DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2006/FY 2007
BUDGET ESTIMATES

JUSTIFICATION OF ESTIMATES
FEBRUARY 2005

NAVY WORKING CAPITAL FUND

DoN NWCF Summary, FY 2006/2007 President's Budget

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND (NWCF)
FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES

In FY 2006/FY 2007, NWCF activities are expected to continue to play a significant role in support of the Department of the Navy's operations and the reconstitution of its equipment and supplies as required by the Global War on Terrorism. The total cost of goods and services to be delivered by NWCF activity groups to their customers in FY 2006 and FY 2007 is projected to exceed $26 billion. NWCF activity groups include Supply Management, Depot Maintenance, Research & Development, Base Support and Transportation.

In the area of supply management, the Department of the Navy continues to focus on delivering combat capability through optimum logistics support. Ensuring the right material is provided at the proper place, time and cost is vital to equipping and sustaining our warfighting units whether at peace or at war. To this end, the Department of the Navy continues to pursue initiatives to control costs and improve readiness. Until we recapitalize and modernize our forces in volume, our older weapon systems combined with higher utilization rates, will continue to generate increased demand for spare parts. This is one reason the Department of the Navy's request for material obligation authority remains high.

Spare parts are a single element within a complex and intricately balanced system to keep weapon systems safe and operating at optimal capacity. Towards this goal, the Department of the Navy needs more robust information systems to collect, process and share data from other integrated logistics support elements, such as training and maintenance. Hence, the Navy continues to fund the Converged Enterprise Resource Planning initiative, which will provide the Navy with better tools to assess program costs and implement cost reducing procedures. We are optimistic these efforts, along with reducing weapon systems average age, will stem spare parts demand growth and allow the Navy to provide improved logistics support at lower cost.

This budget request also reflects a continuation of the Navy's inventory augmentation efforts in the supply area, with a NWCF appropriation request of $83 million and $84 million in FY 2006 and FY 2007, respectively. Dedicated funding allows the Navy to procure initial and follow-on system stock without creating an excessive burden on the customer. It also enables the Navy to capture total ownership costs more effectively since funds are tied to the support of the new weapon system rather than accounted for in the cost of operations.

In the area of depot maintenance, Marine Corps Depots have experienced a large influx of unplanned workload for performance in FY 2004 and FY 2005 (compared to the FY 2005 President's Budget baseline). This is largely due to repair of combat-damaged equipment and weapons systems, and the installation of armor plating on combat vehicles. The workload is projected to level off by FY 2006, but operational contingencies could further extend this period of increased effort.

For the Base Support area, FY 2006 is expected to include the addition of 28 new Public Works Center (PWC) detachments across the continental United States. These sites are currently independent public works departments (under the control of different regional offices under the Commander, Naval Installations). The consolidation of these PWC detachments is expected to help reduce operating costs and standardize delivery of the various PWC utility commodities and other products.

Increased force protection requirements for vessels operated by the Navy Military Sealift Command (MSC) following the events of September 11, 2001, were initially financed with Supplemental appropriations as a part of the Global War on Terrorism, but will now be incorporated in FY 2006-FY 2007 rates to reflect projected ongoing peacetime force protection requirements.

Lastly, the Department of the Navy projects the NWCF cash balance to remain below the minimum seven-day level prescribed in the DoD Financial Management Regulation throughout the FY 2005-FY 2007 period. The decline in the NWCF cash balance is not due to net operating losses but directly attributable to the cumulative effect of directed cash transfers. To ensure un-interrupted support of naval forces supporting the Global War on Terrorism and other operations, it may be necessary to judiciously invoke advance billing authority contained in Section 2208, 10 U.S.C.; Working Capital Funds**.** The Department of the Navy will expeditiously notify the Congress and the Office of the Secretary of Defense in the event this occurs.

Revenue:

	(Dollars in Millions)			
	FY 2004	FY 2005	FY 2006	FY 2007
Supply - Navy	5,719.3	5,788.8	6,287.5	6,377.8
Supply - Marine Corps	187.6	175.6	135.3	129.1
Depot Maintenance - Ships	2,241.5	1,600.2	1,601.2	1,519.4
Depot Maintenance - Aircraft	2,218.9	2,190.1	2,157.7	2,202.3
Depot Maintenance - Marine Corps	330.1	287.2	234.3	207.0
R&D - Air Warfare Center	3,116.8	2,817.9	2,915.9	2,909.6
R&D - Surface Warfare Center	3,372.9	3,477.5	3,440.0	3,504.9
R&D - Undersea Warfare Center	995.8	976.5	1,011.2	1,013.3
R&D - SPAWAR Systems Center	2,223.7	2,149.5	2,261.4	2,181.4
R&D - Naval Research Laboratory	591.8	618.2	634.2	651.5
Transportation - MSC	1,792.4	1,950.7	2,023.4	2,022.2
Base Support - PWC	1,518.7	1,637.4	1,998.7	2,060.4
Base Support - NFESC	84.3	86.6	89.1	88.9
Totals	24,393.8	23,756.3	24,789.9	24,867.8

Cost: (Operating)
Total obligations for Supply functions and cost of goods and services sold for industrial functions are as follows:

	(Dollars in Millions)			
	FY 2004	FY 2005	FY 2006	FY 2007
Supply - Navy	5,432.7	7,248.6	7,826.4	8,040.2
Supply - Marine Corps	154.2	224.9	166.4	171.2
Depot Maintenance - Ships	2,308.9	1,568.5	1,610.1	1,519.4
Depot Maintenance - Aircraft	2,210.3	2,134.3	2,158.3	2,202.3
Depot Maintenance - Marine Corps	312.1	279.7	257.2	207.0
R&D - Air Warfare Center	3,109.6	2,794.1	2,921.3	2,909.6
R&D - Surface Warfare Center	3,366.9	3,498.3	3,445.2	3,504.9
R&D - Undersea Warfare Center	997.5	980.6	1,012.0	1,013.3
R&D - SPAWAR Systems Center	2,223.2	2,149.6	2,275.9	2,181.4
R&D - Naval Research Laboratory	598.6	624.7	632.7	649.2
Transportation - MSC	1,777.2	1,980.9	2,032.9	2,022.2
Base Support - PWC	1,497.0	1,635.2	2,002.4	2,060.4
Base Support - NFESC	84.4	85.7	88.4	88.9
Totals	24,072.5	25,205.1	26,429.2	26,570.0

Net Operating Results:
Revenue, excluding surcharge collections and extraordinary expenses, less the cost of goods and services sold to customers is as follows:

	(Dollars in Millions)			
	FY 2004	FY 2005	FY 2006	FY 2007
Supply - Navy	27.8	10.6	-84.1	0.0
Supply - Marine Corps	6.0	11.1	-4.7	-5.3
Depot Maintenance - Ships	-67.4	31.7	-8.9	0.0
Depot Maintenance - Aircraft	8.3	-36.3	-0.6	0.0
Depot Maintenance - Marine Corps	18.2	7.5	-22.9	0.0
R&D - Air Warfare Center	6.7	23.9	-5.4	0.0
R&D - Surface Warfare Center	6.0	-20.8	-5.2	0.0
R&D - Undersea Warfare Center	-1.7	-4.1	-0.8	0.0
R&D - SPAWAR Systems Center	0.1	-0.1	-14.5	0.0
R&D - Naval Research Laboratory	-6.6	-9.8	-1.3	0.0
Transportation - MSC	15.2	-30.2	-9.5	0.0
Base Support - PWC	21.6	2.2	-3.6	0.0
Base Support - NFESC	0.0	1.0	0.7	0.0
Totals	34.2	-13.4	-160.8	-5.3

Accumulated Operating Results (recoverable):

	(Dollars in Millions)			
	FY 2004	FY 2005	FY 2006	FY 2007
Supply - Navy	73.5	84.1	0.0	0.0
Supply - Marine Corps	54.2	62.9	5.3	0.0
Depot Maintenance - Ships	-15.5	16.2	0.0	0.0
Depot Maintenance - Aircraft	36.9	0.6	0.0	0.0
Depot Maintenance - Marine Corps	15.4	22.9	0.0	0.0
R&D - Air Warfare Center	-18.4	5.4	0.0	0.0
R&D - Surface Warfare Center	26.1	5.2	0.0	0.0
R&D - Undersea Warfare Center	4.9	0.8	0.0	0.0
R&D - SPAWAR Systems Center	14.6	14.5	0.0	0.0
R&D - Naval Research Laboratory	11.1	1.3	0.0	0.0
Transportation - MSC	39.7	9.5	0.0	0.0
Base Support - PWC	1.4	3.6	0.0	0.0
Base Support - NFESC	-1.7	-0.7	0.0	0.0
Totals	242.2	226.4	5.3	0.0

Workload:
Workload projections for NWCF activities generally reflect the decline in Navy force structure and attendant support levels as well as those factors unique to each group. The table below displays year-to-year percentage changes in transportation ship days for MSC, changes in program costs for Base Support – PWC and changes in direct labor hours for all other industrial business areas. For supply business areas, workload changes are indicated by gross sales.

	(Percent Change)		
	FY 2005	FY 2006	FY 2007
Supply - Navy	1.7%	9.1%	1.5%
Supply - Marine Corps	-7.7%	-22.5%	-4.4%
Depot Maintenance - Ships	-9.1%	-0.9%	-10.2%
Depot Maintenance - Aircraft	-0.9%	0.8%	-1.7%
Depot Maintenance - Marine Corps	-10.9%	-10.1%	-21.9%
R&D - Air Warfare Center	2.7%	-2.8%	-2.6%
R&D - Surface Warfare Center	-1.5%	-2.6%	0.1%
R&D - Undersea Warfare Center	-1.3%	-0.8%	-0.3%
R&D - SPAWAR Systems Center	-2.1%	0.0%	-0.3%
R&D - Naval Research Laboratory	1.5%	-0.5%	0.0%
Transportation - MSC	0.3%	2.4%	0.2%
Base Support - PWC	9.2%	22.5%	2.9%
Base Support - NFESC	0.3%	-0.6%	0.0%

Treasury Cash Balance:

	(dollars in millions)			
	FY 2004	FY 2005	FY 2006	FY 2007
Beginning Cash Balance	**1,827.6**	**861.2**	**757.2**	**677.1**
Collections	24,016.9	23,753.5	24,999.9	25,080.2
Disbursements	24,718.3	23,898.1	25,163.1	25,177.5
Transfers	-265.0	-239.4	83.1	83.8
Advance Billing Collections*		280.0		
Ending Cash Balance	**861.2**	**757.2**	**677.1**	**663.6**

* Advance billing collections of $280 million are projected for FY 2005.

Customer Rate Changes

Approved composite rate changes from FY 2004 to FY 2005 and proposed composite rate changes from FY 2005 to FY 2006 and FY 2006 to FY 2007 (designed to achieve an accumulated operating result of zero at the end of FY 2006) are as follows:

	(Percent Change)		
	FY 2005	FY 2006	FY 2007
Supply:			
Navy - Aviation Consumables	-3.3%	-3.6%	1.7%
Navy - Shipboard Consumables	-0.2%	5.1%	0.8%
Navy - Aviation Repairables	3.9%	9.8%	0.0%
Navy - Shipboard Repairables	-0.2%	5.1%	0.8%
MARCORPS Repairables	6.1%	-10.8%	3.8%
Depot Maintenance - Ships	12.7%	5.7%	6.9%
Depot Maintenance - Aircraft	3.1%	0.5%	4.7%
Depot Maintenance - Marine Corps	-2.5%	-2.8%	16.0%
R&D - Air Warfare Center	2.4%	1.4%	3.0%
R&D - Surface Warfare Center	1.1%	2.7%	2.9%
R&D - Undersea Warfare Center	2.7%	1.8%	2.9%
R&D - SPAWAR Systems Center	1.4%	2.1%	2.6%
R&D - Naval Research Laboratory	2.3%	3.4%	2.6%
Transportation - MSC			
Fleet Auxiliary	5.0%	11.4%	10.0%
Special Mission Ships	11.2%	21.6%	-0.4%
Afloat Prepositioning Ships	10.0%	-3.7%	-23.2%
Base Support - PWC			
East Coast Utilities	-5.0%	3.7%	3.1%
East Coast - Other	2.4%	1.8%	2.4%
West Coast Utilities	-1.3%	4.0%	5.0%
West Coast - Other	0.8%	1.7%	0.5%
Base Support - NFESC	5.2%	1.6%	2.6%

Unit Costs:

Unit Cost is the method established to authorize and control costs. Unit cost goals allow activities to respond to workload changes in execution by encouraging reduced costs when workload declines and allowing appropriate increases in costs when their customers request additional services.

	FY 2005	FY 2006	FY 2007
Supply - Navy (cost per unit of sales[1]):			
Wholesale	0.97	0.98	1.00
Retail	0.99	1.00	1.01
Supply - Marine Corps (cost per unit of sales[1]):			
Wholesale	1.10	1.30	1.46
Retail	0.94	0.95	1.00
Depot Maintenance - Ships ($/Direct Labor Hour[2])	74.11	78.57	85.86
Depot Maintenance - Aircraft ($/Direct Labor Hour)	164.69	166.92	175.09
Depot Maintenance - Marine Corps ($/Direct Labor Hour)	134.91	138.08	142.35
R&D - Air Warfare Center ($/Direct Labor Hour[2])	76.32	77.52	79.98
R&D - Surface Warfare Center ($/Direct Labor Hour[2])	80.66	82.34	85.01
R&D - Undersea Warfare Center ($/Direct Labor Hour[2])	85.91	86.94	89.85
R&D - SPAWAR Systems Center ($/Direct Labor Hour[2])	85.62	87.09	88.12
R&D - Naval Research Laboratory ($/Direct Labor Hour[2])	107.64	109.10	111.89
Transportation - MSC			
Fleet Auxiliary ($/day) ($000)	42.42	49.18	50.87
Special Mission Ships ($/day) ($000)	25.16	26.05	28.85
Afloat Prepositioning Ships ($/day) ($000)	82.13	74.37	61.29
Base Support - PWC Cost of Services	various	various	various
Base Support - NFESC ($/direct Labor Hour[2])	86.14	87.72	90.15

[1] excludes inventory augmentation obligations

[2] includes direct labor plus overhead costs

Staffing:
Total civilian and military personnel employed at NWCF activities are as follows:

(Strength in Whole Numbers)

Civilian End Strength	FY 2004	FY 2005	FY 2006	FY 2007
Supply - Navy	5,943	6,520	6,527	6,512
Supply - Marine Corps	26	24	24	24
Depot Maintenance - Ships	11,687	11,561	11,438	10,813
Depot Maintenance - Aircraft	10,931	10,998	10,931	10,840
Depot Maintenance - Marine Corps	1,749	1,704	1,658	1,138
R&D - Air Warfare Center	10,398	10,337	9,700	9,700
R&D - Surface Warfare Center	15,481	15,651	15,284	15,308
R&D - Undersea Warfare Center	4,259	4,277	4,254	4,242
R&D - SPAWAR Systems Center	6,073	6,043	6,018	6,028
R&D - Naval Research Laboratory	2,549	2,618	2,618	2,618
Transportation - MSC	4,941	5,351	5,725	6,212
Base Support - PWC	8,082	7,837	9,124	9,053
Base Support - NFESC	389	406	406	406
Totals	82,508	83,327	83,707	82,894

(Workyears in Whole Numbers)

Civilian Workyears	FY 2004	FY 2005	FY 2006	FY 2007
Supply - Navy	5,927	6,643	6,522	6,507
Supply - Marine Corps	26	24	24	24
Depot Maintenance - Ships	11,511	11,426	11,470	10,836
Depot Maintenance - Aircraft	10,922	10,952	10,868	10,780
Depot Maintenance - Marine Corps	1,665	1,714	1,670	1,274
R&D - Air Warfare Center	10,319	10,290	9,934	9,671
R&D - Surface Warfare Center	15,517	15,463	15,118	15,124
R&D - Undersea Warfare Center	4,253	4,262	4,222	4,212
R&D - SPAWAR Systems Center	5,908	5,889	5,867	5,877
R&D - Naval Research Laboratory	2,473	2,511	2,511	2,511
Transportation - MSC	6,710	6,780	7,417	7,881
Base Support - PWC	8,229	7,805	9,096	9,024
Base Support - NFESC	386	402	402	402
Totals	83,846	84,161	85,121	84,123

(Strength in Whole Numbers)

Military End Strength	FY 2004	FY 2005	FY 2006	FY 2007
Supply - Navy	421	383	383	383
Supply - Marine Corps	0	0	0	0
Depot Maintenance - Ships	79	82	82	82
Depot Maintenance - Aircraft	101	124	123	123
Depot Maintenance - Marine Corps	13	13	13	13
R&D - Air Warfare Center	209	228	227	227
R&D - Surface Warfare Center	254	291	307	307
R&D - Undersea Warfare Center	36	46	46	46
R&D - SPAWAR Systems Center	82	94	94	94
R&D - Naval Research Laboratory	77	82	82	82
Transportation - MSC	562	588	621	654
Base Support - PWC	105	105	79	79
Base Support - NFESC	3	3	3	3
Totals	1,942	2,039	2,060	2,093

(Workyears in Whole Numbers)

Military Workyears	FY 2004	FY 2005	FY 2006	FY 2007
Supply - Navy	424	402	383	383
Supply - Marine Corps	0	0	0	0
Depot Maintenance - Ships	70	73	72	72
Depot Maintenance - Aircraft	97	124	123	123
Depot Maintenance - Marine Corps	13	13	13	13
R&D - Air Warfare Center	160	169	153	153
R&D - Surface Warfare Center	264	268	256	256
R&D - Undersea Warfare Center	34	34	34	34
R&D - SPAWAR Systems Center	78	76	75	75
R&D - Naval Research Laboratory	72	70	68	68
Transportation - MSC	556	588	621	654
Base Support - PWC	104	105	79	79
Base Support - NFESC	3	3	3	3
Totals	1,875	1,925	1,880	1,913

Performance Indicators:

The NWCF's primary performance indicators are Net Operating Results and Unit Cost. Both are discussed in preceding sections. Non-financial performance indicators are specific to the types of work being performed by the various activity groups. They are discussed in the activity group summary narratives.

Capital Purchase Program:

(Dollars in Millions)

Capital Purchase Program	FY 2004	FY 2005	FY 2006	FY 2007
Supply - Navy	49.8	15.2	14.5	15.1
Supply - Marine Corps	0.0	0.0	0.0	0.0
Depot Maintenance - Ships	20.5	27.4	24.9	25.6
Depot Maintenance - Aircraft	40.5	42.0	42.4	42.0
Depot Maintenance - Marine Corps	3.9	4.1	4.5	4.7
R&D - Air Warfare Center	39.7	37.1	37.8	34.6
R&D - Surface Warfare Center	31.5	32.6	33.5	33.5
R&D - Undersea Warfare Center	15.5	19.5	18.7	18.8
R&D - SPAWAR Systems Center	8.6	9.1	9.3	8.6
R&D - Naval Research Laboratory	17.2	17.3	17.3	17.3
Transportation - MSC	12.6	15.2	28.0	29.1
Base Support - PWC	18.8	18.8	18.4	17.0
Base Support - NFESC	0.0	0.0	0.0	0.0
Totals	258.6	238.4	249.2	246.2

Equipment (Non-ADPE/Telecom)	103.1	128.0	124.7	132.8
ADPE and Telecommunications Equip	42.4	44.2	54.3	50.8
Software Development	77.4	28.5	30.4	26.3
Minor Construction	35.6	37.6	39.9	36.3
Totals	258.6	238.4	249.2	246.2

Carryover Reconciliation

The NWCF uses a methodology to measure funded workload at its activities that crosses fiscal year boundaries (carryover) which is based on the specific outlay rates of the appropriations that customers send to NWCF activities. The tables below summarize carryover using the approved outlay-based methodology.

