - Direct	470.0	255.0	0.0	0.0
Total Revenue	1309.1	877.1	651.6	827.4
Operating Expenses:				
Real Property Operations:				
Cleaning	18.3	18.0	18.8	19.7
Maintenance	17.9	16.0	23.0	24.3
Utilities and Fuels	6.6	6.7	7.6	7.7
Other Building Services	1.5	3.7	8.6	8.9
Administrative - RE&F	26.2	22.2	37.5	40.5
Repairs (over \$10,000)	9.0	17.7	17.3	17.0
Pentagon Force Protection Agency	28.3	169.7	186.1	186.0
Pentagon Renovation				
Swing Space (Rent & Other)	53.8	41.4	48.3	43.7
Administrative & Other Renovation Support	38.7	51.6	23.6	79.8
Reimbursable Services (Above Std.):				
Renovation	11.8	6.0	6.0	6.0
All Other:				
Cleaning	0.0	0.0	0.0	0.0
Maintenance	0.0	0.0	0.0	0.0
Utilities and Fuels	5.7	5.8	5.9	6.1
Protection	3.0	0.0	0.0	0.0
Space Adjustments, Post Renovation				
Furniture and Other	18.8	30.7	33.6	36.6
Administrative	0.0	0.0	0.0	0.0
Depreciation	6.5	6.6	6.7	6.8
Disaster Recovery - Operations	239.8	34.9	0.0	0.0
Disaster Recovery - PENREN	0.0	0.0	0.0	0.0
Total Operating Expenses:	485.9	431.0	423.0	483.1
Other Factors Affecting Net Operating Results	823.2	446.1	228.6	344.3
Cost of Services:	485.9	431.0	496.0	483.1
Net Operating Results	0.0	0.0	-73.0	0.0
Accumulated Operating Results:	0.0	0.0	-73.0	0.0

**PENTAGON RESERVATION MAINTENANCE REVOLVING FUND**  
**Summary Statement**  
**(Dollars in Millions)**

	Obs.	Orders	Revenue	Cost	DISBURSEMENTS BY FISCAL YEAR							
					'02	'03	'04	'05	'06	'07	'08	'09
<u>Pentagon Bldg. Renovation:</u>												
FY 2002	938.9	938.9	938.9	437.6	140.8	366.2	157.4	140.8	132.6	0.0	0.0	0.0
FY 2003	536.0	536.0	536.0	513.1		147.0	209.0	128.6	110.4	63.0	0.0	0.0
FY 2004	386.2	386.2	386.2	366.5			55.5	150.6	92.7	57.9	27.0	0.0
FY 2005	480.9	480.9	480.9	414.0				72.1	187.6	115.4	112.1	65.8
<u>Pentagon Force Protection Agency:</u>												
FY 2002	73.9	73.9	73.9	78.1	78.1	35.8	0.0	0.0	0.0	0.0	0.0	0.0
FY 2003	169.7	169.7	169.7	137.6		101.8	67.9	0.0	0.0	0.0	0.0	0.0
FY 2004	186.1	186.1	186.1	179.5			111.7	74.4	0.0	0.0	0.0	0.0
FY 2005	186.0	186.0	186.0	186.0				111.6	74.4	0.0	0.0	0.0
<u>Real Property Operations:</u>												
FY 2002	310.6	296.3	296.3	270.6	217.4	93.2	0.0	0.0	0.0	0.0	0.0	0.0
FY 2003	175.6	230.1	230.1	254.7		122.9	52.7	0.0	0.0	0	0.0	0.0
FY 2004	152.3	79.3	79.3	159.3			106.6	45.7	0.0	0.0	0.0	0.0
FY 2005	160.5	283.9	283.9	158.1				112.4	48.2	0.0	0.0	0.0
<u>Total:</u>												
FY 2002	1323.4	1309.1	1309.1	786.3	436.4	495.2	157.4	140.8	132.6	0.0	0.0	0.0
FY 2003	881.3	877.1	877.1	905.4		371.7	329.6	128.7	110.4	63.0	0.0	0.0
FY 2004	724.6	651.6	651.6	705.3			273.8	270.7	92.7	57.9	27.0	0.0
FY 2005	827.4	827.4	827.4	758.1				296.1	310.1	115.4	112.1	65.8

**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
Cost of Basic Services**

PROGRAM	FY 2002		FY 2003		FY 2004		FY 2005	
	Workload (Avg. Sq. Ft.)*	Cost per Sq. Ft.**	Workload (Avg. Sq. Ft.)*	Cost per Sq. Ft.**	Workload (Avg. Sq. Ft.)*	Cost per Sq. Ft.**	Workload (Avg. Sq. Ft.)*	Cost per Sq. Ft.**
Cleaning	4,461,658	\$4.21	4,461,658	\$4.03	5,478,513	\$3.43	5,478,513	\$3.59
Maintenance	4,461,658	\$4.01	4,461,658	\$3.59	8,672,538	\$2.65	8,672,538	\$2.80
Utilities & Fuels	4,461,658	\$1.48	4,461,658	\$0.83	6,982,536	\$1.09	6,982,536	\$1.10
Administrative	5,038,658	\$5.20	5,038,658	\$4.41	9,994,037	\$3.75	9,994,037	\$4.05
Other Building Services	4,461,658	\$0.99	4,461,658	\$0.83	9,451,542	\$0.91	9,451,542	\$0.94
Administrative Cost as Percent of Total Program Cost		3.3%		3.9%		7.2%		7.8%

\* Operated space excludes outside parking areas. Operated space has been adjusted to reflect reduction in O&M service levels within areas under renovation.