Depot Maintenance - Ships

$ in Millions	FY 2004*	FY 2005*	FY 2006*	FY 2007*
New Orders	$1,308.2	$1,609.5	$1,240.4	$1,672.0
Less Exclusions:				
FMS	$1.4	$1.2	$0.1	$0.3
BRAC	$0.0	$0.0	$0.0	$0.0
Other Federal Depts & Agencies	$6.8	$8.6	$9.6	$9.3
Non-Federal & Others	$19.1	$13.1	$8.8	$9.3
Orders for Carryover Calculation	$1,280.9	$1,586.6	$1,221.9	$1,653.1
Composite Outlay Rate Year #1	67.9%	65.4%	62.0%	65.8%
Composite Outlay Rate Year #2	79.3%	75.3%	79.7%	81.0%
Carryover Ceiling Rate Year #1	32.0%	34.6%	37.9%	34.1%
Carryover Ceiling Rate Year #2	20.7%	24.7%	20.3%	18.9%
Carryover Ceiling	$572.1	$638.6	$560.2	$585.6
Balance of Customer Orders at Year End	$427.8	$519.5	$158.5	$311.1
Less Work in Progress (WIP)	$24.9	$24.9	$25.0	$25.1
Less Exclusions				
FMS	$2.5	$1.1	$0.9	$0.7
BRAC	$11.2	$5.6	$5.6	$5.6
Other Federal Depts & Agencies	$7.8	$1.5	$4.2	$2.7
Non-Federal & Others	$19.6	$12.3	$12.7	$13.2
Carryover Budget	$361.8	$474.2	$110.1	$263.9

* FY 2004 through FY 2007 data represent Portsmouth and Norfolk Naval Shipyards only

Depot Maintenance - Aircraft

$ in Millions	FY 2004	FY 2005	FY 2006	FY 2007
New Orders	$1,679.0	$2,088.7	$2,148.6	$2,153.2
Less Exclusions:				
FMS	$26.3	$23.2	$26.0	$25.8
BRAC	$0.0	$0.0	$0.0	$0.0
Other Federal Depts & Agencies	$4.2	$5.4	$5.5	$5.4
Non-Federal & Others	$37.9	$34.1	$34.9	$35.3
Orders for Carryover Calculation	$1,610.7	$2,026.0	$2,082.3	$2,086.6
Composite Outlay Rate	71.4%	73.2%	73.9%	73.3%
Carryover Ceiling Rate	28.6%	26.8%	26.1%	26.7%
Carryover Ceiling	$461.3	$542.2	$543.5	$556.4
Balance of Customer Orders at Year End	$601.7	$500.3	$491.2	$442.1
Less Work in Progress (WIP)	$88.8	$79.4	$69.6	$72.5
Less Exclusions				
FMS	$22.5	$18.3	$12.9	$10.6
BRAC	$0.0	$0.0	$0.0	$0.0
Other Federal Depts & Agencies	$13.5	$3.2	$1.3	$0.9
Non-Federal & Others	$10.5	$10.9	$15.6	$17.4
Carryover Budget	$466.4	$388.6	$391.7	$340.7

The NAVAIRDEPOTS are projected to remain within the outlay-based carryover ceiling. However, it is not uncommon for components to remain in awaiting material status (G-Condition) for periods exceeding the allowable amounts the revised carryover calculation permits. Since component workload is generally funded by NWCF – Navy Supply orders, and the O&M, N outlay rate is applied to this workload, the NAVAIRDEPOTS are under undue pressure to limit new workload in order to remain within the carryover ceiling.

Depot Maintenance – Marine Corps

$ in Millions	FY 2004	FY 2005	FY 2006	FY 2007
New Orders	$364.2	$216.7	$186.8	$174.6
Less Exclusions:				
FMS	$2.8	$9.2	$0.0	$0.0
BRAC	$0.0	$0.0	$0.0	$0.0
Other Federal Depts & Agencies	$0.0	$0.0	$0.0	$0.0
Non-Federal & Others	$0.0	$0.2	$0.0	$0.0
Orders for Carryover Calculation	$361.4	$207.3	$186.8	$174.6
Composite Outlay Rate	52.6%	61.4%	57.0%	64.4%
Carryover Ceiling Rate	47.4%	38.6%	43.1%	35.6%
Carryover Ceiling	$171.3	$80.0	$80.4	$62.1
Balance of Customer Orders at Year End	$167.9	$97.4	$49.9	$17.5
Less Work in Progress (WIP)	$1.0	$1.0	$0.9	$0.9
Less Exclusions				
FMS	$1.1	$2.9	$0.8	$0.0
BRAC	$0.0	$0.0	$0.0	$0.0
Other Federal Depts & Agencies	$0.0	$0.0	$0.0	$0.0
Non-Federal & Others	$0.0	$0.0	$0.0	$0.0
Carryover Budget	$165.8	$93.6	$48.2	$16.6

Research & Development Activity Group

$ in Millions	FY 2004	FY 2005	FY 2006	FY 2007
New Orders	$10,107.1	$9,782.3	$10,211.4	$9,997.4
Less Exclusions:				
FMS	$311.5	$268.1	$260.4	$276.6
BRAC	-$7.9	$0.0	$0.1	$0.1
Other Federal Depts & Agencies	$494.0	$346.0	$352.0	$351.8
Non-Federal & Others	$140.9	$111.5	$110.7	$109.4
MRTFB	$281.0	$282.6	$285.0	$286.2
Orders for Carryover Calculation	$8,887.6	$8,774.0	$9,203.3	$8,973.3
Composite Outlay Rate	57.3%	56.9%	56.5%	56.7%
Carryover Ceiling Rate	42.7%	43.1%	43.5%	43.3%
Carryover Ceiling	$3,796.4	$3,785.9	$3,999.5	$3,884.8
Balance of Customer Orders at Year End	$4,659.1	$4,401.7	$4,350.4	$4,087.0
Less Work in Progress (WIP)	$345.3	$325.2	$324.7	$327.6
Less Exclusions				
FMS	$387.7	$372.0	$321.7	$303.3
BRAC	$8.4	$0.5	$0.3	$0.2
Other Federal Depts & Agencies	$394.8	$375.6	$378.1	$380.9
Non-Federal & Others	$119.8	$102.0	$78.2	$67.0
MRTFB	$45.9	$66.9	$62.8	$59.9
Carryover Budget	$3,357.1	$3,159.4	$3,184.6	$2,948.0

Naval Shipyards

Fiscal Year (FY) 2006/2007 BUDGET ESTIMATES
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS

ACTIVITY GROUP FUNCTION:

Naval Shipyards provide logistics support for assigned ships and service craft; perform authorized work in connection with construction, overhaul, repair, alteration, drydocking and outfitting of ships and craft as assigned; perform design, manufacturing, refit and restoration, research, development and test work, and provide services and material to other activities and units as directed by competent authority.

ACTIVITY GROUP COMPOSITION:

This budget reflects two naval shipyards operating under the Navy Working Capital Fund (NWCF) in FY 2004 through FY 2007. These activities and their locations are:

Portsmouth Naval Shipyard	Kittery, ME
Norfolk Naval Shipyard	Portsmouth, VA

The budget also includes residual NWCF costs (work that was funded and inducted prior to FY 2004) at Puget Sound Naval Shipyard (PSNSY). PSNSY is undergoing a mission funding prototype test pilot during FY 2004 and FY 2005. The test pilot is scheduled for evaluation by the DoD Inspector General during FY 2005.

OVERVIEW FOR NAVAL SHIPYARDS:

The naval shipyards demonstrate a strong commitment to productivity improvement and cost. Estimated costs and operating results are:

Financial Profile: ($ Millions)

	FY 2004	FY 2005	FY 2006	FY2007
Total				
Revenue	$2,241.5	$1,600.2	$1,601.2	$1,519.4
Cost of Goods Sold	$2,308.9	$1,568.5	$1,610.1	$1,519.4
Operating Results	-67.4	31.7	-8.9	0.0
Other Changes Affecting Operating Results	-0.9	0.0	-7.3	0.0
Net Operating Results	-68.3	31.7	-16.2	0.0
Accumulated Operating Results	-15.5	16.2	0.0	0.0

The changes for the costs of goods sold each year are in line with the changes in workload and also reflect efforts to improve work processes to accomplish planned levels of performance and productivity. The FY 2004 actuals and the FY 2005 budget estimate include residual NWCF costs of $549.2M and $29.0M,

respectively, for work that was funded and inducted into Puget Sound NSY prior to FY 2004.

	FY 2004	FY 2005	FY 2006	FY2007
Workload:				
Direct Labor Hours	16,804,525	15,281,081	15,148,816	13,606,904

Workload changes are consistent with fleet requirements and also reflect shipyard process improvements. FY 2004 actual workload reflects an 11.9 percent increase above the FY 2005 President's Budget. All of the FY 2004 increase is on the highly complex submarine and carrier workload on CNO scheduled availabilities. The complex submarine and carrier workload from CNO scheduled availabilities is significant and now represents more than half of our total workload in each fiscal year. This highly complex submarine and carrier work requires that skilled resources be available to accomplish the work efficiently. In order to have a skilled workforce ready to accomplish this workload the shipyards are undertaking appropriate personnel and training initiatives. The FY 2005 current estimate for workload at Norfolk and Portsmouth NSYs increases 2.7 percent or 51 thousand mandays above the FY 2005 President's Budget. Other Productive Work (OPW) and non-stabilized work account for an increase of 86 thousand mandays while carrier and non-nuclear surface work declines. FY 2006 workload drops slightly from FY 2005 (less than one percent). However, projected FY 2007 workload declines approximately 10 percent from the FY 2006 baseline. This change is primarily for submarine work at Portsmouth Naval Shipyard.

Performance Indicators:

Unit Costs	FY 2004	FY 2005	FY 2006	FY2007
Shipyards	$69.18	$74.11	$78.57	$85.86

Rate Change	FY 2004	FY 2005	FY 2006	FY2007
Shipyards		+12.5%	+5.7%	+6.9%

Staffing:	FY 2004	FY 2005	FY 2006	FY2007
Civilian End Strength	11,687	11,561	11,438	10,813
Civilian Work Years	11,511	11,426	11,470	10,836
Military End Strength	79	82	82	82
Military Work Years	70	73	72	72

Civilian end strength and workyear estimates are matched to workload and reflect continued streamlining of shipyard processes and increased productivity.

Capital Budget Authority	(Dollars in Millions)			
	FY 2004	FY 2005	FY 2006	FY2007
Equipment-Non-ADPE/TELECOM	14.183	21.451	15.313	17.838
ADPE/Telecommunications Equip	2.600	1.462	1.729	3.205
Software Development	2.700	3.947	7.356	3.638
Minor Construction	1.000	.510	.465	.900
TOTAL	20.483	27.370	24.863	25.581

The Capital Budget Authority reflects the financing of essential fleet support equipment and other capital improvements critical to sustaining shipyard operations, improving productivity, meeting health, safety and environmental requirements and lowering production costs.

Cash

$ in Millions	FY 2004	FY 2005	FY 2006	FY2007
Disbursements	$2,338.2	$1,587.1	$1,628.5	$1,507.4
Collections	$2,243.5	$1,555.6	$1,614.7	$1,518.8
Outlays	$94.7	$31.5	$13.8	-$11.4

REVENUE and EXPENSES
AMOUNT IN MILLIONS
SHIPYARD / TOTAL

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	2,218.7	1,575.3	1,575.7	1,493.6
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	22.8	24.9	25.5	25.8
Other Income				
Total Income	2,241.5	1,600.2	1,601.2	1,519.4
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	6.8	6.7	6.7	6.9
Civilian Personnel	919.3	905.4	941.6	907.0
Travel and Transportation of Personnel	21.9	25.1	34.8	33.2
Material & Supplies (Internal Operations	179.7	190.8	229.0	198.7
Equipment	10.5	16.6	16.3	16.5
Other Purchases from NWCF	13.7	22.0	19.5	19.6
Transportation of Things	1.9	1.8	1.9	2.0
Depreciation - Capital	22.8	24.9	25.5	25.8
Printing and Reproduction	2.0	1.9	1.3	1.3
Advisory and Assistance Services	1.1	1.2	1.2	1.2
Rent, Communication & Utilities	44.4	28.9	27.5	27.8
Other Purchased Services	1,058.8	343.5	305.2	279.9
Total Expenses	2,283.0	1,568.9	1,610.5	1,519.8
Work in Process Adjustment	29.8	.0	.0	.0
Comp Work for Activity Reten Adjustment	-3.9	-.4	-.4	-.4
Cost of Goods Sold	2,308.9	1,568.5	1,610.1	1,519.4
Operating Result	-67.4	31.7	-8.9	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-67.4	31.7	-8.9	.0
Other Changes Affecting AOR	-.9	.0	-7.3	.0
Accumulated Operating Result	-15.5	16.2	.0	.0

SHIPYARD / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	1,299	1,519	1,240	1,672
a. Orders from DoD Components	1,209	1,434	1,158	1,563
Department of the Navy	1,191	1,392	1,134	1,536
O & M, Navy	877	957	664	1,051
O & M, Marine Corps	0	0	0	0
O & M, Navy Reserve	0	0	0	0
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	0	1	1	0
Weapons Procurement, Navy	1	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	127	175	328	318
Other Procurement, Navy	169	252	119	163
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	17	6	23	4
Military Construction, Navy	0	1	0	0
Other Navy Appropriations	0	0	0	0
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	1	3	0	0
Army Operation & Maintenance	0	0	0	0
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	1	2	0	0
Department of the Air Force	2	1	0	0
Air Force Operation & Maintenance	2	1	0	0
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	15	39	24	27
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	10	13	8	4
Res, Dev, Test & Eval Accounts	2	3	3	4
Procurement Accounts	2	2	1	1
Defense Emergency Relief Fund	0	0	0	0
DOD Other	1	21	12	18
b. Orders from other WCF Activity Groups	62	62	64	90
c. Total DoD	1,271	1,496	1,222	1,653
d. Other Orders	28	23	19	19
Other Federal Agencies	7	9	10	9
Foreign Military Sales	2	1	0	0
Non Federal Agencies	19	13	9	9
2. Carry-In Orders	1,455	513	432	71
3. Total Gross Orders	2,754	2,032	1,672	1,743
a. Funded Carry-Over before Exclusions	513	432	71	223
b. Total Gross Sales	2,241	1,600	1,601	1,519
4. End of Year Work-In-Process (-)	2	2	2	2
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-36	-15	-18	-17
6. Net Funded Carryover	473	413	49	203

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

FISCAL YEAR (FY) 2006/FY 2007 PRESIDENT BUDGET SUBMISSION
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS
SUMMARY OF CHANGES IN OPERATIONS - FEB 2005
FUND 2
(Dollars in Millions)

	Total Cost
1. FY 2004 ACTUALS	**$2,283**
2. FY 2005 ESTIMATE IN FY 2005 PRESIDENT'S BUDGET	**$1,535**
3. PRICING ADJUSTMENTS	
a. Civilian Labor	12
4. PROGRAM CHANGES	
a. Workload Changes	
1. Workload Changes	37
2. Direct Non-labor	6
3. Overhead Non-labor	(9)
5. PRODUCTIVITY CHANGES	
a. Other Efficiencies	(12)
6. FY 2005 CURRENT ESTIMATE	**$1,569**
7. PRICING ADJUSTMENTS	
a. Pay Raise	
1. FY 2006 Pay Raise	15
2. Annualization	8
b. Material & Supplies Purchases	5
c. Intrafund Purchases	1
d. General Inflation	8
e. Military Pay Raise	0
8. PROGRAM CHANGES	
a. Workload Changes	7
9. PRODUCTIVITY CHANGES	
a. Other Efficiencies	(3)
10. FY 2006 CURRENT ESTIMATE	**$1,610**

FISCAL YEAR (FY) 2006/FY 2007 PRESIDENT BUDGET SUBMISSION
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - NAVAL SHIPYARDS
SUMMARY OF CHANGES IN OPERATIONS - FEB 2005
FUND 2
(Dollars in Millions)

	Total Cost
10. FY 2006 CURRENT ESTIMATE	**$1,610**
11. PRICING ADJUSTMENTS	
a. Pay Raise	
1. FY 2007 Pay Raise	16
2. Annualization	5
b. Material & Supplies Purchases	4
c. Intrafund Purchases	0
d. General Inflation	7
e. Military Pay Raise	0
12. PROGRAM CHANGES	
a. Workload Changes	(123)
13. FY 2007 CURRENT ESTIMATE	**$1,520**

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
Component: DEPARTMENT OF THE NAVY
Business Area: DEPOT MAINTENANCE - SHIPYARDS
Date: FEBRUARY 2005
($ in Millions)

Line Num	Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	Non ADP								
1	151-Ton Capacity Portal Crane			1	16.650				
2	60 TON PORTAL CRANE #37					1	9.400		
3	OFF HULL REFUELING ENCLOSURE	1	3.513						
4	75 Ton A/C Units (8)							8	3.128
5	ADDITIONAL AUTHORITY FOR NFPC HS PROFILER (SU-16)	1	3.000						
6	40 TON A/C UNITS (9)					9	2.340		
7	500 kW TEST STAND							1	1.755
8	BRIDGE CRANE, 50 TON, B92							1	1.550
9	UNIVERSAL SUBMARINE CAMELS (ONE SET)							1	1.676
10	SHAFT LATHE RETROFIT	1	1.250						
11	NFPC, Propeller Measurement System							1	1.250
12	LHA/LHD FENDERS (TWO SETS)							2	1.035
13	Miscellaneous (Non ADP < $1000K; >= $500K)		4.127		1.994		1.554		3.277
14	Miscellaneous (Non ADP < $500K)		2.293		2.807		2.019		4.167
	Non ADP Total:		**14.183**		**21.451**		**15.313**		**17.838**
	ADP								

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
Component: DEPARTMENT OF THE NAVY
Business Area: DEPOT MAINTENANCE - SHIPYARDS
Date: FEBRUARY 2005
($ in Millions)

Line Num	Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
15	Server Replacement Project					1	1.297	1	1.780
16	NSY Server Replacement	1	1.968	1	1.462				
17	Server Replacement Project					1	0.432	1	0.725
18	Miscellaneous (ADP < $1000K; >= $500K)		0.540						
19	Miscellaneous (ADP < $500K)		0.092						0.700
	ADP Total:		**2.600**		**1.462**		**1.729**		**3.205**
	Software								
20	Electronic Waterfront Paperless System (EWPS)			1	3.000				
21	Navy Maintenance Suite Upgrade					1	1.538	1	1.159
22	NSY Ship Maintenance Corporate SW Development					1	1.275	1	1.238
23	NSY Ship Maintenance Corporate SW Development	1	1.080	1	0.947				
24	Upgrade AIM	1	1.620						
25	SUPDESK Upgrade					1	1.209		
26	Miscellaneous (Software < $1000K; >= $500K)						2.096		1.131
27	Miscellaneous (Software < $500K)						1.239		0.111

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
Component: DEPARTMENT OF THE NAVY
Business Area: DEPOT MAINTENANCE - SHIPYARDS
Date: FEBRUARY 2005
($ in Millions)

Line Num	Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	Software Total:		**2.700**		**3.947**		**7.356**		**3.638**
	Minor Construction								
28	Miscellaneous (Minor Construction < $500K)		1.000		0.510		0.465		0.900
	Minor Construction Total:		**1.000**		**0.510**		**0.465**		**0.900**
	Grand Total:		**20.483**		**27.370**		**24.863**		**25.581**
	Total Captial Outlays		**34.578**		**34.680**		**26.791**		**27.631**
	Total Depreciation Expense		**22.827**		**24.918**		**25.515**		**25.815**

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 1/151-Ton Capacity Portal Crane(Replacement)			D. Site Identification NNSY Portsmouth, VA					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				1	16650	16650						

Narrative Justification:

Description

Provide heavy lift crane capability to the shipyard's Aircraft Carrier Dry-dock, 22 berths, and 6 major industrial buildings where no comparable lifting capacity exists. Sample lift: 140-ton Deck Edge elevator. This crane will improve safety by increasing the cab-height 27 feet enabling the operator to look down on the carrier flight deck. Crane design will prevent overload and stop the load in event of machinery failure. This crane is urgently needed by August 2006 to support the planned fleet reconstruction workload. $1.4M advanced planning request FY-04.

Justification

Mission Capability: Norfolk Naval Shipyard (NNSY) requires heavy lift capacity on 40-gage rail circuit to support the simultaneous ship availabilities of 3 aircraft carriers (CVN-class), 2 SSBN-class and 1 SSN-class submarine. This new crane will provide the sole heavy lift capability to the 40 foot rail circuit. It will allow disposal of two 84 ton, 62 year old portal cranes that would otherwise require overhaul projected to cost $29 Million. Eliminating these overhauls will result in an immediate payback for this project. These two cranes can currently perform heavy lifts in a limited area by making complex tandem lifts which have safety concerns. Additional savings will be realized from reduced maintenance & production delays due to breakdown. Safety will be enhanced by eliminating exposed electrical & rotating components, lead paint, and asbestos.

Impact

Failure to procure this crane will leave the shipyard with no heavy lift capability in the 40 foot rail circuit and unable to perform its mission. The August 2006 in-service need date is based on the FY07 planned facility modification in the large dry-dock area. This mod will impact operational capability by severing the rail at the head of the dry-dock early first quarter of FY07. Placing the new 151-ton crane on the North side of the dry-dock in August 2006 allows the 2 existing 84-ton cranes to be placed on the South side of the dry-dock, thus enabling the shipyard to maintain heavy lift capability on all of the 40-foot gage circuit. Delay of this project will preclude use of the existing multi crane procurement contract and delay delivery until at least May 2008 at an increased cost of between $3M and $5M.

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 2/60 TON PORTAL CRANE #37(Replacement)			D. Site Identification PNSY Portsmouth, NH					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP							1	9400	9400			

Narrative Justification:

Description

This project will provide a new 60-ton portal crane to replace portal crane Naval Identification (NID) #111-042830 that will be 51 years old in 2005.