\*\* Unit Cost per Square Foot Excludes Reimbursable Above Standard Services

**WASHINGTON HEADQUARTERS SERVICES**  
**Business Area Capital Budget Summary**  
**Pentagon Reservation Maintenance Revolving Fund**  
(Dollars in Thousands)

Line Number	Item Description	FY 2002		FY 2003		FY 2004		FY 2005	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Equipment -Replacement -New Mission -Armored vehicle  Equipment Total	5	0 3,961	28 12	15,829 15,319	17 11 1	12,395 9,347 150	8 10	11,480 9,931
2	ADPE & Telecommunications Equipment	5	3,961	40	31,148	29	21,892	18	21,411
3	Major Construction (non_Add) -Replacement -Productivity -New Mission  Major Construction Total		464	20	10,389	24	24,732	17	15,153
			371,000		295,000		269,400		365,200
			371,000		295,000		269,400		365,200
	<b>TOTAL</b>	<b>5</b>	<b>375,425</b>	<b>60</b>	<b>336,537</b>	<b>53</b>	<b>316,024</b>	<b>35</b>	<b>401,764</b>

**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Force Protection Agency**  
**Business Area Capital Purchase Justification**  
**Pentagon Reservation Maintenance Revolving Fund**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. Budget Submission			
B. Pentagon Force Protection Agency (PFPA)				C. Line No. & Item Description				D. Activity Identification					
				FY 2002			FY 2003			FY 2004		FY 2005	
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
925 - Equipment Purchases	5		4,425	60		41,537	53		46,624	35		36,564	
Narrative Justification:													
\$46.6 million will be obligated in FY 2004 for the following PFPA initiatives:													
(1) Information management and force protection technology (\$24.7M) to include: - Incident control and communications including alerts and notifications which is intended to facilitate daily operations as well as exceptional and control operations within PFPA and communications with other jurisdictions within the National Capital Region (NCR). Systems will be integrated to achieve current up-to-date accurate information. - Preparedness and Prevention Systems - Information assurance/Office Automation													
(2) Equipment replacements (\$12.3M) such as communications security equipment, explosion detection equipment, intrusion detection equipment, technical security countermeasures equipment, and other physical security equipment.													
(3) New equipment requirements (\$9.3M) for the chemical/biological/radiological mission to include chemical sensors, radiological sensors, and biological sensors, collective protection, decontamination equipment, and hazardous materials equipment.													
(4) Commercial heavy armored vehicle replacement (\$0.2M).													

WASHINGTON HEADQUARTERS SERVICES  
Pentagon Renovation Program Office  
Business Area Capital Purchase Justification  
Pentagon Reservation Maintenance Revolving Fund

A. AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in thousands)		A. BUDGET SUBMISSION											
B. Component/Business Area/Date		D. Activity Identification											
WASHINGTON HEADQUARTERS SERVICES PENTAGON RESERVATION MAINTENANCE REVOLVING FUND													
ELEMENT OF COST		FY 2002			FY 2003			FY 2004			FY 2005		
		Quantity	Unit Cost	Total Obligations	Quantity	Unit Cost	Total Obligations	Quantity	Unit Cost	Total Obligations	Quantity	Unit Cost	Total Obligations
Major Construction				371,000			295,000			269,400			365,200
<b>Narrative Justification:</b> \$278 million will be obligated by the Department in FY 2004 for the following Renovation initiatives: (1) Continuation of the design and construction activities, including design, construction, energy management control system, lock hardware and security systems, and interior signs for phases 3 and 4 of Wedge Two (\$63.5 million); (2) Construction management and quality assurance, (\$4.0 million); (3) Information Management and Telecommunications planning, engineering management, acquisition and implementation activities (\$46.0 million); (4) Renovation acceleration/Command Centers (C2), (\$50.1 million); (5) Command Communications Survivability, (\$104.4 million); (6) Completion of Force Protection initiatives in Wedge Two and basement spaces to enhance life safety, fire suppression, and blast resistance of the Pentagon (\$1.4M).													