Justification

The existing crane to be replaced is a 56-Ton, Star Iron, portal crane manufactured in 1954 which requires repair and upgrading. Due to its age, worn condition, obsolete and unreliable components, this crane is causing delays and lost production time, waiting for repair. The Shipyard's workload forecast, indicates that Depot Modernization Period (DMP) and Engineered Overhauls (EOH) of SSN 688 class submarines will continue to be the major workload at the dock this crane supports. A new 60 ton portal crane will significantly enhance the Shipyard's ability to meet portal crane operation requirements in support of this workload. Additionally, this crane will support work along berths which support submarines in our other drydocks. A cost avoidance of $7.3M and annual savings of $434,000 results in a payback of 5.18 years.

Impact

Delay in funding for this project will result in the existing crane being either taken out of service for an extended upgrading period or possibly removed from service permanently due to reliability and environmental concerns. In either case, the Shipyard's mission will be adversely impacted with increased costs due to production delays for lack of strategic equipment.

Business Area Capital Investment Justification ($ in Thousands)				A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES								
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 3/OFF HULL REFUELING ENCLOSURE(New Mission)				D. Site Identification NNSY Portsmouth, VA				
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	1	3513	3513									

Narrative Justification:

Description

The Off Hull Refueling Enclosre (OHRE) will be an approximately 31' x 33' x 45' tall steel enclosure equipped with a mechanical roof hatch, a 5 ton bridge crane, ventilation system, fluid system and supporting electrical and communication systems. It will be located over a pile supported concrete foundation equipped with a pit to provide shielding for radioactive materials.

Justification

Planning schedules for Norfolk Naval Shipyard (NNSY) currently indicate parallel refueling availabilities for SSN-688 Class and SSBN-726 Class submarines. Refueling availabilities can only be fully supported at the Dry Dock #4 facility, which is currently undergoing renovation to support SSBN-726 Class submarine refueling availabilities. The facilities at the Dry Dock #2/3 Defueling Complex will not support a refueling availability without requiring the use of sections of the Dry Dock #4 facility. Parallel refueling availabilities necessitate the use of the Dry Dock #2/3 facility, which requires the shipyard to share work at the Dry Dock #4 complex. During the performance of key operations the work must be performed in series, this creates schedule delays and increases the cost of the availabilities. The OHRE would provide an enclosure to allow fully supporting a refueling availability at the Dry Dock #2/3 complex.

Impact

Inefficiencies in equipment staging, component storage and on-going operations would result in a 14 day increase in critical path time for a refueling conducted at Dry Dock #2/3. Also, staging and storage of equipment at Dry Dock #4 for use at Dry Dock #2/3 would result in additional delay and disruption to ongoing operations at both complexes. Depending upon the level of operations being performed, this delay could be as much as an additional 7 days to either or both availabilities.

Business Area Capital Investment Justification ($ in Thousands)				A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES								
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 4/75 Ton A/C Units (8)(Replacement)					D. Site Identification NNSY Portsmouth, VA			
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										8	391	3128

Narrative Justification:

Description

Acquire eight 75 ton air conditioning (A/C) units with defined heating and cooling capabilities. The 75 ton A/C units shall be rated at not less than 900,000 Btu/hour cooling capability. The A/C unit will be capable of conditioning minimum 6,000 cubic feet per minute (cam) air at a temperature of 95 degrees F Dry Bulb (DB) and 78 degrees F Wet Bulb (WB) down to an average evaporator coil exit temperature of 40 degrees F DB and 40 degrees F WB at static pressures varying between 0 and 16 inches of water. When operating in the heating mode the unit must have electric heaters with the capacity to add at least 421,000 Btu/hr of heat to the air stream at a flow rate of minimum 6,000 cubic feet per minute (cam). The units will be self contained, skid mounted, and capable of being handled by a crane or forklift and power supply is 460 VAC, 60 Hz, 3 phase. The units will use R-22 refrigerant.

Justification

NNSY must procure eight 75 ton A/C units for shipboard use to replace the eight 75 ton Governair A/C units that were purchased in 1988 and will have exceeded their useful service life of ten years and be beyond economical repair in FY2007. The estimated useful service life for these units at NNSY is 10 years based on operating conditions, preventive maintenance, and handling.

Impact

If these eight 75 ton A/C units are not procured, then NNSY would not be able to support the USS Augusta availability (10/1/07-10/1/09), the USS Scranton availability (10/1/07-12/1/07), the USS Norfolk availability (8/1/08-10/1/08), and an emergency berthing/docking (11/1/07-1/1/08) without the use of rental units which results in increased cost to the Project.

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 5/ADDITIONAL AUTHORITY FOR NFPC HS PROFILER (SU-			D. Site Identification NFPC Norfolk Det, Philadelphia, PA					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	1	3000	3000									

Narrative Justification:

Description

The high speed profiler is a 5 axis Computer Numerically Controlled (CNC) milling machine with a large 24' "C" axis table and a setup station covered by the "X" axes travel of the machine. A 100 horsepower (HP) motor is mounted on a sliding saddle that form the "Y" and "Z" axes. A rotating turret type head contains the spindle that moves in "A" and a redundant "C" axes. The machine is capable of automatic spindle and tool changes and has 600 inches per minute (IPM) of transitional speeds and 16,000 revolutions per minute (RPM) spindle rotation speed.

Justification

Navy Foundry and Propeller Center (NFPC) requires a high speed profiler in order to reduce the overall cost to the program by reducing the machining time (50-90%) thereby improving delivery of the VIRGINIA class propulsor. Existing profilers are very slow machines capable of at best 2.0 in3/min metal removal rate. The NAVSEA sponsored propulsor affordability Manufacturing Technology (MT) project has, as one of its main objectives, the technology transfer to NFPC of high speed machining data obtained from National Institute of Standards and Technology (NIST), University of Florida and the university of North Carolina research programs. The project has, as of this date, proven the feasibility of contour milling Nickel Aluminium Bronze (NAB) alloys at 14,000 RPM and 1000 IPM during tests at NIST. The proposed machine will be able to employ all the parameters that are and will be developed during the first two phases of the project and will allow NFPC to reduce costs and deliver propulsors in less time.

Impact

NFPC is the only manufacturer of submarine propulsors. The existing machining assets are old and are going through a retrofit program that aims to maintain the existing capability. Without improvements in NFPC's core capability coupled with stringent tolerances on VIRGINIA blades will seriously degrade our ability to provide propulsors within costs and on time. This machine is therefore essential to NFPC's ability to support the submarine fleet.

Business Area Capital Investment Justification ($ in Thousands)				A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES								
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 6/40 TON A/C UNITS (9)(Replacement)					D. Site Identification NNSY Portsmouth, VA			
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP							9	260	2340			

Narrative Justification:

Description

Acquire nine 40 ton Air Conditioning (A/C) units with defined heating and cooling capabilities. The A/C unit shall be rated at not less than 480,000 Btu/hour cooling capability. The air conditioning unit will be capable of conditioning minimum 4,000 cubic feet per minute (cfm) air at a temperature of 100 degrees F Dry Bulb (DB) and 78 degrees F Wet Bulb (WB) down to an average evaporator coil exit temperature of 40 degrees F DB and 40 degrees F WB at static pressure varying between 0 and 16 inches of water. When operating in the heating mode the unit must have electric heaters with the capacity to add at least 307,000 Btu/hour (90 kW) of heat to the air stream at a flow rate of 4,000 cfm. The units will be self contained, skid mounted and capable of being handled by a crane or fork lift. The power supply is a 460 VAC, 60 HZ and three phase. The units will use R-22 Refrigerant.

Justification

NNSY must procure nine 40 ton A/C units for shipboard use to replace nine of the 40 ton A/C units that were purchased in 1985 and will have exceeded their useful service life of ten years and be beyond economical repair in FY2006. The estimated useful service life for these units at NNSY is 10 years based on operating conditions, preventive maintenance, and handling.

Impact

If these nine 40 ton A/C units are not procured, then NNSY would not be able to support the USS Alaska availability (10/1/06-10/1/08), the USS Eisenhower availability (1/22/07-7/20/07),the USS Washington availability (6/7/07-12/7/07),and an emergency berthing/docking (2/1/07-4/1/07) without the use of rental units which results in increased cost to the Project.

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 7/500 kW TEST STAND(Productivity)			D. Site Identification PNSY Portsmouth, NH					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	1755	1755

Narrative Justification:

Description

This project upgrades an existing temporary 500 kW "Classic" Test Stand in Bldg. 240 that meets minimal Ship Service Motor Generator (SSMG) DEPOT testing requirements and provides an added "New Design" Hi-Rel 500 kW Test Stand capability to meet current and future SSMG DEPOT workloads. This project utilizes existing and added components such as cabling,AC & DC switchboards, control panels, multiple DC power supplies, and new AC and DC load banks.

Justification

Portsmouth Naval Shipyard has committed to become the Navy's sole 500 kW repair depot. The workload consists of two different model 500 kW SSMG Sets. Due to major differences in design, each model requires specialized procedures and test equipment. Portsmouth has been the sole overhaul activity of Classic design SSMG's for 10+ years. The current test stand can only test "Classic" design SSMG's and is semi-permanent with many temporary cables resulting in potential safety issues. The new test stand will also have the capability to test "New Design" (Hi-Rel)500 kW SSMG's. These SSMG's are designed differently and require their own testing requirements and certification. Technical refurbishment specifications require operational testing of 500 kW SSMG's prior to certifying them as "A" assets. Portsmouth Naval Shipyard cannot meet this requirement for New Design/HiRel SSMG's at the present time. The existing "Classic" test stand can not be utilized to meet the new test and certification requirements which requires solid state starting equipment, solid state regulating equipment, and potentiometers for controls. At the present time there isn't a certified overhaul activity for the New Design. The new SSMG test stand will allow Portsmouth to continue to be the Sole 500 kW Repair Depot providing "A" assets at cost and on time and will have a substantial savings over the existing stand utilizing LEAN inititives. This project will realize a savings of $633,749 per year with a payback of 1.91 years.

Impact

Failure to upgrade the existing 500kw test stand jeopardizes our ability to continue as the Navy's sole 500kw SSMG repair depot for "classic" design motor generator sets and negates our ability to service the "New disign" hi-rel 500kw motor generator sets. The Navy will have no certified depot at this time.

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 8/BRIDGE CRANE, 50 TON, B92(Replacement)			D. Site Identification PNSY Portsmouth, NH					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	1550	1550

Narrative Justification:

Description

This project will procure a new 50 ton capacity general purpose service bridge crane to provide service in Building 92, Shipfitter's and Welding Shop. This crane will replace an existing 25 ton crane (USN# 404833) which will be 51 years old in 2005 (26 years beyond its useful life expectancy).

Justification

The crane to be replaced is currently of lesser capacity than the other crane on this runway, which is a 50-ton capacity crane (utilizing two 25-ton capacity hooks). When the latter crane is unavailable, this reduces our capability in this building resulting in work delays.

The existing DC controls are obsolete and will be replaced with alternating (AC), variable-frequency controls, which offer the precision required for plate handeling and machine loading. A new crane will also increase lifting capacity and improve operator safety, by eliminating bare copper bridge conductors and by providing an enclosed and ventilated cab to reduce the impact of smoke from welding and grinding operations occurring below. A cost avoidance of $482,000 and annual savings of $170,000 results in a payback of 7.02 years.

Impact

The importance of crane support in this building is paramount. This shop requires crane support for virtually all of the work done in this bay. The reliability of the current crane has been decreasing, especially with the obsolete electrical control system. This lack of reliability can have a serious impact on shipyard operations, especially since much of the active plate to be stored here can only be moved by this crane (due to the physical location of the plate).

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 9/UNIVERSAL SUBMARINE CAMELS (ONE SET)(Replacement)			D. Site Identification NNSY Portsmouth, VA					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	1676	1676

Narrative Justification:

Description

The purpose of this project is to acquire one set of universal submarine camels (2 camels) with pier fendering system which are used to berth the submarine from the pier. The camel dimensions are approximated at 31'6" long x 33'1" wide x 25'4" high. The camel is comprised of structural steel with interior tanks, rubber fender system, rubber rub strips, fiberglass grating, zinc anodes for cathodic protection, cleats, and padeyes for lifting.

Justification

Norfolk Naval Shipyard (NNSY) must replace one 688 camel set (2 camels) constructed in 1996 that are in poor condition to have the capability to berth the Ohio Class, Seawolf Class, Los Angeles Class, Dolphin Class, and Moored Trainin Submarines.

Impact

NNSY will not be able to support the long term berthing (three months or more) of the Seawolf Class or the Ohio Class if these universal submarine camels/pier fendering system are not procured.

Business Area Capital Investment Justification							A. Budget Submission					
($ in Thousands)							FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 10/SHAFT LATHE RETROFIT(Productivity)			D. Site Identification PNSY Portsmouth, NH					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	1	1250	1250									

Narrative Justification:

Description

This project rebuilds a Betts-Bridgeford lathe, Naval Identification (NID) 217-057624. Rebuild will include carriage drives, taper attachment, headstock, tailstock, bed machining, and a computer numerical control (CNC) retrofit.

Justification

Portsmouth Naval Shipyard (PNSY) is a primary depot for the refurbishment of propulsion shafts for SSN 688 and Trident Class submarines. While a SSN 688 propulsion shaft is one piece a Trident shaft is two pieces each requiring similar repair effort. There are over forty potential operations performed in the clean and inspect cycle as well as the repair and machine cycle. Expected turn around time for a SSN 688 shaft is 18 months and 30 months for a Trident shaft. However, since most of these shafts are being refurbished for the third or fourth time their condition is such that the standard repair is not adequate. Significant welding and machining is required nearly doubling turn around time in some cases. Not all of the backup is a result of the repairs themselves. Many delays are a result of waiting for inspections, results, approvals, service trades, and machine time. Although the customer doesn't pay for delay time it impacts schedules, backlog, and throughput. Since many of the operations require a shaft to be in a lathe a significant amount of delay is caused by a shortage of machine capacity. A third machining asset would enable us to reduce delays due to machine capacity, reduce turn around time, and increase throughput. We estimate that an increase of three shafts per year to our workload is possible while still maintaining an acceptable delivery schedule for our customer. Based on standard fees for refurbing SSN 688 and Trident propulsion shafts an increase of $775,000 to yearly revenues is possible. Payback would be realized in 1.76 years, with an annual savings of $765,000.

Impact

Execution of this project will increase throughput, reduce customer backlog, and provide the Navy with greater readiness of an essential inventory component.

Business Area Capital Investment Justification ($ in Thousands)				A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES								
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 11/NFPC, Propeller Measurement System(Productivity)					D. Site Identification NFPC Norfolk Det, Philadelphia, PA			
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	1250	1250

Narrative Justification:

Description

The proposed system employs a structured light sensor mounted and integrated into a high speed 5-axis propeller profiler. The system will consist of:

- Coherent light projector coupled to a phase shifted fringe pattern
- A Charge Coupled Camera (CCD) of sufficient resolution mounted at a fixed distance to the projector and housed in the same structure
- A robot mounted within the span of the high speed profiler to hold and move the vision sensor under direct control. An alternate way of holding the sensor would be by the machine tool's head changing mechanism using an appropriately designed spindle adapter.
- Integrated electronics to provide an interface to the machine tool's logic and control architecture and software to collect and manipulate inspection data.

Justification

Propellers and components require frequent in-process inspections to measure the complex shape of the hydro-surfaces as machining progresses. Present methods using single point contact inspection systems like Renishaw probes and Laser Trackers are helpful but are not adequate to fully describe NURB (Non-Uniform Rational B-spline) mathematical surfaces. Knowledge of where these surfaces are during machining is essential to produce surfaces that approach the hydrodynamicist design and these required close tolerances. The uncertainty in current measurements deter from achieving repeatable surfaces.

Impact

Moving propellers from Bldg 546 to 1029 for inspections will impact cost and schedules. Estimate cost avoidance savings of $206,193 will occur with payback of 6.66 yrs.

Business Area Capital Investment Justification ($ in Thousands)				A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES								
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 12/LHA/LHD FENDERS (TWO SETS)(Replacement)					D. Site Identification NNSY Portsmouth, VA			
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										2	518	1035

Narrative Justification:

Description

The purpose of this project is to acquire two sets of fenders (12 fenders total) consisting of six each new LHA/LHD fenders which are used to cushion the LHA/LHD class ships from the piers. The LHA/LHD fenders would be made of foam filled rubber and are approximately 10 feet in diameter x 24 feet long (netless).

Justification

The four present LHA/LHD wooden camels that were constructed in 1995 have a predicted useful service life of approximately eight years based on an out of the water inspection performed in FY2001 showing significant underwater deterioration below the waterline. Norfolk Naval Shipyard (NNSY) must replace all four of the LHA/LHD camels (two required per ship) with two sets of foam filled fenders (six required per ship or twelve total) to support berthing LHA/LHD's at NNSY. An analysis was performed by Seaward International using 95 mph winds and 0.4 knott currents at NNSY for an LHA class of ship along with a review of NNSY Pier #4 and Pier #6 drawings to determine the appropriate fender size.

Impact

If these four LHA/LHD camels are not replaced with two sets of foam filled fenders (six required per ship or twelve total), then NNSY would not have the capability to support berthing two "L" class ships simultaneously in future years.

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES		
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005	C. Line# and Description 13/Miscellaneous (Non ADP < $1000K; >= $500K)	D. Site Identification NA		
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	4127	1994	1554	3277
TANK CLEANING VACUUM SYSTEM (NNSY Portsmouth, VA)	500	490		
CARRIAGE FOR LUMBER MILL SAW (NNSY Portsmouth, VA)	974			
NFPC, CEMENT MIXER & SAND DELIVERY SYSTEM (NFPC Norfolk Det, Philadelphia, PA)				950
STEEL BLAST RECYCLING SYSTEM (NNSY Portsmouth, VA)			935	
Replace Horizontal Boring Mill (NNSY Portsmouth, VA)				902
CASUALTY CONTROL SYSTEM (PNSY Portsmouth, NH)		804		
Horizontal Machining Center 4-axis (NNSY Portsmouth, VA)				775
ADDITIONAL AUTHORITY REBUILD PROP PROFILER (SU-10) (NFPC Norfolk Det, Philadelphia, PA)	731			
151-Ton Capacity Portal Crane, Design Support (NNSY Portsmouth, VA)	700			
BRIDGE CRANES, 35 TON, B300 (PNSY Portsmouth, NH)		700		
REPLACEMENT OF A/C UNITS (NNSY Portsmouth, VA)	692			
MOBILE COMMAND POST (NNSY Portsmouth, VA)				650
HORIZONTAL BORING MILL REPLACEMENT (2) (NNSY Portsmouth, VA)			619	
LOAD BANKS (3) (NNSY Portsmouth, VA)	530			

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES			
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005		C. Line# and Description 14/Miscellaneous (Non ADP < $500K)		D. Site Identification NA	
	FY 2004	FY 2005	FY 2006	FY 2007	
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost	
TOTAL COST	2293	2807	2019	4167	

Total number of projects = 32

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 15/Server Replacement Project(Hardware)			D. Site Identification NNSY Portsmouth, VA (MSSD)					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP							1	1297	1297	1	1780	1780

Narrative Justification:

Description

This project supports the replacement and technological refreshment of the standard configuration information technology (IT) applications servers supporting the corporate standard information systems in the naval shipyards. There are 27 corporate standard applications that support depot maintenance operations in the shipyards including Baseline Advanced Industrial Management (BAIM), Performance Monitoring, Shipyard Management Information System (SYMIS) Material and Financial Management, Laboratory Analysis, and Hazardous Substance Management and Monitoring, as well as specialty applications for Facliities and Radiological Controls Monitoring. Much of this equipment was installed three or more years ago

Justification

This equipment is required to replace aging and obsolete equipment. This equipment is also required to ensure compatibility with Enterprise Resource Planning (ERP) platforms planned for the regional maintenance consolidation functions. All equipment is acquired centrally for configuration control and management, economy of scale and maximum discount. In addition, equipment will be consolidated, where feasible, for greater economy and resource savings. This equipment is required to replace currently outdated equipment that will remain in the shipyards for the next 4-5 years.

Impact

If not replaced, the shipyards will be left with obsolete equipment for which there is no vendor maintenance, thus jeopardizing the shipyard's ability to assure uninterrupted, seamless communications capability for depot maintenance progress reporting. Shipyards will experience high levels of downtime and lost productivity.