**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
STATEMENT OF FINANCIAL CONDITION  
(Dollars in Millions)**

	<b><u>FY 2002</u></b>	<b><u>FY 2003</u></b>	<b><u>FY 2004</u></b>	<b><u>FY 2005</u></b>
Assets:				
Selected Assets:				
Fund Balance with Treasury	1,050.4	724.8	498.3	534.0
Accounts Receivable	15.8	16.0	17.2	17.4
Inventories	2.6	2.7	2.8	2.9
Capital Inventory (Net)	1,045.2	1,182.1	1,297.5	1,425.7
Total Assets:	2,114.0	1,925.6	1,815.8	1,980.0
Liabilities:				
Selected Liabilities:				
Accounts Payable	8.6	8.8	10.2	10.4
Accrued Liabilities	3.1	3.2	4.6	4.7
Total Liabilities:	11.7	12.0	14.8	15.1
Government Equity:				
Paid-in-Capital				
(Assets Capitalized Less Liabilities Assumed)	2,102.3	1,913.6	1,801.0	1,964.9
Unexpended Appropriations	0.0	0.0	0.0	0.0
Total Government Equity:	2,102.3	1,913.6	1,801.0	1,964.9
Total Liabilities and Equity:	2,114.0	1,925.6	1,815.8	1,980.0

**WASHINGTON HEADQUARTERS SERVICES**  
**Buildings Maintenance Fund**  
**Summary of Operations**

**Industrial Fund Functions:**

The Buildings Maintenance Fund (BMF) is a revolving fund that operates under authority of Section 2208 of Title 10, United States Code. The BMF currently finances the operation, maintenance, protection and repair of government-owned and leased facilities (exclusive of the Pentagon Reservation) that are controlled by the Washington Headquarters Services (WHS) and are occupied by Department of Defense (DoD) military and/or civilian personnel. However, beginning in FY 2004, services provided by the BMF will be financed from the Pentagon Reservation Maintenance Revolving Fund (PRMRF).

BMF facilities include, but are not limited to, those operated by WHS under delegations of authority from the General Services Administration (GSA). Services provided include:

**Real Property Operations.** Includes cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, and administrative support.

**Repair.** Includes repair projects over \$10,000 and cyclic painting. These projects maintain the facilities at levels adequate to support the assigned missions and to prevent deterioration and damage to buildings, their support systems and operating equipment. Repair projects are prioritized and accomplished within available revenues. Protection of the government's investment, cost effectiveness, health and safety of workers and the public are among the most important criteria for determining project priorities.

The BMF has been designed to operate on a break-even basis over the long term. Revenue to the BMF is generated from various sources. However, the BMF is primarily dependent upon user fees paid by DoD components for operation, maintenance and repair services provided in the thirty-four federally owned and leased facilities that are managed by WHS under GSA/DoD interagency agreements. In addition, costs incurred for alterations, security, heating, air-conditioning and other building services above those levels supported by GSA are recovered on a reimbursable job-order basis from the DoD tenants receiving above standard services.

However, beginning in FY 2004, the Department proposes to finance the services provided by the BMF from the Pentagon Reservation Maintenance Revolving Fund (PRMRF). This change requires legislative authorization. A copy of the Department's proposed legislation will be provided separately.

**WASHINGTON HEADQUARTERS SERVICES**  
**Summary of Price, Program and Other Changes (Operating Budget) - Obligations**  
**Buildings Maintenance Fund**  
**(Dollars in Millions)**

	<u>Cost of Operations FY 2002</u>	<u>Annualization of Pay Raises</u>	<u>Price</u>	<u>Growth</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Operations FY 2003</u>
			<u>Percent</u>	<u>Amount</u>		
11XX Civilian Personnel Compensatin	3.3	0.04	3.1	0.1	0.4	3.8
12XX Personnel Benefits	0.9	0.01	3.1	0.0	0.1	1.0
<b>Total Civilian Personnel Compensation</b>	4.2	0.05	3.1	0.1	0.5	4.8
21XX Travel and Transportation of Persons	0.0		1.1	0.0	0.0	0.0
23XX Rent, Communications and Utilities	1.3		1.1	0.0	0.0	1.3
25XX Other Services	26.3		1.1	0.3	-4.3	22.3
26XX Supplies and Materials	0.0		1.1	0.0	0.0	0.1
31XX Equipment	2.0		1.1	0.0	0.1	2.1
<b>TOTAL COST OF OPERATIONS (Includes Reimbursements)</b>	<b><u>33.9</u></b>		<b><u>1.1</u></b>	<b><u>0.4</u></b>	<b><u>-3.7</u></b>	<b><u>30.6</u></b>

**WASHINGTON HEADQUARTERS SERVICES**  
**Summary of Price, Program and Other Changes (Operating Budget) - Obligations**  
**Buildings Maintenance Fund**  
**(Dollars in Millions)**

	<u>Cost of Operations FY 2003</u>	<u>Annualization of Pay Raises</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Operations FY 2004</u>
11XX Civilian Personnel Compensation	3.8	0.03	2.0	0.1	-3.9	0.0
12XX Personnel Benefits	1.0	0.01	2.0	0.0	-1.0	0.0
<b>Total Civilian Personnel Compensation</b>	<b>4.8</b>	<b>0.04</b>	<b>2.0</b>	<b>0.1</b>	<b>-4.9</b>	<b>0.0</b>
21XX Travel and Transportation of Persons	0.0		1.5	0.0	0.0	0.0
23XX Rent, Communications and Utilities	1.3		1.5	0.0	-1.3	0.0
25XX Other Services	22.3		1.5	0.3	-22.6	0.0
26XX Supplies and Materials	0.1		1.5	0.0	-0.1	0.0
31XX Equipment	2.1		1.5	0.0	-2.1	0.0
<b>TOTAL COST OF OPERATIONS (Includes Reimbursements)</b>	<b><u>30.6</u></b>		<b><u>1.5</u></b>	<b><u>0.4</u></b>	<b><u>-31.0</u></b>	<b><u>0.0</u></b>

**WASHINGTON HEADQUARTERS SERVICES**  
**Summary of Price, Program and Other Changes (Operating Budget) - Obligations**  
**Buildings Maintenance Fund**  
**(Dollars in Millions)**

	<u>Cost of Operations FY 2004</u>	<u>Annualization of Pay Raises</u>	<u>Price Growth Percent</u>	<u>Price Growth Amount</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Operations FY 2005</u>
11XX Civilian Personnel Compensatin	0.0	0.00	3.4	0.0	0.0	0.0
12XX Personnel Benefits	0.0	0.00	3.4	0.0	0.0	0.0
Total Civilian Personnel Compensation	0.0	0.00	3.4	0.0	0.0	0.0
21XX Travel and Transportation of Persons	0.0		1.6	0.0	0.0	0.0
23XX Rent, Communications and Utilities	0.0		1.6	0.0	0.0	0.0
25XX Other Services	0.0		1.6	0.0	0.0	0.0
26XX Supplies and Materials	0.0		1.6	0.0	0.0	0.0
31XX Equipment	0.0		1.6	0.0	0.0	0.0
TOTAL COST OF OPERATIONS (Includes Reimbursements)	<u>0.0</u>		<u>1.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

**WASHINGTON HEADQUARTERS SERVICES  
BUILDINGS MAINTENANCE FUND  
SOURCES OF REVENUE  
(Dollars in Millions)**

	<u><b>FY 2002</b></u>	<u><b>FY 2003</b></u>	<u><b>FY 2004</b></u>	<u><b>FY 2005</b></u>
1. Orders from DoD Components for Building Services, Protective Services and Space Adjustments.				
Rent:				
OSD WHS (Central Services)	1.0	1.8	0.0	0.0
ARMY	9.2	10.6	0.0	0.0
NAVY	2.2	2.5	0.0	0.0
USAF	0.1	0.2	0.0	0.0
DIA	0.5	0.6	0.0	0.0
DSWA	0.1	0.0	0.0	0.0
DLA	0.6	0.1	0.0	0.0
DISA	1.1	1.7	0.0	0.0
DTRA	1.1	1.2	0.0	0.0
DSS	0.4	0.0	0.0	0.0
CMA	0.4	0.3	0.0	0.0
DFAS	0.1	0.0	0.0	0.0
DeCA	0.1	0.1	0.0	0.0
DCMA	0.1	0.1	0.0	0.0
Other Charges:				
-Building Services and Space Adjustments	17.1	11.4	0.0	0.0
2. Total Orders from DoD Components:	33.9	30.6	0.0	0.0
3. Other Orders:	0.0	0.0	0.0	0.0
4. Total Gross Orders:	33.9	30.6	0.0	0.0

**WASHINGTON HEADQUARTERS SERVICES**  
**BUILDINGS MAINTENANCE FUND**  
**REVENUE AND EXPENSES**  
**(Dollars in Millions)**

	<u><b>FY 2002</b></u>	<u><b>FY 2003</b></u>	<u><b>FY 2004</b></u>	<u><b>FY 2005</b></u>
Revenue*	33.9	30.6	0.0	0.0
Operating Expenses:				
Real Property Operations:				
Cleaning	0.7	1.0	0.0	0.0
Maintenance	0.5	0.7	0.0	0.0
Utilities and Fuels	1.2	1.5	0.0	0.0
Protection	6.5	4.8	0.0	0.0
Other Building Services	1.4	1.7	0.0	0.0
Administrative - RE&F	5.5	5.7	0.0	0.0
Repairs (over \$10,000)	0.3	0.5	0.0	0.0
Reimbursable Services (Above Std.):				
Cleaning	0.0	0.0	0.0	0.0
Maintenance	0.0	0.0	0.0	0.0
Utilities and Fuels	1.6	1.8	0.0	0.0
Protection	3.4	3.6	0.0	0.0
Space Adjustments and Other	12.8	9.3	0.0	0.0
Administrative	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0
Total Operating Expenses:	33.9	30.6	0.0	0.0
Cost of Services:	33.9	30.6	0.0	0.0
Net Operating Results	0.0	0.0	0.0	0.0
Accumulated Operating Results:	0.0	0.0	0.0	0.0