Business Area Capital Investment Justification ($ in Thousands)				A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES								
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 16/NSY Server Replacement(Hardware)						D. Site Identification NSY Arlington, VA (MSSD)		
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP	1	1968	1968	1	1462	1462						

Narrative Justification:

Description

This project supports the replacement and technological refreshment of the standard configuration information technology (IT) applications servers supporting the corporate standard information systems in the naval shipyards. There are 27 corporate standard applications that support depot maintenance operations in the shipyards including Baseline Advanced Industrial Management (BAIM), Performance Monitoring, Shipyard Management Information System (SYMIS) Material and Financial Management, Laboratory Analysis, and Hazardous Substance Management and Monitoring, as well as specialty applications for Facliities and Radiological Controls Monitoring. Much of this equipment was installed three or more years ago.

Justification

This equipment is required to replace aging and obsolete equipment. This equipment is also required to ensure compatibility with Enterprise Resource Planning (ERP) platforms planned for the regional maintenance consolidation functions. All equipment is acquired centrally for configuration control and management, economy of scale and maximum discount. In addition, equipment will be consolidated, where feasible, for greater economy and resource savings. This equipment is required to replace currently outdated equipment that will remain in the shipyards for the next 4-5 years.

Impact

If not replaced, the shipyards will be left with obsolete equipment for which there is no vendor maintenance, thus jeopardizing the shipyard's ability to assure uninterrupted, seamless communications capability for depot maintenance progress reporting. Shipyards will experience high levels of downtime and lost productivity.

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 17/Server Replacement Project(Hardware)			D. Site Identification PNSY Portsmouth, NH (MSSD)					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP							1	432	432	1	725	725

Narrative Justification:

Description

This project supports the replacement and technological refreshment of the standard configuration information technology (IT) applications servers supporting the corporate standard information systems in the naval shipyards. There are 27 corporate standard applications that support depot maintenance operations in the shipyards including Baseline Advanced Industrial Management (BAIM), Performance Monitoring, Shipyard Management Information System (SYMIS) Material and Financial Management, Laboratory Analysis, and Hazardous Substance Management and Monitoring, as well as specialty applications for Facliities and Radiological Controls Monitoring. Much of this equipment was installed three or more years ago

Justification

This equipment is required to replace aging and obsolete equipment. This equipment is also required to ensure compatibility with Enterprise Resource Planning (ERP) platforms planned for the regional maintenance consolidation functions. All equipment is acquired centrally for configuration control and management, economy of scale and maximum discount. In addition, equipment will be consolidated, where feasible, for greater economy and resource savings. This equipment is required to replace currently outdated equipment that will remain in the shipyards for the next 4-5 years.

Impact

If not replaced, the shipyards will be left with obsolete equipment for which there is no vendor maintenance, thus jeopardizing the shipyard's ability to assure uninterrupted, seamless communications capability for depot maintenance progress reporting. Shipyards will experience high levels of downtime and lost productivity.

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES			
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005		C. Line# and Description 18/Miscellaneous (ADP < $1000K; >= $500K)		D. Site Identification NA	
		FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST		Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST		540	0	0	0
Secure Network Upgrade (PNSY Portsmouth, NH (MSSD))		540			

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES		
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005	C. Line# and Description 19/Miscellaneous (ADP < $500K)	D. Site Identification NA		
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	92	0	0	700

Total number of projects = 3

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 20/Electronic Waterfront Paperless System (EWPS)(Internally Developed)			D. Site Identification PNSY Portsmouth, NH (MSSD)					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software				1	3000	3000						

Narrative Justification:

Description

The objective of the Electronic Waterfront Paperless System (EWPS) pilot is to test a solution for cost reduction to non-nuclear work for submarine overhauls. The pilot will test the use of hand held devices geared towards reducing the cost of direct support services on submarine availabilities by improving the efficiency of Technical Work Document (TWD) handling and administration. The TWD is built by the planning organization and customized to fit each task. It contains the information or references the waterfront worker needs to complete the task. Hand held devises will be used to display and record information in the TWD, making it the central point to access related information or resources which are currently provided by hard copy or are not available. The system will also allow data entered by the waterfront worker to be retrieved, validated and fed back to other information systems.

Justification

Significant effort is expended handling paper documents as work is staged, executed, completed and certified. EWPS will eliminate cumbersome manual processes and increase the accuracy of recorded data by providing Technical Work Documents (TWD) in an electronic, interactive format. The TWD becomes the central point from which to access the information held in the Naval Shipyard’s information systems. Data captured at the work site can then be fed back to other information systems. Benefits are achieved by reducing the manual effort required to manage ship maintenance. The functions targeted for automation are direct support services involved with TWD packaging, tracking, and certification.

Impact

The EWPS will reduce the mandays required for ship maintenance. The pilot is geared towards a reduction in mandays on the SSN 688 class. All the backup information to the technical work document will be contained on the hand held and available to the worker on-site. The target of the pilot is to yield sufficient output and metrics to determine if savings warrent rollout to other activities.

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 21/Navy Maintenance Suite Upgrade(Internally Developed)			D. Site Identification NNSY Portsmouth, VA (MSSD)					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software							1	1538	1538	1	1159	1159

Narrative Justification:

Description

NMS applications include Advanced Industrial Management (AIM), AIM Express (AIM XP) and their associated modules. These applications are used to plan and execute depot-level ship repair. The NMS upgrade will migrate the program data base and development tools to Oracle 10 and the Delphi 4 development environment to web-based architecture.

Justification

Failure to upgrade the NMS application and its associated Oracle database will require increasing maintenance funds to support the current software as the old tools become de-supported. The existing tools will eventually fail to operate as other systems and IT components are upgraded and will require additional changes to allow the NMS application to work. As time goes by there will be an increasing number of areas where functionality is lost. The loss of functionality will require manual workarounds and others will require increased time and actions to perform. In addition as new technology is introduced NMS will potentially not be able to realize enhanced capabilities offered by the new technology.

Impact

The upgrades to NMS are necessary to assure reliable, secure, operation of the software to support naval shipyard waterfront mission and related NAVSEA/Navy improvement initiates for current readiness.

- Reliability: The versions commercial off-the-shelf (COTS) software products on which NMS is based (primarily Delphi and Oracle) are reaching the end of their useful life and will no longer be supported by the vendors. Upgrades are necessary to assure compatibility with replacement hardware, changing operating systems, and interrelated software. Vendor support is needed to troubleshoot and correct problems encountered during system use. Without upgrades, system performance and reliability continue to degrade resulting in lost productivity and increased maintenance costs.
- Security: COTS upgrades and patches are issued frequently to improve security and meet emerging security threats (e.g. hacker prevention). Non-supported releases do not receive these upgrades.

Business Area Capital Investment Justification ($ in Thousands)				A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES								
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 22/NSY Ship Maintenance Corporate SW Development(Internally Developed)						D. Site Identification NNSY Portsmouth, VA (MSSD)		
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software							1	1275	1275	1	1238	1238

Narrative Justification:

Description

The naval shipyards require continued upgrades and enhancements to their standard ship/fleet maintenance core business systems. Information management systems, structures and architectures will be vastly different by 2008. The Naval Shipyard IT Strategic Plan outlines the changes that must occur in order to make the transition as smooth as possible:

1. Reduce the total number of applications in the Naval Shipyards from 1100 to 600 by consolidating local functionality into corporate applications, reducing the number of versions of any given application, and standardizing on Navy selected applications.
2. Improve first-time quality of corporate application releases by 75% by October 1, 2006.
3. Develop and implement a plan for server consolidation and application hosting that will reduce application support infrastructure cost by 25%.
4. If approved by DoD, successfully transition East Coast shipyards to mission funding and fleet ownership without interruption of information system services.
5. Fully implement the Navy Marine Corps Intranet in the Naval Shipyards while assuring mission support, system reliability, and information assurance.
6. Develop and implement a capital investment plan for hardware and software that assures continuing support of the shipyard mission, reliable operations of core corporate applications through FY-2015, and support of business transformation initiatives.

Justification

These projects will contribute to enhanced business performance, improved business processes, and contribute to achieving the strategic sourcing wedge.

Impact

If this project is not funded, Navy will lose the opportunity to continue with Business Process Reengineering (BPR) and its contribution to depot/regional maintenance cost reduction initiatives.

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 23/NSY Ship Maintenance Corporate SW Development(Internally Developed)			D. Site Identification NSY Arlington, VA (MSSD)					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software	1	1080	1080	1	947	947						

Narrative Justification:

Description

The naval shipyards require continued upgrades and enhancements to their standard ship/fleet maintenance core business systems supporting the high visibility 688 submarine/carrier availabilities or other "Lean 7" initiatives. Further, the systems utilized support the continued requirement for business process improvements to achieve higher efficiencies in the workplace. These systems include: Baseline Advanced Industrial Management (BAIM), AIM Express, Peformance Measurement, Material Requirements, Financial/Material Management, Workload Forecasting, Radiological Controls and Hazardous Substance Management and Monitoring, among others. The priority software upgrades have been selected based on calculated return on investment of less than one year, direct support of 688 class submarine factory program, assist in the transition to Enterprise Resource Planning (ERP) and/or potential contribution of the initiative to the strategic sourcing wedge. These systems are reported under AIM, SYMIS and DMSS in the IT budget.

Justification

These projects will contribute to enhanced business performance, improved business processes, and contribute to strategic sourcing wedge.

Impact

If this project is not funded, Navy will lose the opportunity to continue with Business Process Reengineering (BPR) and its contribution to depot/regional maintenance cost reduction initiatives. These applications are not expected to be replaced by the emerging ERP initiative.

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 24/Upgrade AIM(Internally Developed)			D. Site Identification PNSY Portsmouth, NH (MSSD)					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software	1	1620	1620									

Narrative Justification:

Description

The Advanced Industrial Management (AIM) program is the standard tool for planning. Although ERP will eventual take over, it is expected that the shipyards will continue to use AIM through FY09, to complete the 688 class refuelings and the SGN's inactivations. By FY04, AIM will require upgrades to enable the use of and integration with new technology and new capabilities such as web enabling. DoD direction and drive is to migrate systems towards web enabling when there are benefits to doing so.

Justification

Web enabling AIM will facilitate the transition to ERP, customize business rules, and ease the input of Ships Force work as well as ease the access to archived information. Through web enabling the shipyards will increase the visibility and use of shared technical work documents. Web enabling will reduce the requirement for AIM servers to be present in each site and improve system security.

Impact

Without the upgrades, the shipyards will not be able to take advantage of the increased visibility. There will be an increased cost of system maintenance and test and certification in light of NMCI.

Business Area Capital Investment Justification ($ in Thousands)							A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES					
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005				C. Line# and Description 25/SUPDESK Upgrade(Internally Developed)			D. Site Identification NNSY Portsmouth, VA (MSSD)					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software							1	1209	1209			

Narrative Justification:

Description

Supervisor's Desk (SUPDESK) application is used for workload management of depot-level ship repair. The SUPDESK upgrade will migrate the program data base and development tools to Oracle 10 and the Delphi 3 development environment to web-based architecture.

Justification

Failure to upgrade the SUPDESK application and its associated Oracle database will require increasing maintenance funds to support the current software as the old tools become de-supported. The existing tools will eventually fail to operate as other systems and IT components are upgraded and will require additional changes to allow the SUPDESK application to work. As time goes by there will be an increasing number of areas where functionality is lost. The loss of functionality will require manual workarounds and others will require increased time and actions to perform. In addition as new technology is introduced SUPDESK will potentially not be able to realize enhanced capabilities offered by the new technology.

Impact

The upgrades to SUPDESK are necessary to assure reliable, secure, operation of the software to support naval shipyard waterfront mission and related NAVSEA/Navy improvement initiates for current readiness.

- Reliability: The versions commercial off-the-shelf (COTS) software products on which SUPDESK is based (primarily Delphi and Oracle) are reaching the end of their useful life and will no longer be supported by the vendors. Upgrades are necessary to assure compatibility with replacement hardware, changing operating systems, and interrelated software. Vendor support is needed to troubleshoot and correct problems encountered during system use. Without upgrades, system performance and reliability continue to degrade resulting in lost productivity and increased maintenance costs.
- Security: COTS upgrades and patches are issued frequently to improve security and meet emerging security threats (e.g. hacker prevention). Non-supported releases do not receive these upgrades.

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES		
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005	C. Line# and Description 26/Miscellaneous (Software < $1000K; >= $500K)	D. Site Identification NA		
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	0	0	2096	1131
Navy Maintenance Suite Upgrade (PNSY Portsmouth, NH (MSSD))			513	386
NSY Ship Maintenance Corporate SW Development (PNSY Portsmouth, NH (MSSD))			424	412
Project Scheduling and Sequencing Upgrade (NNSY Portsmouth, VA (MSSD))			422	333
Trade Skill and Trade Skill Designators (NNSY Portsmouth, VA (MSSD))			737	

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES		
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005	C. Line# and Description 27/Miscellaneous (Software < $500K)	D. Site Identification NA		
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	0	0	1239	111

Total number of projects = 5

Business Area Capital Investment Justification (Dollars in Thousands)		A. Budget Submission FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES			
B. Component/Business Area/Date DEPOT MAINTENANCE - SHIPYARDS/ FEBRUARY 2005		C. Line# and Description 28/Miscellaneous (Minor Construction < $500K)		D. Site Identification NA	
	FY 2004	FY 2005		FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost		Total Cost	Total Cost
TOTAL COST	1000	510		465	900

Total number of projects = 10

Navy Working Capital Fund Capital Investment Summary
Business Area: Depot Maintenance/Shipyards
Component: Department of the Navy
FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
FEBRUARY 2005
($ in Millions)

FY	PROJECT TITLE	FY 2005 PRESIDENT'S	REPROGS	CURRENT PROJ COST	ASSET / (DEFICIENCY)	EXPLANATION
NON-ADP EQUIPMENT						
05	151-TON PORTAL CRANE	16.650	0.000	16.650	0.000	No Change
05	MISCELLANEOUS NON-ADP >$500K,<$1,000K	1.994	0.000	1.994	0.000	No Change
05	MISCELLANEOUS NON-ADP <$500K, >$100K	2.807	0.000	2.807	0.000	No Change
	Total Non-ADP Equipment	21.451	0.000	21.451	0.000	
ADP & TELECOMMUNICATIONS EQUIPMENT						
05	NSY COMPUTER REPLACEMENT (HARDWARE)	1.462	0.000	1.462	0.000	No change
	Total ADP & Telecommunications Equipment	1.462	0.000	1.462	0.000	
ADP SOFTWARE DEVELOPMENT						
05	ELECTRONIC WATERFRONT PAPERLESS SYSTEM (EWPS)	3.000	0.000	3.000	0.000	No change
05	NSY SHIP MAINTENANCE CORPORATE SW DEVELOPMENT	0.947	0.000	0.947	0.000	No change
	Total Software Development	3.947	0.000	3.947	0.000	
MINOR CONSTRUCTION						
05	MISCELLANEOUS MINOR CONSTRUCTION <$500K	0.510	0.000	0.510	0.000	No change
	Total Minor Construction	0.510	0.000	0.510	0.000	
	FY 05 GRAND TOTAL	**27.370**	**0.000**	**27.370**	**0.000**	

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
NAVY WORKING CAPITAL FUND
COMPONENT/BUSINESS AREA: NAVAL SHIPYARDS
(Dollars in Millions)
FY 2004

MATERIAL INVENTORY DATA

			-----Peacetime-----	
	Total	**Mobilization**	**Operating**	**Other**
Material Inventory BOP	169,367		169,367	
Purchases				
A. Purchases to Support Customer Orders (+)	272,071		272,071	
B. Purchase of long lead items in advance of customer orders (+)				
C. Other Purchases (list) (+)				
D. Total Purchases	272,071		272,071	
Material Inventory Adjustments				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	268,245		268,245	
B. Disposals, theft, losses due to damages (-)				
C. Other reductions (list) (-)				
D. Total Inventory adjustments	268,245		268,245	
Material Inventory EOP	173,193		173,193	

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
NAVY WORKING CAPITAL FUND
COMPONENT/BUSINESS AREA: NAVAL SHIPYARDS
(Dollars in Millions)
FY 2005

MATERIAL INVENTORY DATA

			-----Peacetime-----	
	Total	**Mobilization**	**Operating**	**Other**
Material Inventory BOP	173,193		173,193	
Purchases				
A. Purchases to Support Customer Orders (+)	175,858		175,858	
B. Purchase of long lead items in advance of customer orders (+)				
C. Other Purchases (list) (+)				
D. Total Purchases	175,858		175,858	
Material Inventory Adjustments				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	221,695		221,695	
B. Disposals, theft, losses due to damages (-)				
C. Other reductions (list) (-)				
D. Total Inventory adjustments	221,695		221,695	
Material Inventory EOP	127,356		127,356	

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
NAVY WORKING CAPITAL FUND
COMPONENT/BUSINESS AREA: NAVAL SHIPYARDS
(Dollars in Millions)
FY 2006

MATERIAL INVENTORY DATA

			-----Peacetime-----	
	Total	**Mobilization**	**Operating**	**Other**
Material Inventory BOP	127,356		127,356	
Purchases				
A. Purchases to Support Customer Orders (+)	187,147		187,147	
B. Purchase of long lead items in advance of customer orders (+)				
C. Other Purchases (list) (+)				
D. Total Purchases	187,147		187,147	
Material Inventory Adjustments				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	207,319		207,319	
B. Disposals, theft, losses due to damages (-)				
C. Other reductions (list) (-)				
D. Total Inventory adjustments	207,319		207,319	
Material Inventory EOP	107,184	-	107,184	-

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
NAVY WORKING CAPITAL FUND
COMPONENT/BUSINESS AREA: NAVAL SHIPYARDS
(Dollars in Millions)
FY 2007

MATERIAL INVENTORY DATA

			-----Peacetime-----	
	Total	**Mobilization**	**Operating**	**Other**
Material Inventory BOP	107,184		107,184	
Purchases				
A. Purchases to Support Customer Orders (+)	229,448		229,448	
B. Purchase of long lead items in advance of customer orders (+)				
C. Other Purchases (list) (+)				
D. Total Purchases	229,448		229,448	
Material Inventory Adjustments				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	244,076		244,076	
B. Disposals, theft, losses due to damages (-)				
C. Other reductions (list) (-)				
D. Total Inventory adjustments	244,076		244,076	
Material Inventory EOP	92,556	-	92,556	-

Naval Aviation Depots

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NAVAIRDEPOTS
February 2005

ACTIVITY GROUP FUNCTION

To provide responsive worldwide maintenance, engineering, and logistics support to the Fleet and ensure a core industrial resource base essential for mobilization; repair aircraft, engines, and components, and manufacture parts and assemblies; provide engineering services in the development of hardware design changes, and furnish technical and other professional services on maintenance and logistics problems.

ACTIVITY GROUP COMPOSITION

Activities	Location
NAVAIRDEPOT, Cherry Point	Cherry Point, NC
NAVAIRDEPOT, Jacksonville	Jacksonville, FL
NAVAIRDEPOT, North Island	San Diego, CA

BUDGET HIGHLIGHTS

General

The Naval Air Depots (NAVAIRDEPOTS) provide significant support to the Fleet by overhauling and repairing a wide range of equipment and components. Beginning in FY 2006, the NAVAIRDEPOTS have incorporated Sea Enterprise Efficiency (Intelligent Target) Savings. These savings will result from the implementation of several initiatives targeting reductions for indirect cost. In addition beginning in FY 2006, airframe and engine workload standard reductions have been incorporated for the AIRSPEED initiative.

Summary of Operations ($ in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Orders	$1,679.0	$2,088.7	$2,148.6	$2,153.2
Revenue	$2,218.9	$2,190.1	$2,157.7	$2,202.3
Cost of Goods Sold	$2,210.3	$2,134.3	$2,158.3	$2,202.3
Revenue less Costs	$8.7	$55.8	-$0.6	$0.0
Surcharges	-$0.4	-$92.1	$0.0	$0.0
Net Operating Result (NOR)	$8.3	-$36.3	-$0.6	$0.0
Accumulated Operating Result (AOR)	$36.9	$0.6	$0.0	$0.0

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NAVAIRDEPOTS
February 2005

Orders. New Reimbursable Orders for FY 2005, FY 2006, and FY 2007 are $2.1B, $2.1B, and $2.2B respectively. FY 2005 New Orders include $200M requested as part of the FY 2005 Supplemental for Depot Maintenance to finance depot maintenance costs and to ensure continued support of the Global War on Terrorism (GWOT).

Revenue. Revenue is $2.2B for FY 2005, $2.2B for FY 2006, and $2.2B for FY 2007. FY 2005 Revenue includes the $200M, requested as part of the FY 05 Supplemental for Depot Maintenance.

Costs. Cost of Operations is $2.1B in FY 2005, $2.2B in FY 2006, and $2.2B FY 2007.

Treasury Cash. Net outlays are $24.7M in FY 2004, -$49.7M in FY 2005, $2.6M in FY 2006, and $7.1M in FY 2007.

(In millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Disbursements	$2,018.3	$2,101.9	$2,128.8	$2,178.7
Collections	$1,993.6	$2,151.6	$2,126.2	$2,171.6
Net Outlays	$24.7	-$49.7	$2.6	$7.1

Stabilized Customer Rates.