**BUILDINGS MAINTENANCE FUND**  
**Summary Statement**  
**(Dollars in Millions)**

	<u>Obligations</u>	<u>Orders</u>	<u>Revenue</u>	<u>Cost</u>	<u>DISBURSEMENTS BY FISCAL YEAR</u>								
					<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	
<u>Operating Budget:</u>													
FY 2002	33.9	28.5	28.5	28.5	31.6	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FY 2003	30.6	28.8	28.8	28.8		23.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FY 2004	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0
FY 2005	0.0	0.0	0.0	0.0				0.0	0.0	0.0	0.0	0.0	0.0
<u>Total:</u>													
FY 2002	33.9	28.5	28.5	28.5	31.6	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FY 2003	30.6	28.8	28.8	28.8		23.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FY 2004	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0
FY 2005	0.0	0.0	0.0	0.0				0.0	0.0	0.0	0.0	0.0	0.0



**WASHINGTON HEADQUARTERS SERVICES  
BUILDINGS MAINTENANCE FUND  
Cost of Basic Services**

PROGRAM	FY 2002		FY 2003		FY 2004		FY 2005	
	Workload (Avg. Sq. Ft.)*	Cost per Sq. Ft.**	Workload (Avg. Sq. Ft.)*	Cost per Sq. Ft.**	Workload (Avg. Sq. Ft.)*	Cost per Sq. Ft.**	Workload (Avg. Sq. Ft.)*	Cost per Sq. Ft.**
Cleaning	982,350	\$0.71	982,350	\$1.02	982,350	\$0.00	982,350	\$0.00
Maintenance	4,176,375	\$0.12	4,176,375	\$0.17	4,176,375	\$0.00	4,176,375	\$0.00
Utilities & Fuels	2,486,373	\$0.48	2,486,373	\$0.60	2,486,373	\$0.00	2,486,373	\$0.00
Protection	4,955,379	\$0.95	4,955,379	\$0.97	4,955,379	\$0.00	4,955,379	\$0.00
Administrative	4,955,379	\$1.11	4,955,379	\$0.34	4,955,379	\$0.00	4,955,379	\$0.00
Other Building Services	4,955,379	\$0.28	4,955,379	\$1.15	4,955,379	\$0.00	4,955,379	\$0.00
Administrative Cost as Percent of Total Program Cost		3.66%		3.68%		0.00%		0.00%

\* Excludes Reimbursable Above Standard Services

\*\* Excludes Reimbursable Above Standard Services

**WASHINGTON HEADQUARTERS SERVICES  
BUILDINGS MAINTENANCE FUND  
STATEMENT OF FINANCIAL CONDITION  
(Dollars in Millions)**

	<u><b>FY 2002</b></u>	<u><b>FY 2003</b></u>	<u><b>FY 2004</b></u>	<u><b>FY 2005</b></u>
Assets:				
Fund Balance with Treasury	18.5	15.4	0.0	0.0
Accounts Receivable	1.6	1.7	0.0	0.0
Inventories	0.0	0.0	0.0	0.0
Capital Inventory (Net)	0.0	0.0	0.0	0.0
Total Assets:	20.1	17.1	0.0	0.0
Liabilities:				
Accounts Payable	0.4	0.5	0.0	0.0
Accrued Liabilities	0.1	0.2	0.0	0.0
Total Liabilities:	0.5	0.7	0.0	0.0
Government Equity:				
Paid-in-Capital				
(Assets Capitalized Less	19.6	16.4	0.0	0.0
Liabilities Assumed)	0.0	0.0	0.0	0.0
Unexpended Appropriations	0.0	0.0	0.0	0.0
Total Government Equity:	19.6	16.4	0.0	0.0
Total Liabilities and Equity:	20.1	17.1	0.0	0.0

**DEFENSE LOGISTICS AGENCY**  
**Transaction Fund**  
**Defense National Stockpile Center**  
**FISCAL YEAR (FY) 2004 BUDGET ESTIMATES**  
**Overview**

The Defense Logistics Agency (DLA) Defense National Stockpile Center (DNSC) operates under the authority of the Strategic and Critical Stock Piling Act (50 U.S.C. 98-h-2 (a)). This Act provides that strategic and critical materials are stockpiled in the interest of national defense to preclude a dangerous and costly dependence upon foreign sources of supply in times of a national emergency. The DNSC administers the acquisition, storage, management, and disposal of the Nation's inventory of strategic and critical materials.