	FY 2005	FY 2006	FY 2007
Composite Hourly Rate	$165.99	$166.88	$174.64
Percent Year to Year Change	3.06%	.54%	4.65%

The composite rate change reflects both the impact of workload mix changes and pricing changes.

Unit Cost Goals. The budget reflects the following FY 2004-2007 unit cost goals:

($ and DLHs in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Total Operating Cost	$2,028.73	$2,125.02	$2,151.94	$2,208.26
Direct Labor Hours (DLH)	12.770	12.903	12.892	12.612
Unit Cost	$158.87	$164.69	$166.92	$175.09
% Change Workload/DLHs	-	1.0%	-0.09%	-2.2%
% Change Unit Cost	-	3.7%	1.4%	4.9%

- DLH includes direct labor hours worked by civilians, contractors and military personnel.

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NAVAIRDEPOTS
February 2005

SUMMARY OF PERSONNEL RESOURCES

	FY 2004	FY 2005	FY 2006	FY 2007
Civilian Personnel:				
End Strength	10,931	10,998	10,931	10,840
FTE Workyears	10,922	10,953	10,868	10,780
Military Personnel:				
End Strength	101	124	123	123
Workyears	97	124	123	123
Contractor Personnel:				
Workyears	712	1,167	1,092	1,034

The FY 2006/2007 Budget Estimates for the NAVAIRDEPOTS reflects civilian workforce levels necessary to accommodate firm workload without the use of excessive overtime. Contract personnel are used by the NAVAIRDEPOTS to support perturbations in workload.

SUMMARY OF WORKLOAD INDICATORS

	(Inducted Units)			
	FY 2004	FY 2005	FY 2006	FY 2007
AIRFRAMES	**497**	**614**	**639**	**612**
O&M,N	440	549	567	532
O&M,NR	46	55	61	70
RDT&E	6	8	9	8
Other	5	2	2	2
	(Inducted Units)			
ENGINES	**968**	**1,207**	**1,370**	**1,542**
O&M,N	783	1,072	1,226	1,376
O&M,NR	77	48	50	67
RDT&E	24	2	0	2
Other	84	85	94	97

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operation
Activity Group: Depot Maintenance/NAVAIRDEPOTS
February 2005

Performance Indicators

	(UNITS)			
	FY 2004	FY 2005	FY 2006	FY 2007
Aircraft Scheduled	566	599	594	595
Aircraft Completed on Time	509	539	535	536
% Scheduled Work Completed on Time	0.90	0.90	0.90	0.90
Components Scheduled	90,664	112,480	112,480	112,480
Components Completed on Time	86,131	106,856	106,856	106,856
% Scheduled Work Completed on Time	0.95	0.95	0.95	0.95
Engines Scheduled	1,100	1,230	1,389	1,569
Engines Completed on Time	1,067	1,193	1,347	1,522
% Scheduled Work Completed on Time	0.97	0.97	0.97	0.97

inductions in a fiscal year.

	FY 2004	FY 2005	FY 2006	FY 2007
Material Costs of Good Sold	862	909	953	997
Average Inventory	320	321	304	303
Inventory Turnover Ratio	3	3	3	3

Inventory Turnover Ratio – This is a measure of inventory utilization. The goal is to reduce the investment in inventory while still meeting the depot requirements for readily available material. By taking the quotient in inventory while still meeting the depot requirements for readily available material. By taking the quotient of projected yearly Cost of Goods Sold divided by Inventory, inventory turnover can be determined. The higher the ratio, the more rapidly inventory is being used to meet production requirements.

SUMMARY OF CAPITAL INVESTMENT PROGRAM (CIP)

	($ in Millions)			
	FY 2004	FY 2005	FY 2006	FY 2007
Equipment-non ADPE &TELECOM	$32.574	$35.647	$26.253	$28.745
Equipment-ADPE &TELECOM	$3.350	$.300	$11.385	$9.222
Minor Construction:	$4.624	$6.099	$4.730	$4.058
Total	$40.548	$42.046	$42.368	$42.025

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
AIROPEN / TOTAL

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	2,176.8	2,055.2	2,115.3	2,159.2
Surcharges	.4	92.1	.0	.0
Depreciation excluding Major Constructio	41.7	42.9	42.4	43.1
Other Income				
Total Income	2,218.9	2,190.1	2,157.7	2,202.3
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	8.3	8.3	8.1	8.3
Civilian Personnel	786.1	817.4	831.2	841.7
Travel and Transportation of Personnel	21.6	22.3	22.6	22.6
Material & Supplies (Internal Operations	734.8	784.7	820.3	860.9
Equipment	127.6	124.0	132.2	135.9
Other Purchases from NWCF	19.9	19.8	21.8	21.5
Transportation of Things	2.7	3.3	3.5	3.8
Depreciation - Capital	41.7	42.9	42.4	43.1
Printing and Reproduction	3.2	3.6	3.6	3.6
Advisory and Assistance Services	14.7	31.3	18.8	16.8
Rent, Communication & Utilities	32.8	37.3	40.1	40.7
Other Purchased Services	235.4	230.3	207.1	209.3
Total Expenses	2,028.7	2,125.0	2,151.9	2,208.3
Work in Process Adjustment	200.9	9.3	6.4	-6.0
Comp Work for Activity Reten Adjustment	-19.3	.0	.0	.0
Cost of Goods Sold	2,210.3	2,134.3	2,158.3	2,202.3
Operating Result	8.7	55.8	-.6	.0
Less Surcharges	-.4	-92.1	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	8.3	-36.3	-.6	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	36.9	.6	.0	.0

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
INDUSTRIAL BUDGET INFORMATION SYSTEM
AIROPEN / TOTAL
SOURCE OF REVENUE
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	1,679	2,089	2,149	2,153
a. Orders from DoD Components	1,012	1,232	996	1,020
Department of the Navy	985	1,201	961	984
O & M, Navy	722	952	726	721
O & M, Marine Corps	0	0	0	0
O & M, Navy Reserve	54	47	55	66
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	187	178	160	180
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	0	0	0	0
Other Procurement, Navy	3	2	4	2
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	19	21	16	16
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	0	0	0	0
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	1	0	0	0
Army Operation & Maintenance	1	0	0	0
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	0	0	0	0
Department of the Air Force	20	27	31	33
Air Force Operation & Maintenance	20	27	31	33
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	5	3	4	3
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	3	3	4	3
Res, Dev, Test & Eval Accounts	1	0	0	0
Procurement Accounts	1	0	0	0
Defense Emergency Relief Fund	0	0	0	0
DOD Other	0	0	0	0
b. Orders from other WCF Activity Groups	599	794	1,086	1,067
c. Total DoD	1,611	2,026	2,082	2,087
d. Other Orders	68	63	66	67
Other Federal Agencies	4	5	6	5
Foreign Military Sales	26	23	26	26
Non Federal Agencies	38	34	35	35
2. Carry-In Orders	1,142	602	500	491
3. Total Gross Orders	2,821	2,690	2,649	2,644
a. Funded Carry-Over before Exclusions	602	500	491	442
b. Total Gross Sales	2,219	2,190	2,158	2,202
4. End of Year Work-In-Process (-)	-89	-79	-70	-73
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-46	-32	-30	-29
6. Net Funded Carryover	466	389	392	341

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Changes in the Costs of Operations
Activity Group: Naval Air Depots
February 2005
($ in Millions)

	Total Costs
FY 2004 Actual	**2,028.8**
FY 2005 President's Budget	**2,076.8**
Pricing Adjustments:	**10.2**
Civilian Personnel	10.2
Fuel Changes	0.0
Working Capital Fund Materiel Price Changes	0.0
General Purchase Inflation	0.0
Productivity Initiatives	**-10.2**
Program Changes:	**49.1**
Airframes work	67.7
Engines work	-21.9
Components work	-42.1
Other Support work	8.1
Modification work	12.9
Logistics/Engineering work	24.4
Other Changes (incl Depreciation):	**-0.9**
Depreciation	2.6
DISA Support	-2.5
Travel & Training	-0.2
DFAS	-0.8
FY 2005 Estimate:	**2,125.0**

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Changes in the Costs of Operations
Activity Group: Naval Air Depots
February 2005
($ in Millions)

	Total Costs
FY 2005 Estimate:	**2,125.0**
Pricing Adjustments:	**50.5**
Annualization of Pay Raises	**19.0**
Civilian Personnel	18.9
Military Personnel	0.1
Pay Raise	**12.6**
Civilian Personnel	12.4
Military Personnel	0.2
Fuel Changes	0.4
Working Capital Fund Materiel Price Changes	13.0
General Purchase Inflation	5.5
Productivity Initiatives	**-34.2**
CPP	-0.5
Intelligent Targets	**-30.4**
AIR 6.0 Hqts Reductions	-1.6
AIR 7.0/10.0 Service Model	-4.1
Automate Depot Security	-1.0
Military Personnel	-0.2
Buyer-Seller Process	-4.8
Optimize Industrial IT	-12.1
Contract Efficiencies	-1.6
Router Detail/MRP II/ QA	-5.0
Other	-3.3
Program Changes:	**11.2**
Airframes work	-20.2
Engines work	-12.8
Components work	57.2
Other Support work	6.2
Modification work	8.2
Logistics/Engineering work	-27.4
Other Changes (incl Depreciation):	**-0.6**
Depreciation	-0.5
DFAS	-0.1
FY 2006 Estimate:	**2,151.9**

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Changes in the Costs of Operations
Activity Group: Naval Air Depots
February 2005
($ in Millions)

	Total Costs
FY 2006 Estimate:	**2,151.9**
Pricing Adjustments:	**46.7**
Annualization of Pay Raises	**15.6**
Civilian Personnel	15.5
Military Personnel	0.1
Pay Raise	**12.8**
Civilian Personnel	12.6
Military Personnel	0.2
Fuel Changes	0.0
Working Capital Fund Materiel Price Changes	13.2
General Purchase Inflation	5.1
Productivity Initiatives	**-2.1**
CPP	-1.2
Intelligent Targets	-0.9
Program Changes:	**13.0**
Airframes work	-11.0
Engines work	5.9
Components work	-7.8
Other Support work	9.1
Modification work	-2.0
Logistics/Engineering work	18.8
Other Changes (incl Depreciation):	**-1.2**
Depreciation	0.8
DFAS	-0.6
Other	-1.4
FY 2007 Estimate:	**2,208.3**

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - AVIATION DEPOTS
($ In Millions)

ITEM LINE #						ITEM DESCRIPTION	FY 2004		FY 2005		FY 2006		FY 2007	
							Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
						1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>$1M)								
						Replacement								
6	DF	4	EL	0212	P	R TEST CELL #2 UPGRADE PH I & II	1	3.471	1	1.449				
6	DF	4	EL	0202	P	R HORIZONTAL BORING MILL REPLACEMENT	1	1.365						
6	DE	4	EL	0396	P	R HIGH SPEED BLADE TIP GRINDER	1	1.800						
6	DE	4	EL	0281	P	R CNC GRINDER	1	1.500						
6	DE	4	EL	0369	P	R CNC HORIZONTAL BORING MILL	1	1.750						
6	DE	5	EL	0418	P	R OPTICAL ALIGNMENT STATION			1	4.000				
6	DE	5	EL	0364	P	R 5-AXIS MACHINING CENTERS (2)			1	2.500				
6	DE	5	EL	0406	P	R 5-AXIS MACHINING CENTER			1	1.750				
6	DE	5	EL	0381	P	R 5-AXIS MACHINING CENTER - TILT HEAD			1	1.650				
6	DF	5	EL	0190	P	R JIG BORE REPLACEMENT			1	1.540				
6	DF	5	EL	0045	P	R JIG BORE REPLACEMENT			1	1.540				
6	DF	5	EL	0229	P	R ARBS TEST FACILITY UPGRADE			1	1.155				
6	DF	6	EL	0246	P	R INTEGRATED AUTO HYDRAULIC SYS REPLACEMENT					1	4.967		
6	DE	6	EL	0414	P	R BLADE TIP GRINDER					1	2.500		
6	DE	6	EL	0415	P	R SPAR MILL					1	2.030		
6	DE	6	EL	0401	P	R F404 A/B FUEL CONTROL T/S					1	1.630		
6	DF	6	EL	0156	P	R JIG BORE REPLACEMENT					1	1.540		
6	DC	6	EL	0534	P	R IVD ALUMINUM COATER					1	1.400		
6	DF	6	EL	0231	P	R AIR TURBINE STARTER TEST CELL REPLACEMENT					1	1.400		
6	DF	6	EL	0223	P	R PLATING LINE EQUIPMENT UPGRADE					1	1.100		
6	DE	7	EL	0439	P	R 5-AXIS MACHINING CENTER							1	2.850
6	DE	7	EL	0423	P	R VGC-52 GRINDERS (2)							1	2.400
6	DC	7	EL	0556	P	R PRESS (HYDRAULIC OR BLADDER)							1	2.000
6	DC	7	EL	0557	P	R DROP HAMMER (LARGE)							1	2.000
6	DF	7	EL	0236	P	R X-RAY EQUIPMENT UPGRADE							1	1.215
6	DF	7	EL	0085	P	R HYDROGEN FLUORIDE FURNACE REPLACEMENT							1	1.200
6	DE	7	EL	0422	P	R CNC VERTICAL LATHE							1	1.100
6	DC	7	EL	0558	P	R DROP HAMMER (MEDIUM)							1	1.000
						Productivity								
6	DF	4	EL	0167	P	P CAPVD COATING SYSTEM	1	2.364						
6	DC	4	EL	0555	P	P CENTER BARREL PLUS FIXTURE	1	1.200						
6	DC	5	EL	0533	P	P AIRCRAFT PMB			1	1.373				
						New Mission								
8	DC	4	EL	0522	G	N SECURITY UPGRADE	1	2.090						
						SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>$1M)	8	15.540	9	16.957	8	16.567	8	13.765
	DN		EU	0000		**1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<$1M)**	53	17.034	36	18.690	21	9.686	25	14.980

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - AVIATION DEPOTS
($ In Millions)

ITEM LINE #	ITEM DESCRIPTION	FY 2004 Qty	FY 2004 Total Cost	FY 2005 Qty	FY 2005 Total Cost	FY 2006 Qty	FY 2006 Total Cost	FY 2007 Qty	FY 2007 Total Cost
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	61	32.574	45	35.647	29	26.253	33	28.745
DN MC 0000	**3. MINOR CONSTRUCTION**	22	4.624	15	6.099	14	4.730	16	4.058
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM	83	37.198	60	41.746	43	30.983	49	32.803
	1a. ADPE & TELECOMMUNICATIONS (>$1M)								
	Computer Hardware (Production)								
7 DN 4 KL 0003 G R	DEPOT MAINTENANCE SYSTEMS HARDWARE UPGRADE	1	2.500			2	6.700	1	1.427
6 DC 6 KL 0563 G R	SUPPLY TRANSFORMATION, PHASE II					1	2.385	1	2.200
6 DC 6 KL 0564 G R	INTERMEDIATE & DEPOT INTEGRATION					1	1.000	1	2.000
7 DE 7 TL 0419 G R	SYSTEM HARDWARE SWITCH							1	1.485
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>$1M)	1	2.500	0	0.000	4	10.085	4	7.112
DN KU 0000	**1b. ADPE & TELECOMMUNICATIONS (<$1M)**	3	0.850	1	0.300	2	1.300	5	2.110
	2. TOTAL ADPE & TELECOMMUNICATIONS	4	3.350	1	0.300	6	11.385	9	9.222
	3a. SOFTWARE DEVELOPMENT (>$1M)								
	Internally Developed								
7 DN 0 DL 0001 G R	ENTERPRISE RESOURCE PLANNING	0	.000	0	.000	0	.000	0	.000
	SUBTOTAL SOFTWARE DEVELOPMENT (>$1M)	0	0.000	0	0.000	0	0.000	0	0.000
DN DU 0000	**3b. SOFTWARE DEVELOPMENT (<$1M)**	1	0.000	0	0.000	0	0.000	0	0.000
	3. TOTAL SOFTWARE DEVELOPMENT	1	0.000	0	0.000	0	0.000	0	0.000
	TOTAL ADP CAPITAL PURCHASES PROGRAM	5	3.350	1	0.300	6	11.385	9	9.222
	GRAND TOTAL CAPITAL PURCHASES PROGRAM	88	40.548	61	42.046	49	42.368	58	42.025
	TOTAL CAPITAL OUTLAYS		26.538		41.934		44.336		44.179
	TOTAL DEPRECIATION EXPENSE		41.746		42.868		42.372		43.135

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. TEST CELL #2 UPGRADE

6DF4EL0212PR

Cherry Point

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	3,471	3,471	1	1,449	1,449						

OPERATIONAL DATE 1-Dec-05

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$432,675	$7,820	$440,495
AVERAGE ANNUAL SAVINGS (Discounted)	$265,860	$4,805	$270,665
PAYBACK PERIOD	6.9	NA	6.7
RATE OF RETURN (ROR)	13%	0%	13%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The T400 engine is currently the engine used in circulation for the United States Marine Corps' fleet of UH-1N helicopters. This engine averages 480 hours on wing before an overhaul is required. and could benefit from an engine upgrade giving the aircraft engine greater maintainability and reliability. With the increase in flight hours, it is inevitable that capacity to repair and overhaul the engine will eventually be exceeded with the current resources available. This project (Phase 1) will be used to modify the existing engine test cell #2 (00146015084) to obtain newer, more efficient technology.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
Currently, test cell #2 tests T400 engines. For this procurement, hardware and software will be procured and structural revisions will be made to the facility. This modification will improve testing process.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Alternative 1: One solution was to obtain a portable test cell. There was concern with the short term preparation for any environmental issues that would arise. Also, test cell availability was a concern.

Alternative 2: Another solution was to send engines to an outside source to test. This method proved to be costly not to mention the security issues that would arise.

4. IMPACT IF NOT ACQUIRED.
If test cell #2 is not modified, the test cell and equipment will continue to age. It will become more difficult to improve the engine performance. This in turn would increase the risk of not having the ability to control turn around time.

While the economic payback exceeds 4.5 years and/or the ROR is less than 20%, due to warfighter mission criticality and capabilities this project supports (and as cited within this Cost Benefit Analysis), justification is warranted.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. HORIZONTAL BORING MILL REPLACEMENT 6DF4EL0202PR

Cherry Point

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	1,365	1,365									

OPERATIONAL DATE 1-Aug-05

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$726,969	$107,000	$833,969
AVERAGE ANNUAL SAVINGS (Discounted)	$446,691	$65,747	$512,438
PAYBACK PERIOD	2.2	NA	1.9
RATE OF RETURN (ROR)	33%	5%	38%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT?

Replacement of Wotan Horizontal Boring Mill EIN 65889-408203 in the Machine Repair Power Plant Shop 93667. The new machine will be the latest model and of the highest quality possible that can be procured within the budget and within the government acquisition process that will be used. The existing machine is 30 years old and has been heavily utilized during that time. The machine has undergone at least one controls upgrade/replacement during its lifetime. The machine needs to be either rebuilt or replaced due to maintenance costs and downtime; and the mission of the shop is to produce required products with the efficiency and end user requirements that this machine provides. The current and future condition of this equipment will adversely impact if not prevent the shop from performing its mission.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The Machine Repair Power Plant Shop 6.2.93667, is responsible for the machine repair of military aircraft engine parts/components. The subject equipment is used primarily for the repair machining of the H53 transmission main gearbox, swashplate, and rotorhead. As aircraft Programs like the H-46 and H-53 continue on with a longer service life than was even intended by the original aircraft designers, it is essential that we provide reliably maintained aircraft for the warfighter. The existing machine was a contributed asset from Pensacola and is in poor condition, often produces unsatisfactory parts requiring additional rework. The machine is also a maintenance problem. The NADEP has spent thousands of dollars in the last year on parts to keep the machine operational. Without this replacement, Depot capability and in turn, fleet readiness, will be impaired. A new machine will provide the required machining capability without the high maintenance costs.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

a. Status quo: Keep the machine in operation as is and continue to put up with high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.

b. Rebuild: This alternative was explored. However, the cost of a complete rebuild is estimated at least $700,000.00. With this cost exceeding 60% of the cost of a new machine, and with the advantage afforded by a new machine with all control and programming features "designed in" to the machine versus retrofitted; our economic analysis will show that buying new is the best alternative.

c. Replace: Considered to be the most cost effective alternative.