This submission recognizes that the current international commodities market is extremely volatile. Commodity prices and demand in the first quarter of Fiscal Year (FY) 2003 continue to be weak, a continuation of the slowdown that began in FY 2001. This slow world economy directly affects DNSC ability to sell commodities and the revenues that they generate. In spite of this, DNSC has sold out of 35 storage locations at the end of FY 2002 and still plans to sell out of 31 storage locations by the end of FY 2003. The number of storage sites with commodities for sale by the end of Fiscal Years 2004 through 2009 is updated as follows:

	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
Storage Sites	25	18	15	12	9	8

It should be noted that selling all of the material at a storage site does not necessarily mean that the site has been vacated. There is often a delay, especially for bulk commodities, between the sale of the material and actual shipment. In addition, a site may require environmental cleanup before it can be vacated.

DNSC's sales program has been revised to reflect March 13, 2002 market prices. A 20 percent uncertainty factor is incorporated into the estimates to accommodate the volatility in the commodity markets today. The plan also includes the additional sales authority provided by Congress in P.L. 107-107, the National Defense Authorization Act for FY 2001.

The sales plan reflects the six categories of authorized commodities and also includes what is currently in proposed legislation:

Authorized

- ◆ Principle Sales Program
- ◆ Foreign Military Sales Program
- ◆ Treasury and HHS Program
- ◆ Treasury General Fund Program
- ◆ Spectrum/Military Benefits Program
- ◆ WWII Memorial & Treasury General Fund Program

**Principle Sales Program**

DNSC principle sales consist of disposals of commodities that were considered excess to the needs of national security prior to FY 1996. In May 1995, the Deputy Under Secretary of Defense (Economic Security) released a report on DNSC requirements that reduced Stockpile goal commodities to \$24 million. The remaining \$6 billion were considered excess to the needs of the national defense. No new commodities were authorized for disposal in FY 1996. Therefore, commodities that were authorized prior to the release of this report are considered "principle business" and not related to the revised requirements. DNSC discontinued transfers of \$150 million each fiscal year from receipts generated from Principle Sales to the Military Service Operations and Maintenance Accounts in FY 2002.

**Foreign Military Sales Program**

The FY 1997 Defense Authorization Act, P.L. 104-201, authorized additional disposals to offset losses to the U.S. Treasury that would be incurred due to reduced charges in the Foreign Military Sales (FMS) program. A provision of the Federal Acquisition and Reform Act (FARA), P.L. 104-106, permits the President to waive charges for non-recurring R&D and production costs for FMS sales from DoD stocks. This provision was intended to increase FMS sales, increase production quantities, and ultimately reduce the costs of equipment procured by the Services. The provision required offsetting legislation before costs could be waived. The Stockpile FMS program fulfills this requirement. The following commodities and tonnage were authorized:

Aluminum	62,881 short tons
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Cobalt	26,000,000 pounds
Columbium Ferro	930,911 pounds contained
Germanium Metal	40,000 kilograms
Indium	35,000 troy ounces
Palladium	15,000 troy ounces
Platinum	10,000 troy ounces
Rubber, Natural	125,138 long tons
Tantalum, Various types	796,000 pounds contained

The sale of this material generated proceeds of \$487.9 million through FY 2000, and will generate a cumulative total of \$627.6 million through FY 2006. Receipts are to be transferred from the Transaction Fund (T-Fund) and deposited into the general fund of the U.S. Treasury as receipts are realized. DNSC has transferred \$545.0 million through September 2002. [DNSC will transfer current fiscal year collections to Treasury at the end of each year.]

#### **U.S. Treasury and HHS Sales Program**

The FY 1999 Defense Authorization Act, PL 105-261, authorized additional disposal of commodities. The receipts from these sales are to be transferred from the T-Fund and deposited into the US Treasury. A portion of the receipts will be transferred to the Secretary of Health and Human Services (HHS) to be credited in the manner determined by the Secretary to the Federal Hospice Insurance Fund and the Federal Supplementary Medical Insurance Trust Fund. P.L. 106-398, Defense Authorization Act for FY 2001, increased the funds to be transferred from \$590 million (previously authorized in P.L. 105-261) to \$720 million for the HHS & Treasury General Fund. P.L. 107-107 Defense Authorization Act for Fiscal Year 2002 increased the funds to be transferred from \$720 million by the end of FY 2005 to \$760 million by the end of FY 2005, and \$770 million by the end of FY 2011. DNSC has transferred \$686.0 million through September 2002. [DNSC will transfer current fiscal year collections to Treasury at the end of each year.] The following commodities and tonnage were authorized:

Bauxite Refractory	29,000 long calcined ton
Beryllium Metal	100 short tons
Chromite Chemical	34,000 short dry tons
Chromite Refractory	159,000 short dry tons
Chromium Ferroalloy	125,000 short tons
Columbium Carbide Powder	21,372 pounds

Columbium Concentrates	1,733,454 pounds
Columbium Ferro	249,396 pounds
Columbium Metal-Ingots	161,123 pounds
Diamond, Stones	3,000,000 carats
Germanium Metal	28,198 kilograms
Graphite natural Ceylon Lump	5,492 short tons
Indium	14,248 troy ounces
Mica Miscovite Block	301,000 pounds
Mica phlogopite Block	130,745 pounds
Platinum	439,887 troy ounces
Platinum-Iridium	4,450 troy ounces
Platinum-Palladium	750,000 troy ounces
Tantalum Carbide Powder	22,688 pounds
Tantalum Metal Ingots	125,000 pounds
Tantalum Metal Powder	125,000 pounds
Tantalum Minerals	1,751,364 pounds
Tantalum Oxide	122,730 pounds
Tungsten Carbide Powder	2,032,896 pounds
Tungsten Ferro	2,024,143 pounds
Tungsten Metal Powder	1,898,009 pounds
Tungsten Ores & Concentrates	76,358,235 pounds

#### **U.S. Treasury General Fund Sales Program**

The Treasury General Fund consists of the remaining cobalt sales after authorization under the Foreign Military Sales program is exhausted. Sales authorized under P.L. 107-107 began in FY 2002 instead of FY 2003 to avoid potential market disruption. DNSC has transferred \$10.5 million through September 2002. [DNSC will transfer current fiscal year collections to Treasury at the end of each year.]

#### **Military Benefits Sales Program**

The FY 2000 Defense Authorization Act, P.L. 106-65 authorized additional disposal of commodities. Congress made statutory changes that will result in an estimated increase in spending of \$443 million through FY 2009. To offset this increase in spending, Congress authorized an additional \$490 million in Stockpile sales over the same time period. Congress also anticipates an additional \$84 million of revenues from sales of naval vessels. Through September 2002, DNSC has transferred \$283.4 million. [DNSC will transfer current fiscal year collections to Treasury at the end of each year.]

## **World War II Memorial & Treasury General Fund Sales Program**

P.L. 106-398, Defense Authorization Act for FY 2001 authorized a new program to sell 30,000 short tons of titanium by September 30, 2010. Proceeds of \$6 million (\$4 million in FY 2001 and \$2 million in FY 2002) have been transferred to the American Battle Monuments Commission for the World War II Memorial. DNSC has transferred \$32.0 million through September 2002. [DNSC will transfer current fiscal year collections to Treasury as Miscellaneous Receipts at the end of each year.]

### **Budget Highlights**

#### **Operations Obligations:**

The significant program changes between FY 2003 and FY 2004 and FY 2005 are in labor, rent, and other purchased services.

#### **Labor**

For FY 2004 and FY 2005, FTE's are projected to be 182 and 162, respectively. These projections are consistent with the previous downsizing plans. Twenty (20) FTEs have been added to the personnel exhibits in FY 2004 and FY 2005 as identified in the Management Headquarters Allocation, which results in a total of 202 and 182 FTEs respectively.

#### **Nonlabor**

Projected rent costs are decreasing in FY 2004 by \$3 million and in FY 2005 by \$4.4 million as DNSC vacates storage space.

DNSC is striving to reduce real property maintenance requirements as its inventory and sites decline. The maintenance requirements in FY 2004 are \$2.6 million and in FY 2005 \$2.8 million.

#### **Environmental**

The DNSC storage site environmental cleanup program is integrated with the phased storage site closure schedule. These cleanups are phased to minimize disruption to storage site operations.

Costs for stormwater management projects and supporting projects total \$3.8 million for FY 2004. FY 2005 has similar projects that total \$900 thousand.

Other environmental costs are centered on mercury and thorium nitrate disposition. For FY 2004 the cost of \$1.5 million has been identified at each of the four sites that store mercury. For thorium nitrate, sampling and analysis in FY 2002 to determine if this commodity is a Resource Conservation and Recovery Act (RCRA) hazardous waste (as a reactive). Depending on the outcome of the analysis, thorium nitrate may be classified as a low level radioactive waste, a low level radioactive waste and RCRA waste (low level mixed waste), or both. Costs of \$2.5 million have been budgeted for the two storage sites, Curtis Bay and Hammond, storing thorium nitrate for ultimate disposal. Again, this cost is estimated to be sufficient to initiate disposal. The FY 2005 estimate supports increased ultimate disposal costs for mercury based upon a full disposal operation during the year. Disposal costs for thorium nitrate were estimated to be level during the out-years, based upon preliminary estimates by Oak Ridge National Laboratory, who is coordinating our efforts for thorium nitrate disposition.

Other environmental costs include: (1) three additional environmental staff by converting quality assurance specialists; (2) environmental training, permits and fees; (3) sampling and analyses; (4) hazardous and solid waste disposal; (5) external environmental audits; (6) recycling, conservation; (7) underground storage tanks; and (8) air permit constitute the remainder of the environmental budget (approximately \$926 thousand).