4. IMPACT IF NOT ACQUIRED.

Continue with high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. HIGH SPEED BLADE TIP GRINDER 6DE4EL0396PR							Jacksonville
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST	1	1,800	1,800										
OPERATIONAL DATE	1-Apr-05												

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$286,444	$8,413	$294,857
AVERAGE ANNUAL SAVINGS (Discounted)	$176,007	$5,169	$181,177
PAYBACK PERIOD	10.4	NA	9.9
RATE OF RETURN (ROR)	10%	0%	10%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. Purchase a new High Speed Blade Tip Grinder to support the F404 and F414 Engine programs.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The current method of grinding the blade tips os slow, 20.5 hours as stated in the writeup. In addition, the current is manual. The new machine is Computerized Numerical Control (CNC) operated - less manhours to do the job because a computer is running the machine instead of a machine operator. The old method requires manual inspection of the parts after machining - with the new equipment the machine automatically inspects the parts which saves time.

3. PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Continue to utilize the two existing lathes/grinders to produce the parts using low speeding grinding instead of the high speed method which gives a better quality part and is a more efficient process. Inspection will continue to be done manually on a separate piece of equipment.

4. IMPACT IF NOT ACQUIRED.
Extensive turn around time and missed Engine Program schedule.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. CNC Grinder 6DE4EL0281PR

Jacksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	1,500	1,500									

OPERATIONAL DATE 1-Apr-06

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$190,472	$8,525	$198,997
AVERAGE ANNUAL SAVINGS (Discounted)	$117,037	$5,238	$122,275
PAYBACK PERIOD	16.3	NA	14.7
RATE OF RETURN (ROR)	8%	0%	8%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. Replace two vertical grinders that are worn beyond repair. Plant account # 162038 and plant account # 003540 were both manufactured in 1969. Both grinders are used in support of the TF34 Engine program.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The grinders are an older design that utilizes a Teflon way surface that is very susceptible to wear. Also, this design requires the grinding operation to be performed at a less than optimum grinding speed. New grinding machines will perform the operation at an estimated 50% decrease in operation time. The new grinder would also be of the Computerized Numerical Control (CNC) type and be capable of angular grinding, which is required on the TF34 Compressor Case. The new machine has built in inspection capability that will reduce the indirect labor inspection time from 6hrs./part to .5hrs/part.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Utilize the two existing grinders until they become inoperable, at which time the NADEP will have a work stoppage and lose program capability.

4. IMPACT IF NOT ACQUIRED.
Extensive turn around time and missed Engine Program schedule.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. CNC HORIZONTAL BORING MILL

6DE4EL0369PR

Jacksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	1,750	1,750									
OPERATIONAL DATE	1-Jun-06											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$16,080	$7,630	$23,710
AVERAGE ANNUAL SAVINGS (Discounted)	$9,880	$4,688	$14,569
PAYBACK PERIOD	NA	NA	NA
RATE OF RETURN (ROR)	1%	0%	1%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

Procure a replacement Computerized Numerical Control (CNC) Horizontal Boring Mill for the CNC Machine Shop. This machine performs precision boring and milling of aircraft landing gear and aircraft wing spars. New machines of this type are capable of boring holes within 0.0002 inch of true position. The computer numerical control can generate complex shapes, angles, and repetitive moves with very simple directions, utilizing Dynamic Graphic representation. Advanced probing capability will allow the machine to verify that the bore or machined surface is indeed, at the exact location.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The existing CNC Horizontal Boring Mill, built in 1991 will be 13 years old in FY04. It will be impossible to procure electronic replacement parts for the CNC Controller. This machine is also having problems with the precision spindle overheating and the tool change mechanism is no longer functional. Replacing the machine will allow the NADEP to continue to bore precision holes and mill complex angles in aircraft components.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

There is no alternative to perform precision boring in house.

4. IMPACT IF NOT ACQUIRED.

NADEP will not be able to process EA-6B, F-14 and F-18 Landing Gear and P-3 Wing Spars.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. OPTICAL ALIGNMENT STATION 6DE5EL0418PR

Jacksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST				1	4,000	4,000						

OPERATIONAL DATE 1-Dec-06

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$35,117	$0	$35,117
AVERAGE ANNUAL SAVINGS (Discounted)	$21,578	$0	$21,578
PAYBACK PERIOD	NA	#DIV/0!	NA
RATE OF RETURN (ROR)	1%	0%	1%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The purpose of the project is to increase the capacity of the NADEP Optical Alignment and Checkout Station used on the AN/AAS-38/-38A-38B Optics Stabilizer Weapons Replaceable Assembly (OS WRA) and to avoid a potential work stoppage condition if the existing alignment unit becomes non-operational. At the same time, try to establish new capability for the Advanced Targeting (AT) Forward Looking InfraRed (FLIR) Optical and Alignment Inspection.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The Optical Stabilizer represents the vast majority of the NADEP's AN/AAS-38 workload. Due to it's high technological nature (WRA), it requires extensive man hours to be repaired. The FLIR/EO Shop is working three shifts to keep up with the current workload; which means the existing station is being used all the time. This high use can cause wear and tear on the alignment station. Any downtime required to repair this station will have a negative effect on the NADEP's production schedule.

Also, the new AT FLIR will require new updated optical inspection technology which is not available at the NADEP.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
The alternatives are to keep servicing the existing Optical Alignment and Checkout Station unit and repair it as needed or to contract out the work. Contracting the workload is a costly and lengthy process.

4. IMPACT IF NOT ACQUIRED.
The existing Optical Alignment and Checkout Station will gradually deteriorate. Demand for the Optical Stabilizer is anticipated to remain stable or even increase in the foreseeable future. Production stoppages will gradually increase due to repairs and maintenance of the existing station. This will be adversely affecting production schedules and jeopardize the NADEP's capacity to produce the AN/AAS-38 Optics Stabilizer workload. In addition, it will become obsolete to service the new AT FLIR optical system.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. 5-AXIS MACHINING CENTERS (2) 6DE5EL0364PR

Jackksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST				1	2,500	2,500						

OPERATIONAL DATE 1-Jun-06

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$61,228	$2,660	$63,888
AVERAGE ANNUAL SAVINGS (Discounted)	$37,622	$1,634	$39,256
PAYBACK PERIOD	NA	NA	NA
RATE OF RETURN (ROR)	2%	0%	2%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

Procure replacement Computerized Numerical Control (CNC) Horizontal Spindle 5-axis Machining Centers for the CNC Machine Shop. Procure with state of the art micro processors for precision manufacturing aircraft components. New machines of this type are capable of boring holes within 0.0002 inch of true position. The computer numerical control can generate complex shapes, angles and repetitive moves with very simple directions, utilizing Dynamic Graphic representation. Advanced probing capability will allow the machine to verify that the bore or machined surface is indeed, at the exact location.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The existing machines are part of a flexable manufacturing cell consisting of four 5-axis machining centers, a robot loader and communicate through a central computer to coordinate the queuing and loading of each machine. The central computer (VAX) is out dated and un-supportable in both software and electronic components. The overall system is too complex for a repair depot. The 5-Axis Machining Centers were built in 1990 and are showing signs of way surface wear. Ways are the longitudinal guides or guiding surfaces on the bed of a machine along which a table or carriage moves. When ther is wear on these surfaces, it is no longer perfectly flat from one end to the other. As a carriage with a cutting or grinding tool attached moves along this uneven surface the amount of material removed from the item being worked changes. Because of the tight tolerances for aircraft machined parts, there can be very little variation in the dimensions of the parts and a machine with excessive wear on the ways is not acceptable. The machines will be 15 years old in FY05. Also, add the time to obtain a contract and manufacture the machines would add another 2 years. It will be imposable to procure electronic replacement parts for the CNC Controller and all of the electronic drive components that position the 5 axes of motion. Replacing the manufacturing cell with 2 stand alone 5-axis Machining Centers will make more economical sence. The new machines, as stand alone will be easier to maintain than as a system. New machines will allow the NADEP to continue to manufacture precision components for aircraft.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Replacing the VAX computer and new software at $56K per year. Cannibalize the machines to keep one or two operational.

4. IMPACT IF NOT ACQUIRED.

NADEP will not be able to manufacture EA-6B, F-14 and P-3 aircraft components.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. 5-AXIS MACHINING CENTER 6DE5EL0406PR							Jacksonville
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST				1	1,750	1,750							

OPERATIONAL DATE	1-Dec-06		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$70,447	$150	$70,597
AVERAGE ANNUAL SAVINGS (Discounted)	$43,287	$92	$43,379
PAYBACK PERIOD	NA	NA	NA
RATE OF RETURN (ROR)	2%	0%	2%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

Procure a replacement Computerized Numerical Control (CNC) 5-axis Machining Center as a replacement to the old K & T Mod-U-Line. Procure with a 10,000 rpm spindle, rapid traversal rates and a state of the art micro processors for precision manufacturing of aircraft components. New machines of this type are capable of machining all angles and contours associated with aircraft components. The computer numerical control can generate these complex shapes and repetitive moves with very simple directions, utilizing Dynamic Graphic representation. Advanced probing capability will allow the machine to verify that the machined surface is indeed, at the exact location. The higher spindle rpm will allow faster cutting speeds, thereby allowing faster production rates.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The existing machine is a 5-axis K & T Mod-U-Line, manufactured in 1971. It was re-built in 1986 and is now showing signs of way surface wear, bearing failure and electronic component failure. Ways are the longitudinal guides or guiding surfaces on the bed of a machine along which a table or carriage moves. When there is wear on these surfaces, it is no longer perfectly flat from one end to the other. As a carriage with a cutting or grinding tool attached moves along this uneven surface the amount of material removed from the item being worked changes. Because of the tight tolerances for aircraft machined parts, there can be very little variation in the dimensions of the parts and a machine with excessive wear on the ways is not acceptable. The CNC Controller and the electronic drive components were replaced 10 years ago. Due to the age of this machine, all of the repair/replacement components that will be required, are no longer available. The existing machine is constantly breaking down and circuit boards have to be sent out for repair, instead of simply pulling out the faulty board and plugging in a new one. The latest failure involved the bearings within the spindle motor. A 10 week lead time was quoted for the replacement bearings. A new machine will have state of the art electronics and should be supportable for 10 years.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Procure a replacement machine or contract the workload to a private manufacturer.

4. IMPACT IF NOT ACQUIRED.

NADEP will not be able to manufacture components for the EA-6B, F-18 and P-3 aircraft. Also, repairs of J-52 engine components will not be able to be performed.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. 5-AXIS MACHINING CENTER - TILT HEAD

6DE5EL0381PR

Jacksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST				1	1,650	1,650						

OPERATIONAL DATE 1-Jun-06

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$70,000	$9,970	$79,970
AVERAGE ANNUAL SAVINGS (Discounted)	$43,012	$6,126	$49,138
PAYBACK PERIOD	NA	NA	NA
RATE OF RETURN (ROR)	3%	0%	3%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
Procure a replacement 5-Axis Machining Center with a tilt head for the Computerized Numerical Control (CNC) Machine Shop. This type of machining center can generate the complex angles and curves required on many of the aircraft components. All facilities that are involved with producing aircraft components will have a tilt head machining center.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The existing 5-Axis Machining Center with a tilt head, built in 1988 will be 16 years old in FY04. It will be impossible to procure electronic replacement parts for the CNC Controller and all of the electronic drive components that position the 5 axes of motion. This is the only Tilt Head machining Center in house and is used to manufacture aircraft components.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Procure a new 5-axis Machining Center with Tilt head or contract out all workload that requires this type of machine configuration.

4. IMPACT IF NOT ACQUIRED.
The CNC Machine Shop will loose the ability to manufacture certain types of aircraft components that require this type of machine configuration.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. JIG BORE REPLACEMENT 6DF5EL0190PR							Cherry Point
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST				1	1,540	1,540							

OPERATIONAL DATE	1-Aug-06		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$638,842	$27,000	$665,842
AVERAGE ANNUAL SAVINGS (Discounted)	$392,541	$16,590	$409,131
PAYBACK PERIOD	2.9	NA	2.8
RATE OF RETURN (ROR)	25%	1%	27%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT?
Replacement of Pratt and Whitney Jig Bore EIN USN 001001 in the Machine Repair Shop 93567. The new machine will be the latest model and of the highest quality possible. The existing machine is 30 years old and has been heavily utilized during that time. The machine needs to be either rebuilt or replaced due to maintenance costs and downtime; and the mission of the shop is to produce required products with the efficiency and end user requirements that this machine provides.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The subject equipment is used primarily for the repair machining of the large airframe components for H53, H46, and AV8 aircraft and, also H53 transmission main gearboxd, swashplate, and rotorheads. As aircraft programs like the H-46 and H-53 continue on with a longer service life than was even intended by the original aircraft designers, it is essential that we provide reliably maintained aircraft for the warfighter. The existing machine is over 25 years old and is in poor condition. It often produces unsatisfactory parts requiring additional rework. The machine is also a maintenance problem with frequent downtime and requires expensive, hard to find replacement parts. Without this replacement, depot capability and in turn, fleet readiness, will be impaired. A new machine will provide the required machining capability without the high maintenance costs.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
a. Status quo: Use the existing machines to support the DCU workload increase. This will result in the Depot not being able to keep up with production requirements, thereby impacting fleet readiness.
b. Rebuild/Replace existing machine: However, the cost of a rebuild or replacement combined with the fact that we will not be able to meet anticipated production requirements shows that buying a new additional machine is the best alternative.
c. Procure additional machine: Considered to be the most cost effective alternative.

4. IMPACT IF NOT ACQUIRED.
Continue with high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. JIG BORE REPLACEMENT 6DF5EL0045PR							Cherry Point
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST				1	1,540	1,540							

OPERATIONAL DATE	1-Jan-06		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$20,258	$237,267	$257,525
AVERAGE ANNUAL SAVINGS (Discounted)	$12,448	$145,790	$158,238
PAYBACK PERIOD	NA	11.0	9.6
RATE OF RETURN (ROR)	1%	9%	10%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT?
Replacement of Pratt and Whitney Jig Bore EIN 65923001001 in the Machine Repair Power Plant Shop 93562. The new machine will be the latest model and of the highest quality possible. The existing machine is 30 years old and has been heavily utilized during that time. The machine needs to be either rebuilt or replaced due to maintenance costs and downtime. The mission of the shop is to produce required products with the efficiency for end user requirements.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The subject equipment is used primarily for the repair machining of the large airframe components for H53, H46, and AV8 aircraft and, also H53 transmission main gearbox, swashplate, and rotorheads. As aircraft programs like the H-46 and H-53 continue on with a longer service life than was even intended by the original aircraft designers, it is essential that we provide reliably maintained aircraft for the warfighter. The existing machine is over 25 years old and is in poor condition. It often produces unsatisfactory parts requiring additional rework. The machine is also a maintenance problem with frequent downtime and requires expensive, hard to find replacement parts. Without this replacement, depot capability and in turn, fleet readiness, will be impaired. A new machine will provide the required machining capability without the high maintenance costs.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
a. Status quo: Keep the machine in operation as is and continue to endure high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.
b. Rebuild: However, the cost of a rebuild is estimated to be at least $700,000.00. With this cost exceeding 53% of the cost of a new machine and with the advantage afforded by a new machine with all control and programming features "designed in" to the machine versus retrofitted.
c. Replace: Considered to be the most cost effective alternative.

4. IMPACT IF NOT ACQUIRED.
Continue with high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. ARBS TEST FACILITY UPGRADE 6DF5EL0229PR

Cherry Point

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST				1	1,155	1,155						

OPERATIONAL DATE 29-Sep-06

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$0	$1,907	$1,907
AVERAGE ANNUAL SAVINGS (Discounted)	$0	$1,171	$1,171
PAYBACK PERIOD	#DIV/0!	NA	NA
RATE OF RETURN (ROR)	0%	0%	0%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The Angle Rate Bombing System (ARBS) test facility aligns and tests the ARBS, system AN/ASB-19, for the AV8 Aircraft. We are the only US facility that tests these units. The ARBS test facility consists of several test stations to test the different modules, and the complete assembly. This project is to upgrade one functional DMT Test Station, and replace three Sub Test Stations Controllers with commercial-off-the-shelf hardware and develop the software using a generic software package that is compatible with Microsoft Windows.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The Angle Rate Bombing System test facility at Cherry Point is greater than fifteen years old, and consists of several test stations that are not fully operational. They cannot be repaired because the manufacturers do not provide support or have gone out of business.

We have three Dual Mode Tracker (DMT) Test Stations that align and test the ARBS complete assembly. One DMT consists of a faulty Laser Transmitter/power supply manufactured by Laser Photonics, Inc. They are no longer in business, and therefore cannot provide support. Cherry Point has attempted to repair the laser and has been unsuccessful; therefore the DMT is inoperable. The second DMT, manufactured by The Hughes Co, Inc. that no longer provides support, is also faulty and cannot be repaired. The third DMT is currently functional, but is not supported by vendors or maintenance contract with the exception of the MicroVAX controllers. The DMTs utilizes MicroVAX controllers manufactured by Digital Software. These controllers use 5 ¼ inch floppies and are fifteen plus years old and support is difficult to obtain. The DMTs use old SCSI hard drives/controllers that are obsolete and there are no replacement parts available on the market.

There are three Sub Test Stations that incorporate obsolete HP9836C Controllers that test the components of the ARBS assembly: Signal Data Converter Test Station, Receiver Processor Assembly Test Station, and Leak Test Station. The controllers are not vendor supported.

Enforcing this project by upgrading the functional DMT Test Station and replacing the HP Controllers in the three Sub Test Stations will allow for new state of the art equipment. This will replace equipment that neither vendors nor we can support.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
A. Repair the faulty Laser Transmitter/power supply in the bad DMT Test Station, or find suitable replacement from available source. Due to the unsuccessful repair attempt performed at Cherry Point in the past, this alternative seems unlikely. There's an option to find compatible commercial-off-the-shelf (COTS) equipment for the laser unit, however, due to the lack of proper documentation; NADEP would have to develop proper documentation.

(Continued on next page)

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)		A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot	C. ARBS TEST FACILITY UPGRADE 6DF5EL0229PR	Cherry Point

PROJECT INFORMATION NARRATIVE: (Continued)

B. (Preferred) Upgrade the functional DMT Test Station, as described in section 2 above, with all new hardware and software with the latest state of the art technology, laser, and computer equipment. New software shall be generated to work with the Operating System format of the new system. Remove and dispose the two DMT Test Stations that are not functional.

Replace the three Sub Test Stations HP9836C Controllers with commercial-off-the-shelf personal computers, and interface with old test station hardware. Develop the software using a generic software package compatible with Microsoft Windows, and capable of testing ARBS modules.

C. Transfer all ARBS work to an Alternate Depot Source in UK, General Electric Company. There are only 42 Aircraft left with ARBS still installed.

4. IMPACT IF NOT ACQUIRED:
When the functional Dual Mode Tracker Test Station or any of the other ARBS Test Stations has a failure that we cannot fix, we will no longer be able to function as the only ARBS maintenance and repair facility in the US.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. INTEGRATED AUTOMATED HYDRAULIC SYS REPLACEMENT						Cherry Point 6DF6EL0246PR
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST							1	4,967	4,967				
OPERATIONAL DATE	15-Dec-07												

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$2,196,593	$89,450	$2,286,043
AVERAGE ANNUAL SAVINGS (Discounted)	$1,349,711	$54,963	$1,404,674
PAYBACK PERIOD	2.7	NA	2.6
RATE OF RETURN (ROR)	27%	1%	28%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The hydraulic test system located in shop 94407 tests approximately 73 different motors, pumps and starters. The current workload is comprised of approximately 1,993 units per year. This project proposes to replace the current RCA hydraulic test system. This will provide state-of-the-art computers, software and data acquisition system for the Hydraulic Pump and Propulsion Shop located in building 133.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The computer system has outlived its useful life. It is no longer supportable. Spare parts such as floppy drives, tape drives and hard drives are no longer available. The software is proprietary to the manufacturer. Major changes to the software have to be made by the manufacturer. Enforcing this project will allow new state-of-the-art equipment that will replace the equipment that can no longer be supported or get replacement parts. There will also be multi-source options for software support.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED:
Allow Digalog to upgrade the hard drive, floppy drive and tape drive. This alternative still presents a proprietary hardware and software issue. Also, the life expectancy of this approach would not make it a beneficial alternative nor is it in line with the depots current maintenance direction.

4. IMPACT IF NOT ACQUIRED.
The current RCA test system is outdated and obsolete. Some of the valves, piping and electronic components are not repairable and cannot be replaced and if the computer system is not upgraded or replaced, the test stands will become unsupportable. In addition, if a hard failure occurs, a major system modification will have to be made which could adversely impact the test program. The depot will lose the capability to test hydraulic pumps, motors and starters which will directly impact the CH-53, F-18 and H-3 programs.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. BLADE TIP GRINDER 6DE6EL0414PR

Jacksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0			0	1	2,500	2,500			0

OPERATIONAL DATE 1-Apr-07

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$254,775	$5,313	$260,088
AVERAGE ANNUAL SAVINGS (Discounted)	$156,548	$3,265	$159,813
PAYBACK PERIOD	41.7	NA	34.1
RATE OF RETURN (ROR)	6%	0%	6%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

Purchase a new High Speed Blade Tip Grinder to support the engine program. This machine will replace the old IGT grinder manufactured in 1983 which was moved here from NADEP Norfolk during BRAC 95.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The new grinder will provide the capability and capacity to high speed grind the engines compressors and turbines. The new grinding machines will perform the operation in four hours compared to the present time standard of seven hours. The reduction in process time is due to a new type of chucking system that reduces set up time and a faster measuring system for full indicated runout and blade length. It will also have an electronic system to automatically identify a number one blade for part orientation in relation to the blades lengths.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Continue to utilize the existing grinder to produce the engine parts and wait for a machine failure that is not repairable due to the grinders age of 25 years.