DEFENSE LOGISTICS AGENCY  
Transaction Fund  
National Defense Stockpile Center  
FISCAL YEAR (FY) 2004 BUDGET ESTIMATES  
Stockpile Financial Status Report  
(Dollars in Million)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>
Treasury Cash Balance, End of Prior Year	1151.5	670.0	761.6	898.8
Collections	369.5	301.5	285.6	199.2
Disbursements	<u>73.0</u>	<u>76.4</u>	<u>69.7</u>	<u>59.7</u>
Labor	15.4	18.9	15.8	14.4
Non-Labor	57.6	57.5	53.9	45.3
<u>Transfers:</u>				
DOD (Military Services)	0.0	0.0	0.0	0.0
FMS	131.7	13.0	25.0	14.4
Treasury (HHS)	356.8	79.2	13.9	-3.7
Cobalt TGF	10.5	18.7	20.8	20.2
Treasury (Spectrum)	251.0	6.0	4.0	8.0
WWII Memorial	<u>28.0</u>	<u>16.6</u>	<u>15.0</u>	<u>15.0</u>
Total Transfers	778.0	133.5	78.7	53.9
Environmental Clean-up Liability	0.0	0.0	0.0	0.0
<b>Cash Balance</b>	<b>670.0</b>	<b>761.6</b>	<b>898.8</b>	<b>984.4</b>

DEFENSE LOGISTICS AGENCY  
Transaction Fund  
Defense National Stockpile Center  
FISCAL YEAR (FY) 2004 BUDGET ESTIMATES  
Program and Financing  
\$000

	FY 2002 act	FY 2003 est.	FY 2004 est.	FY 2005 est.
Financing:				
Federal Orders	33,737	15,000	0	0
Non-Federal Orders	<u>343,708</u>	<u>308,194</u>	<u>280,300</u>	<u>179,956</u>
Total Orders	377,445	323,194	280,300	179,956
Obligations: Operating Expenses				
Civilian Personnel Compensation & Benefits	17,404	18,889	15,803	14,407
Travel and Transportation of Personnel	946	1,264	941	844
Materials and Supplies (For Internal Operations)	788	2,696	1,618	1,327
Equipment	518	679	218	162
Transportation of Things	377	513	353	292
Rent, Communication, Utilities & Misc Charges	16,293	15,738	13,000	8,818
Other Purchased Services	<u>26,868</u>	<u>36,658</u>	<u>37,768</u>	<u>33,839</u>
Total Expenses	63,194	76,437	69,701	59,689
Obligations: Payments to Receipt Account				
Offset for Loss of FMS Receipts (1)	131,712	1,300	25,000	14,000
Offset as Stated in FY 1998 Authorization Act (2)	10,543	18,700	20,800	20,920
Offset as Stated in FY 1999 Authorization Act (3)	325,814	71,200	13,900	0
Offset as Stated in FY 2000 Authorization Act (4)	250,972	6,000	4,000	4,000
Offset as Stated in FY 2001 Authorization Act (5)	28,008	16,600	15,000	15,000
Total Payments	747,049	125,500	78,700	53,900
Obligations: Transfer to HHS (3)	31,000	8,000	0	0
Total Obligations	778,049	133,500	78,700	53,900
(1) FY 1996 National Defense Authorization Act, Section 4303;				
(2) FY 1997 National Defense Authorization Act, Section 3303; as amended				
by FY 2000 National Defense Authorization Act, Section 3402.				
(3) FY 1999 National Defense Authorization Act, Section 3303.				
(4) FY 2000 National Defense Authorization Act, Section 3402.				
(5) FY 2001 National Defense Authorization Act, Section 3303.				

**Conventional Ammunition Working Capital Fund**  
**Fiscal Year (FY) 2004/FY 2005 Biennial Budget Estimates**

Effective September 30, 1998, the Conventional Ammunition Working Capital Fund (CAWCF) officially closed for acceptance of new orders for the procurement of Conventional Ammunition. The remaining CAWCF functions include the completion of FY 1998 and prior year orders for delivery to the ordering customers and closeout of all financial records. The last customer order should be delivered in FY 2004. All remaining accounting transactions should be finalized by September 30, 2005. The Services provided funding of \$90.0 million in FY 1999, FY 2000 and FY 2001 to defray anticipated cash shortages. In FY 2002 the fund returned \$20.8 million to the Services after the Ammunition Product Improvement Team (APIT) determined that they were excess to requirements due to the adjustment of claims. As of December 31, 2002, the CAWCF has sufficient cash to meet all currently known and estimated requirements. The projected cash balance as of September 30, 2003 is \$30.5 million. At this time, the CAWCF requires no additional funding from FY 2003 through FY 2005. The cash position of the Fund through the end of FY 2005 is shown below:

Cash Balance as of September 30, 2002		\$69.6
FY 2003 Net Outlays	39.1	
FY 2004 Net Outlays	3.4	
FY 2005 Net Outlays	<u>-0.3</u>	<u>42.2</u>
Estimated Cash Position at Closure		\$ 27.4