4. IMPACT IF NOT ACQUIRED.

The age and condition of the grinder adds risk to meeting the engine schedule. Some of this work load is Air Force contract work and has mandatory completion dates. The complexity of repairing the old grinder will also greatly reduce the time the grinder is available for production.

A maintenance contract would be required to help NADEP keep the grinder operational. This contract would be with the original equipment manufacturer (OEM) and would cover parts and labor in support of the grinder. A contract of this type would have to be on going and have an estimated cost of $150,000.00 per year. The turn around time and cost of these repairs will greatly increase as the grinder gets older.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. SPAR MILL 6DE6EL0415PR

Jacksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0			0	1	2,030	2,030			0

OPERATIONAL DATE 1-Aug-07

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$717,381	($315)	$717,066
AVERAGE ANNUAL SAVINGS (Discounted)	$440,800	($194)	$440,606
PAYBACK PERIOD	3.5	-67.9	3.5
RATE OF RETURN (ROR)	22%	0%	22%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

Procure a replacement Computerized Numerical Control (CNC) Spar Mill with a 5-axis rotating head and long bed for the CNC Machine Shop. Procure with state of the art micro processors for precision manufacturing of aircraft wing spars and longerons. New machines of this type are capable of profile milling all angles and contours associated with aircraft wing structures. The computer numerical control can generate these complex shapes and repetitive moves with very simple directions, utilizing Dynamic Graphic representation. Advanced probing capability will allow the machine to verify that the machined surface is, indeed, at the exact location.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The existing machine is a 5-axis Hydrotel, planner type mill. The 5-Axis Hydrotel was built in 1986 and is showing signs of way surface wear. The machine was moved from NADEP Norfolk during the BRAC transition of 1996. The CNC Controller was replaced four years ago, but, the electronic drive components that position the five axes of motion are all original. Due to the age of this machine, electronic parts will soon not be available. The design of this antiquated machine does not lend itself well for ease of manufacture, especially when it comes to complex shapes and long surfaces. The table size of 10 feet is too short for the length of spars that we now manufacture. Multiple set-ups and part re-verification are required when milling an F-18 wing spar. A P-3 spar cannot be manufactured, due to the length of the spar. A new machine will have a long bed and an articulating spindle head that can rapidly mill cut a profile, the entire length of the spar.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Procure an entire new wing panel from Boeing Co.

4. IMPACT IF NOT ACQUIRED.

NADEP will not be able to manufacture EA-6B, F-18 and P-3 aircraft wing components as required to meet Navy production and aircraft readiness requirements.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot | C. F404 AB FUEL CONTROL T/S 6DE6EL0401PR | Jacksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST							1	1,630	1,630			

OPERATIONAL DATE 1-Sep-06

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$705,536	$0	$705,536
AVERAGE ANNUAL SAVINGS (Discounted)	$433,521	$0	$433,521
PAYBACK PERIOD	2.8	#DIV/0!	2.8
RATE OF RETURN (ROR)	27%	0%	27%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

This project's purpose is to improve the reliability to produce F404 AB Fuel Controls by building a second test stand (T/S) in Bldg. 795. There is currently one General Electric T/S that represents 1982 era technology with a computer and drive controller upgrade package installed in 2000. The remaining 70% of the T/S represents antiquated hydraulics and electronics that is proving to be increasingly unreliable. Having two T/Ss will seldom experience a total work-stoppage.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

A current work-stoppage occcurred from April through July 2003. This caused a constant series of repairs to the older sections of the current T/S. A second new T/S would vastly improve production reliability.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

There was an option of upgrading the existing T/S alone but decided that two T/Ss will have greater reliability with upgrading the older T/S with many of the new technologies and methods developed. The Depot can not afford to lose productivity on the existing T/S for the 9-12 months required for an upgrade.

4. IMPACT IF NOT ACQUIRED.

The original test stand will continue requiring excessive repairs and cause more work stoppages. We may virtually lose capability in the next 3-5 years because of excessive down time.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. JIG BORE REPLACEMENT 6DF6EL0156PR						Cherry Point
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST							1	1,540	1,540				
OPERATIONAL DATE	29-Aug-07												

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$20,258	$237,267	$257,525
AVERAGE ANNUAL SAVINGS (Discounted)	$12,448	$145,790	$158,238
PAYBACK PERIOD	NA	11.0	9.6
RATE OF RETURN (ROR)	1%	9%	10%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT?
Replacement of Pratt and Whitney Jig Bore EIN 65923001001 in the Machine Repair Power Plant Shop 93562. The new machine will be the latest model and of the highest quality possible. The existing machine is 30 years old and has been heavily utilized during that time. The machine needs to be either rebuilt or replaced due to maintenance costs and downtime. The mission of the shop is to produce required products with the efficiency for end user requirements.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The Machine Repair Power Plant Shop 6.2.93562 is responsible for the machine repair of military aircraft parts/components. As aircraft Programs like the H-46 and H-53 continue with a longer service life than was intended by the original aircraft designers, it is essential that the Depot provide reliably maintained aircraft for the warfighter. In order to cost effectively repair the aircraft, it is essential that this Depot support and maintain the machinery and equipment required to support operations. There has been an increase in H-46 workload in the form of Dynamic Component Upgrade (DCU) of the rotorhead. A few years ago there was an engineering change that replaced the main parts/components of the rotor heads. These new parts/components now have to start coming back in for repair. This workload is adding hours to equipment due to the shorter flight cycles on the rotorheads each time they are returned to service after repair. With this increased workload there is a need for another jig bore at maximum capacity to support the workload. This finding is a result of planning and estimated accomplished by the 6.1.534 Industrial Engineering Branch of the Production Management Department.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
a. Status quo: Keep the machine in operation as is and continue to endure high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.
b. Rebuild: However, the cost of a rebuild is estimated to be at least $700,000.00. With this cost exceeding 53% of the cost of a new machine and with the advantage afforded by a new machine with all control and programming features "designed in" to the machine versus retrofitted.
c. Replace: Considered to be the most cost effective alternative.

4. IMPACT IF NOT ACQUIRED.
Continue to endure high maintenance costs, maintenance downtime, and shop inability to efficiently and cost effectively meet customer demand for products.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. IVD ALUMINUM COATER
6DC6EL0534PR

D. North Island

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST							1	1,400	1,400			

OPERATIONAL DATE 15-Feb-07

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$42,413	$43,269	$85,682
AVERAGE ANNUAL SAVINGS (Discounted)	$26,061	$26,587	$52,648
PAYBACK PERIOD	NA	NA	NA
RATE OF RETURN (ROR)	1.9%	1.9%	3.8%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

This project is to replace a 21 year old Ion Vapor Deposition (IVD) machine with a new, state-of-the-art Ion Vapor Deposit (IVD) HR 72" x 144" IVD Glo Unit. The machine to be replaced is a IVADIZER Aluminum Coater (65888016316). This project will provide a new IVD machine with the same machine envelope as the current machine. The existing IVADIZER aluminum coater (65888016316), manufactured in 1983, is fully depreciated.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The IVD is costly to maintain. In addition, parts for this unit are no longer in production and cannot be purchased when the machine is down. The habitual intermittent operation of the IVD aluminum process has raised Engineering's concern to a high level. Long periods of down time for the IVD aluminum processing is tantamount to lost capability.

3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?

a) Rebuild Existing Asset: This asset has already been rebuilt in the past. Parts are difficult to aquire and the control panel is old technology.
b) Move Workload: The workload on this machine cannot be moved to another asset. This is the only IVD Aluminum Coater NADEP, North Island has.
c) Contract Out: Contracting out this workload is not practical. Contracting out incurs additional costs, i.e. shipping/receiving, quality control, material coordinator, etc. Contracting out costs an additional 400% to 500% above the actual cost of doing the job in-house. Added vendor costs and increased turn-around-time for critical components are estimated to be in excess of $300,000 per year over in-house direct labor costs.
d) Buy New Asset: This is the most economical and business smart alternative available.

4. IMPACT IF NOT ACQUIRED.

Our material lab engineers will seriously consider disapproving future requests for material substitution. Long periods of down time for the IVD Aluminum processing is tantamount to lost capability. A new IVD Aluminum Plating machine is required to continue to support the components program for the fleet. We will have to contract out the work load if not replaced. The nearest contractor is located in Long Beach, CA (125 Miles one way). This will increase expense and create a logistic problem getting parts back in a timely manner.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

The IVD Aluminum Coater was originally developed as an economical, pollution-free alternative to cadmium plating for the aerospace industry.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. AIR TURBINE STARTER TEST CELL REPLACEMENT 6DF6EL0231PR							Cherry Point
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST						0	1	1,400	1,400				

OPERATIONAL DATE	15-Sep-07		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$0	$28,032	$28,032
AVERAGE ANNUAL SAVINGS (Discounted)	$0	$17,224	$17,224
PAYBACK PERIOD	#DIV/0!	NA	NA
RATE OF RETURN (ROR)	0%	1%	1%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The Air Turbine Starter (ATS) test stand tests starters for F-14, S-3, F/A-18, C-130, H-60, F-14D, A-4, P-3, E-2/C-2, EA-6B, A-7, F-14, and KC-135. Currently, Cherry Point is the only government facility testing the majority of these units. This project is to replace the current data acquisition computer with commercial off-the-shelf hardware and to develop the software using a generic data-acquisition software package such as Labview and replace the ATS tester.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The current data acquisition system used with the ATS is a Digalog Cellmate II manufactured in 1989. The Original Equipment Manufacturer (OEM) stopped support of the circuit boards 5 years ago. Existing stockpiles of replacement boards and parts are exhausted. The NADEP bought all the spare parts the manufacturer had several years ago. The majority of the components are over 14 years old and are failing. The system uses hardware and software that is proprietary to the manufacturer, Digalog. The critical components of the tester, including the motor, gearbox, dynamometer, valves and other items are almost twelve years old. The motor has been refurbished twice and is experiencing high bearing temperatures again, indicating refurbishment is needed. The waterbrake (dynamometer) used in conjunction with the current design is also experiencing high bearing temperatures, also indicating a required rebuild. Enforcing this project will allow new state-of-the-art equipment that will replace equipment that Cherry Point can no longer support. Cherry Point will also have multi-source options for software support.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
a. (Preferred) Replace the current ATS with a new data acquisition system and ATS Tester. Develop new data acquisition software.
b. Replace only the data acquisition system.
c. Replace only the data acquisition system and the critical components prone to failure because of their age.

4. IMPACT IF NOT ACQUIRED:
The NADEP currently tests approximately 355/1420 units a quarter/year. When the current ATS system has a failure that the NADEP cannot fix, with the inventory of spares, this will put the NADEP out of the business of testing Air Turbine Starters on that test stand. This test cell produces almost 90% of all air turbine starter models. Currently, there is system being brought on line to help alleviate the current load of testing. With only the ATS (the one not yet online) and the possibility of the old one experiencing heavy downtime or becoming obsolete, there will be limited throughput to test starters, resulting in backlogs and grounded aircraft.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot							C. PLATING LINE EQUIPMENT UPGRADE 6DF6EL0223PR						Cherry Point
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST							1	1,100	1,100				
OPERATIONAL DATE	1-May-07												

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$0	$174,525	$174,525
AVERAGE ANNUAL SAVINGS (Discounted)	$0	$107,238	$107,238
PAYBACK PERIOD	#DIV/0!	10.4	10.4
RATE OF RETURN (ROR)	0%	10%	10%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

This project proposes to rearrange plating lines in Building 4035 to prevent hazardous conditions of chemicals mixing (nickel/chrome), to replace defective floor grating, replace deterioriated tank components, replace one scrubber, replace the cooling tower, replace sumps in the basement, insulate all hot and cold plumbing (waterproof insulation), replace steam condensate lines throughout the building, and to address safety deficiencies. This project is intended to extend the serviceability of the plating lines prior to work stoppage deterioration, as well as provide an optimum process flow. The Plating Shop provides the sole plating capability for every aircraft program at the Naval Aviation Depot (NADEP), a work stoppage due to equipment failure can invariably affect the mission of the NADEP.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

Currently the nickel plating line is located next to the chrome plating line, which creates a potentially hazardous condition if the chemicals are mixed. Relocating one of these lines would eliminate this condition. For the most part, the upgrading that will take place is the result of deterioriated equipment as a result of heavy usage in a very harsh environment. The current system cannot isolate any one of the thirteen plating lines for maintenance without shutting down the whole Plating Shop. Since the Plating Shop provides the sole plating capability for every aircraft program at the NADEP, a work stoppage due to failure can invariably affect the mission of the NADEP. Also, the incorporation of temperature gauges, level indicators, and circulation pumps under the new system will significantly reduce the exorbitant cost of parts that are being improperly plated, i.e. burned, over or under coated; resulting in premature failure of components in the field or the cost of replacement of non-repairable components. The primary justification for this project is to upgrade the shop and upgrade conditions to prevent a serious accident and improve working conditions. This shop presents a potentially dangerous working area that can be improved to eliminate the hazardous conditions.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

a. Status Quo.
b. Provide a corrosive proof barrier around each plating line.
c. Rearrange existing plating line.

4. IMPACT IF NOT ACQUIRED.

The impact of not rearranging the plating lines and replacing the plumbing would result in the deterioration of the existing plumbing lines, as well as promoting a potentially hazardous condition. These events would result in a work stoppage.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

The shop received five (5) NAVOSH Deficiency Notices in October 2001 regarding the ventilation system operating below recommended capture velocity at nine (9) of the process tanks.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. 5-AXIS MACHINING CENTERS (2) 6DE7EL0439PR						Jacksonville
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	2,850	2,850

OPERATIONAL DATE	1-Jun-09		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$61,228	$2,660	$63,888
AVERAGE ANNUAL SAVINGS (Discounted)	$37,622	$1,634	$39,256
PAYBACK PERIOD	NA	NA	NA
RATE OF RETURN (ROR)	1%	0%	1%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

Procure replacement Computerized Numerical Control (CNC) Horizontal Spindle 5-axis Machining Centers for the CNC Machine Shop. Procure with state of the art micro processors for precision manufacturing aircraft components. New machines of this type are capable of boring holes within 0.0002 inch of true position. The computer numerical control can generate complex shapes, angles and repetitive moves with very simple directions, utilizing Dynamic Graphic representation. Advanced probing capability will allow the machine to verify that the bore or machined surface is indeed, at the exact location.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The existing machines are part of a flexible manufacturing cell consisting of four 5-axis machining centers, a robot loader and communicate through a central computer to coordinate the queuing and loading of each machine. The central computer (VAX) is out dated and un-supportable in both software and electronic components. The overall system is too complex for a repair depot. The 5-Axis Machining Centers were built in 1990 and are showing signs of way surface wear. The machines will be 15 years old in FY05. Also, add the time to obtain a contract and manufacture the machines would add another 2 years. It will be imposable to procure electronic replacement parts for the CNC Controller and all of the electronic drive components that position the 5 axes of motion. Replacing the manufacturing cell with 4 stand alone 5-axis Machining Centers will make more economical sence. The new machines, as stand alone will be easier to maintain than as a system. New machines will allow the NADEP to continue to manufacture precision components for aircraft.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Replacing the VAX computer and new software at $56K per year. Cannibalize the machines to keep one or two operational.

4. IMPACT IF NOT ACQUIRED.

NADEP will not be able to manufacture EA-6B, F-14 and P-3 aircraft components.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. VGC-52 GRINDERS (2) 6DE7EL0423PR						Jacksonville
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	2,400	2,400

OPERATIONAL DATE	1-Apr-08		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$63,638	$17,679	$81,317
AVERAGE ANNUAL SAVINGS (Discounted)	$39,103	$10,863	$49,966
PAYBACK PERIOD	NA	NA	NA
RATE OF RETURN (ROR)	1.6%	0.5%	2.1%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

Rebuild two vertical grinders that need both electronic and mechanical repair and updating. Grinders plant account 65886-014413 and 014414 were both manufactured in 1989. Both grinders are used in support of all Engine programs. The grinders will be rebuilt one at a time, thus leaving one operational at all times. The rebuilding will take about 9 months.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The grinders are of an older design in both the Computerized Numerical Control (CNC) and mechanical areas. A new higher speed grinding head will provide optimum grinding speed. Also with new harden guide ways, there will be less chance of any damage to the grinder during a crash or excessive grinding wheel pressures. The new grinding machines will perform the operation at an estimated 20% decrease in operation time. The new grinder will also be of the latest CNC and mechanical designs and be capable of angular grinding, which is required on the TF34 Compressor Case. The new machines will have a new inspection capability that will also reduce the indirect labor inspection time.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Utilize the two existing grinders until they become inoperable, at which time the NADEP will have a work stoppage and lose program capability. A second alternative considered was to procure two new grinders. This option was investigated and quotes were obtained.

4. IMPACT IF NOT ACQUIRED.

Extensive turn around time and missed Engine Program schedule.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. PRESS (HYDRAULIC OR BLADDER) 6DC7EL0556PR

D. North Island

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	2,000	2,000

OPERATIONAL DATE 15-Mar-08

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$40,832	$323,082	$363,914
AVERAGE ANNUAL SAVINGS (Discounted)	$25,089	$198,520	$223,609
PAYBACK PERIOD	NA	10.1	8.4
RATE OF RETURN (ROR)	1.3%	9.9%	11.2%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The foundry manufactures aluminum, titanium and steel aircraft parts that are formed in kirksite and lead molds using high forming pressures. Furnace melting pots are used to heat the lead and kirksite to a liquid state so that molds can be poured in sand castings. Drop hammers form the metal parts placed between the kirksite and lead molds. Other parts are formed around plastic molds using a Hydro Press. The equipment in the foundry is very old. Equipment failures cause long production delays due to the lack of available parts.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The Hydro Press is approximately 50 years old and continually leaks oil due to severe wear. Repair parts are difficult to obtain. Replacement with either a hydraulic press or bladder press is required in order to prevent production downtime.

3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?
a. Outside Contractor - The nearest foundry is in the Los Angeles area. Sending parts to this location would cause unacceptable turn-around-time and high costs.
b. Do Nothing - This is not acceptable as ultimate failure of equipment would cause production delays.
c. Purchase New - This is the most acceptable decision.

4. IMPACT IF NOT ACQUIRED.
Equipment failure would result in unacceptable production delays and higher costs.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. DROP HAMMER (LARGE) 6DC7EL0557PR				D. North Island		
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	2,000	2,000

OPERATIONAL DATE	15-Mar-08		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$35,728	$316,040	$351,768
AVERAGE ANNUAL SAVINGS (Discounted)	$21,953	$194,193	$216,146
PAYBACK PERIOD	NA	10.5	8.8
RATE OF RETURN (ROR)	1.1%	9.7%	10.8%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The foundry manufactures aluminum, titanium and steel aircraft parts that are formed in Kirksite and lead molds using high forming pressures. Furnace melting pots are used to heat the lead and Kirksite to a liquid state so that molds can be poured in sand castings. Drop hammers form the metal parts placed between the Kirk site and lead molds. Other parts are formed around plastic molds using a Hydro Press. The equipment in the foundry is very old. The large drop hammer is to be replaced with a new drop hammer.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The large drop hammer is approximately fifty years old (installed in 1954) and is beyond economical repair. Replacement of equipment is required in order to prevent production downtime.

3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?
a. Outside Contractor - The nearest foundry is in the Los Angeles area. Sending parts to this location would cause unacceptable turn-around-time and high costs.
b. Do Nothing - This is not acceptable as ultimate failure of equipment would cause production delays.
c. Purchase New - This is the most acceptable decision.

4. IMPACT IF NOT ACQUIRED.
Equipment failure would result in unacceptable production delays and higher costs.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. X-RAY EQUIPMENT UPGRADE 6DF7EL0236PR

Cherry Point

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	1,215	1,215

OPERATIONAL DATE 1-Jun-08

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$0	$80,746	$80,746
AVERAGE ANNUAL SAVINGS (Discounted)	$0	$49,615	$49,615
PAYBACK PERIOD	#DIV/0!	NA	NA
RATE OF RETURN (ROR)	0%	4%	4%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. This project proposes to procure a real-time radioscopic inspection (X-Ray) imaging system and vault for non-destructive inspection (NDI) of various aircraft and engine parts. Implementation of the real-time system will greatly reduce artisans' time for development of the X-ray film, labor for maintenance of the imaging equipment, and use and disposal of development chemicals. Further, the system will generate better quality images due to technological advancements made in the imaging industry. Rather than using X-ray film, the system will generate images on a personal computer. The use of X-Ray film is cumbersome as well as an obsolete process. These images can be zoomed in or out, depending on the inspectors' needs. The replacement system will be gantry supported in lieu of ground rail supported. This will provide a backup system for the X-ray process that is being installed in Building 4275.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? X-ray imaging experienced a total system failure and is not operational at this time. The repair and replacement of existing structure is not prudent or cost effective. Transitioning to a more state-of-the-art gantry system will significantly streamline the artisans capability to perform NDI on certain aircraft and engine parts, as well as provide back-up capability in the event of temporary shutdown or increased production capacity of the system in Building 4275. The method allows the inspector to detect cracks and other anomalies that lie beneath the visible surface of the part with greater accuracy and maneuverability. The current method of X-ray imaging makes use of film and chemical developers to display X-ray images. Although, the process works, it can be time-consuming to develop the images and requires procurement, storage, and disposal of hazardous chemicals. Also, the equipment requires frequent cleaning and other maintenance. Further, ascertaining anomalies using X-ray film requires a trained eye and can be quite difficult, even for an experienced artisan. Developments over the last few years in the film of real-time imaging allow for faster image processing and alleviate the need for expensive hazardous materials. Moreover, the images produced are of greater clarity, allowing for the inspector to find non-conformances more easily. Further, images can be stored using much less space and can be transmitted to others electronically. Finally, the system can be upgraded fairly easily as developments occur.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The following alternatives have been considered;
1. Status Quo - Continue to use current methods for X-ray inspection.
2. Procure a real-time industrial radioscopic inspection (X-ray Imaging System)

Alternative # 1 was not chosen. The Depot would not benefit from technological development in the X-ray imaging field, ignoring the potential for increased efficiency of processing and reduced chemical needs.

Alternative # 2 was chosen. By using real-time industrial radioscopic inspection, processing time and better images will be produced and requirements for procuring, storing, and disposing of chemicals will be reduced.

4. IMPACT IF NOT ACQUIRED? If the Test and Inspection Shop (Code 6.2.5) does not procure a new real-time radioscopy inspection system and vault, the Depot will not increase X-ray imaging productivity. The use of state-of-the art technology will decrease X-ray imaging cost and eliminate chemical requirements. Also, the process time to inspect blades will continue to be excessive, and the turnaround time to obtain blades for further processing and installation will continue to increase.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. HYDROGEN FLUORIDE FURNACE REPLACEMENT 6DF7EL0085PR				Cherry Point		
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	1,200	1,200

OPERATIONAL DATE	1-Oct-08		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$0	$345,642	$345,642
AVERAGE ANNUAL SAVINGS (Discounted)	$0	$212,382	$212,382
PAYBACK PERIOD	#DIV/0!	4.5	4.5
RATE OF RETURN (ROR)	0%	18%	18%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The hydrogen fluoride furnace is used to braze repair parts. Approximately 75% of the workload in Building 4225 goes through this process. There are currently no alternatives for this process. The equipment is used to remove coating off engine parts. Less maintenance and downtime will be realized after the new hydrogen fluoride furnace is purchased.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The existing hydrogen fluoride furnace (EIN073610) will reach its depreciable life in 2005. It needs major components replaced such as retort, pumps, piping systems, heating elements, exhaust scrubber system, gas leak detection system and gas cabinets with controls. This machine requires a tremendous amount of maintenance, over 1500 hours annually. Parts cannot get clean without this cleaning operation.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Maintain Status Quo - Continue to use the existing hydrogen fluoride furnace. The furnace will be down awaiting furnace repairs. This downtime will increase maintenance cost.

Upgrade Hydrogen Fluoride Furnace - Work stoppage will be minimized, turnaround time will be decreased and engine parts will be available.

Replace existing hydrogen furnace with new furnace.

4. IMPACT IF NOT ACQUIRED.
The machine will be down awaiting furnace repairs. The fleet will not have reworked engine parts available.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. CNC VERTICAL LATHE

6DE7EL0422PR

Jacksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	1,100	1,100

OPERATIONAL DATE 1-Apr-08

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$35,322	$17,111	$52,433
AVERAGE ANNUAL SAVINGS (Discounted)	$21,704	$10,514	$32,218
PAYBACK PERIOD	NA	NA	NA
RATE OF RETURN (ROR)	2%	1%	3%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

Purchase new CNC Vertical Lathe. The new lathe will have state-of-the-art electronics and be factory supported for about 10 years. Also, having new bearing and machine ways, the accuracies required for aircraft can be guaranteed.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The lathe is an older design that has way surfaces that are very susceptible to wear. Also, this design requires the operation to be performed at a less than optimum cutting speed. The new machine will perform the operation at an estimated 20% decrease in operation time. The new lathe will be of the CNC type and be capable of machining any engine part to the tolerance required. The new machine has built in inspection capability that will also reduce the indirect labor inspection time of parts machined.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Utilize existing lathe until it becomes inoperable, at which time the NADEP will have a work stoppage and lose program capability. Contract out the workload to a shop that has been certified for "Flight Critical" component repair/manufacture.

4. IMPACT IF NOT ACQUIRED.

Extensive turn around time and missed Engine Program schedule.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. DROP HAMMER (MEDIUM) 6DC7EL0558PR				D. North Island		
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	1,000	1,000

OPERATIONAL DATE	15-Mar-08		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$20,416	$173,271	$193,687
AVERAGE ANNUAL SAVINGS (Discounted)	$12,545	$106,468	$119,012
PAYBACK PERIOD	NA	9.0	7.6
RATE OF RETURN (ROR)	1.3%	10.6%	11.9%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The foundry manufactures aluminum, titanium and steel aircraft parts that are formed in Kirksite and lead molds using high forming pressures. Furnace melting pots are used to heat the lead and Kirksite to a liquid state so that molds can be poured in sand castings. Drop hammers form the metal parts placed between the Kirksite and lead molds. Other parts are formed around plastic molds using a Hydro Press. The equipment in the foundry is very old. The medium drop hammer is to be replaced. This is part of the refurbishment of the foundry equipment.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The medium drop hammer is 21 years old and is beyond economical repair due to worn ways and electronic equipment. Replacement of this equipment is required in order to prevent production downtime.

3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?
a. Outside Contractor - The nearest foundry is in the Los Angeles area. Sending parts to this location would cause unacceptable turn-around-time and high costs.
b. Do Nothing - This is not acceptable as ultimate failure of equipment would cause production delays.
c. Purchase New - This is the most acceptable decision.

4. IMPACT IF NOT ACQUIRED.
Equipment failure would result in unacceptable production delays and higher costs.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. CAPVD COATING SYSTEM

6DF4EL0167PP

Cherry Point

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	2,364	2,364									
OPERATIONAL DATE	31-Dec-06											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$0	$419,634	$419,634
AVERAGE ANNUAL SAVINGS (Discounted)	$0	$0	$257,847
PAYBACK PERIOD	#DIV/0!	8.7	8.7
RATE OF RETURN (ROR)	0%	0%	11%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
This project proposes to procure a Cathodic Arc Physical Vapor Deposition (CAPVD) Coating System for the Industrial Blade/Vane Division. The system will be used to apply a titanium nitride coating on blades and stator vanes located in the cold section of the T64 aircraft engine.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The T64 cold section components are scheduled for replacement within the next six years by General Electric (GE). These new parts will be coated with titanium nitride to reduce the erosion process during engine operation. Reduction in the erosion process increases the service life and fuel efficiency of the aircraft engine. The Industrial Blade/Vane Division is presently reworking the T64 engine components and providing them to the fleet at a fraction of the cost of new parts. Titanium nitride coating will be the only approved coating for the rework of T64 cold section parts. The Industrial Blade/Vane Division will not have the capability to apply this coating without procuring and installing the proposed equipment.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
a. Do not rework T64 cold section engine parts. This means General Electric would have the only approved replacement parts for the T64 cold section engine components. General Electric has proprietary rights for the coating process. General Electric prices would not be competitive and parts availability could be limited.

b. Rework the T64 cold section engine parts and contract out the coating process. It is cheaper to rework the parts in-house.

c. Procure the proposed Titanium Nitride Coating System. Procurement of this equipment will provide the Industrial Blade/Vane Division with capabilities to rework used parts and sell them to the fleet at a reduced cost of new parts.

4. IMPACT IF NOT ACQUIRED.
If the new CAPVD coating system is not acquired, the Industrial Blade/Vane Division will not have the capability to apply the approved coatings on reworked parts for the T64 cold engine components. The Fleet would have to purchase new parts at a higher cost if the parts are available. Anticipated workload for this titanium coating includes cold engine parts on the T56, T58, T400 and T700 aircraft engines.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. CENTER BARREL PLUS FIXTURE 6DC4EL0555PP							D. North Island
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST	1	1,200	1,200										

OPERATIONAL DATE	20-May-06		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$0	$177,696	$177,696
AVERAGE ANNUAL SAVINGS (Discounted)	$0	$109,186	$109,186
PAYBACK PERIOD	#DIV/0!	11.8	11.8
RATE OF RETURN (ROR)	0.0%	9.1%	9.1%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
AFC 316 (Center Fuselage Retrofit) and failures from AFB 510 as well as other crash mishaps have caused a significant increase of Center Barrel Plus (CB+) replacement on F/A-18 aircraft. If the center barrel is not replaced the aircraft is no longer available to the fleet. The current requirement is more than twenty aircraft center barrel replacements per year. Two fixtures are required to support the current program. With the CB+, we replace the center barrel plus inlet nacelle retrofit thereby providing a better product and increasing the life span of the F/A-18 aircraft from 0.78 Wing Root Flight Life Expended (WRFLE) to full life of 1.0 WRFLE.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
Presently the current capacity for the CB+ is insufficient to meet the increasing demands of the fleet. The foremost reason is the lack of an additional fixture. Due to these constraints, there is longer enough capacity to process these aircraft. Having this additional fixture would give us the ability to increase our production of aircraft by 15%. The time the aircraft will be in the fixture is approximately 2 ½ months. The present schedule demands are significantly increasing, going from FY06 (11 aircraft) to FY13 (24 aircraft) for a total of 170 aircraft through FY13. Presently we are at full capacity performing CB+. Without the additional CB+ fixture, we will be unable to support the fleets' demands at a time when aircraft readiness is especially important.

3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?
Over the years, we have repeatedly striven to improve our production of aircraft at minimal costs and under schedule. It is becoming increasingly difficult to continue with a lack of resources. We have ongoing "LEAN" enhancements to improve our efforts and get more efficiencies. We have increased the workload to two shifts per fixture and are preparing to add a third shift to keep up with the current requirement and remain on schedule. There is no alternative to purchasing an additional fixture as we are unable to lease such a fixture or borrow from our competitors.

4. IMPACT IF NOT ACQUIRED.
Lack of an additional fixture means that NADEP North Island cannot continue to remain competitive nor meet the fleets' needs adequately. The 274 day turn-around-time (TAT) for CB+ makes it difficult to perform our mission to the fleet without an additional fixture. Our inability to meet fleet demands, 170 aircraft through FY13, means lost workload, backlog, and inability to remain an integral part of the Aerospace Industry. The benefits for purchasing an additional fixture far outweigh the ramifications of not following through with this acquisition.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. AIRCRAFT PMB 6DC5EL0533PP

D. North Island

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST				1	1,373	1,373						

OPERATIONAL DATE 15-Apr-06

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$0	$296,110	$296,110
AVERAGE ANNUAL SAVINGS (Discounted)	$0	$181,947	$181,947
PAYBACK PERIOD	#DIV/0!	6.5	6.5
RATE OF RETURN (ROR)	0.0%	13.3%	13.3%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
This project will convert an aircraft hangar that is presently equipped with a large walk-in Plastic Media Blast (PMB) room to an Aircraft PMB System hanger. The walk-in blast room is used for large components and will be relocated as part of this project. Due to an increase of about 100% in our aircraft workload, an additional aircraft PMB System is required to meet the new aircraft schedules.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
Our existing Aircraft PMB System is barely able to keep up with our current schedule. Recent increases in our Helicopter workload has resulted in decisions to seek another PMB System to help meet the revised aircraft schedules. Workload will consist of our existing aircraft schedule, plus the anticipated addition on approximately 7 H-53's, 50 AH1 & UH1, plus an additional 55 of the H-60's, by the year 2005. If there is a problem with our existing PMB System, we will need to revert to chemically stripping aircraft, which is very expensive and harmful to both the aircraft and artisans. Also, we are limited to the amount of chemical stripper we can use by the Pollution Control District. By providing another PMB System in the hanger adjacent to the existing system, the Aircraft schedules can be easily met, and we will have a back-up system in case of prolonged downtime in our existing system which has happened before. We cannot afford any more prolonged down time with our new Aircraft schedules.

3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?
a. Do Nothing: If a new PMB System is not made available, our Aircraft schedules will not be met, which will result in missed fleet schedules and Aircraft carrier deployments and ultimately a loss in North Island's Aircraft workload.
b. Contract out workload: Contracting out this workload to have it performed by outside contractors in Arizona is not a good option. Stripping the aircraft is one of the steps that the aircraft goes through during the rework process. Trying to contract out this portion of the process would impact the rest of the cycle making it impossible to keep the process on track.
c. Move workload: Stripping the aircraft is one of the processes the Aircraft goes through in the rework cycle. Moving to another facility would be to costly and the schedules could not be met.
d. Rebuild existing asset: We have one strip hangar that keeps up with our current workload and rebuilding would not help. What is required is another hangar to meet our new Aircraft schedules which have doubled.
e. Buy new asset: This option is the best alternative, adding more capability is the only way to meet our new schedules.

4. IMPACT IF NOT ACQUIRED.
If a new PMB System is not available, our Aircraft schedules will not be met, which will result in missed fleet schedules and Aircraft Carrier deployments and ultimately a loss in North Island's Aircraft workload.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
A permit to operate will be required for this new system. We already have a permit for the existing PMB System. We will submit for a new permit for the requested system.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot	C. SECURITY UPGRADE 8DC4EL0522GM	D. North Island

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	2,090	2,090									

OPERATIONAL DATE 15-Oct-05

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$2,000,000	($470,000)	$1,530,000
AVERAGE ANNUAL SAVINGS (Discounted)	$1,228,913	($288,795)	$940,119
PAYBACK PERIOD	1.0	-3.5	1.4
RATE OF RETURN (ROR)	66.4%	-15.6%	50.8%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
This project will provide electronic security upgrades for ten high priority buildings at the NADEP. The upgrades will include intrusion alarms, video monitoring system, and keyless entry systems for each of the following buildings B463, B317, B94, B378, B472, B334, B90, B460, B379, and B250.

2.WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
Our current security system is inadequate, and our electronic security is almost non-existent. This has left us vulnerable to terrorist threats and loss of assets. A successful terrorist attack would cause a great deal of damage to our assets, our mission and the lives of our workers. This project will make it far more difficult for a terrorist, or any unauthorized person or vehicle to access our Command.

3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?
a. Do Nothing - Remaining vulnerable is not an option.

b. Protect the four highest priority buildings now and the rest of the buildings at a later date - This has the advantage using lessons learned in the implementation of the first four buildings in the follow on projects, but will leave six important buildings exposed, would be just as expensive in the long run, and may introduce compatibility problems if a different equipment manufacturer wins the follow on bid.

c. Use more security guards - A very expensive option in the long run. This option could be as high as $2,000,000 per year for 24 hour security guards and their supervisors.

d. Buy New electronic security system – This is the most cost effective alternative.

4. IMPACT IF NOT ACQUIRED.
We will be vulnerable to terrorists and loss of assets.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. EQUIPMENT, OTHER THAN ADPE & TELECOM (<1M) DNEU0000

D. NADEP

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	**53**	**VAR**	**17,034**	**36**	**VAR**	**18,690**	**21**	**VAR**	**9,686**	**25**	**VAR**	**14,980**

		FY 2004		FY 2005		FY 2006		FY 2007	
ITEM	ITEM								
LINE #	DESCRIPTION								
6 DF 4 EM 0148 PR	NDI Booth Upgrade	1	802						
6 DF 4 EM 0179 PR	Fuel Control Test Stand Replacement	2	528						
6 DF 4 EM 0120 PR	Small Vacuum Furnace Replacement	3	419						
6 DF 5 EM 0118 PR	5-Axis Horizontal Milling Center Replacement			1	725				
6 DF 5 EM 0309 PR	Huffman Grinder Replacement			2	684				
6 DF 5 EM 0147 PR	Allison Electrophoretic Process (AEP) Coating System Upgrade			3	590				
6 DF 5 EM 0139 PR	Pneumatic Liquid Penetrant Line Replacement			4	500				
6 DF 6 EM 0224 PR	T64 Test Cell Data Acquisition Display & Control System (DADCS) Upgrade					1	890		
6 DF 6 EM 0215 PR	Magnaflux Non-Destructive Inspection (NDI) Line Upgrade					2	780		
6 DF 6 EM 0066 PR	Grinder Replacement					3	522		
6 DF 7 EM 0068 PR	Vacuum Furnace Replacement (2)							1	1,521
6 DF 7 EM 0207 PR	Gas Turbine Engine Test Cells Data Acquisition Sys Repl							2	990
6 DF 7 EM 0305 PR	Landis Grinder Replacement							3	890
6 DF 7 EM 0227 PR	High Flow Fuel Valve Test Bench							4	834
6 DF 7 EM 0087 PR	Hydraulic System Replacement Hangar 3, B137							5	700
6 DE 4 EM 0442 PR	TR-1 Computerized Numerical Control (CNC) Gri	1	778			1	405		
6 DE 4 EM 0437 PP	Coordinate Measuring Machine	2	750						
6 DE 4 EM 0367 PR	Automated Eddy Current Upgrade (was EM)	3	520						
6 DE 4 EM 0399 PR	Coordinate Measuring Machine	4	600						
6 DE 4 EM 0397 PR	TR2 Vertical Grinder Replacement	5	600						
6 DE 4 EM 0385 PR	Flight Control Actuator T/S-9s	6	600						
6 DE 5 EM 0440 GN	Security System Upgrade			1	999				
6 DE 5 EM 0366 PR	Consolidated Automated Support Syst. Advanced Targeting Forward Looking InfraRed Up			2	600				
6 DE 6 EM 0438 PR	Brinks Blast Booth (2)					2	1,350		
6 DE 6 EM 0377 PR	Pratt & Whitney Computerized Numerical Control Cylindrical Grinder					3	970		
6 DE 7 EM 0430 PR	Servo Cylinder Test Stand (3)							1	1,870
6 DE 7 EM 0427 PR	Automated Shot Peen Upgrade							2	500
6 DC 4 EM 0548 PR	Upgrade Engine Test Cell # 19	1	925						
6 DC 4 EM 0561 PR	Axial Piston Hydraulic Pump Test Stand	2	852						
6 DC 4 EM 0542 PR	Real Time X-Ray Imaging Upgrade	3	520						
6 DC 5 EM 0495 PR	Jig Grinder Replacement (Moore)			1	884				
6 DC 5 EM 0531 PR	Gap Grinder			2	782				
6 DC 5 EM 0532 PR	Robotic Plasma Spray System			3	700				
6 DC 5 EM 0524 PR	Constant Speed Drive Stand Replacement			4	571				
6 DC 6 EM 0560 PR	Lead and Kirksite Melting Pots					1	500		
6 DC 7 EM 0559 PR	Drop Hammer (Small)							1	750
6 DC 7 EM 0565 PR	Planner, Openside Computerized Numerical Control (CNC)							2	750
6 DC 7 EM 0568 PR	Universal Outside Diameter/Inside Diameter Grinder							3	539
DN ES 0000	Equip-other than ADPE & TELECOM (<$.5M)	40	9,140	26	11,655	14	4,269	15	5,636
TOTAL NADEP EQUIPMENT, OTHER THAN ADPE & TELECOM (<1M)		53	17,034	36	18,690	21	9,686	25	14,980

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. MINOR CONSTRUCTION DNMC0000

D. NADEP

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	**22**	**VAR**	**4,624**	**15**	**VAR**	**6,099**	**14**	**VAR**	**4,730**	**16**	**VAR**	**4,058**
ITEM LINE #	ITEM DESCRIPTION		FY 2004			FY 2005			FY 2006			FY 2007
6 DF 4 MC C04-02 CN	Construct Engineering Support Addition	1	750									
6 DF 4 MC C02-03 CN	Construct Foundry Addition B137	2	750									
6 DF 4 MC C27-97 CN	Construct Reclamation Facility	3	716									
6 DF 5 MC C24-01 CN	Construct Rotor Shop Addition, B4032			1	750							
6 DF 5 MC C52-96 CN	Construct New X-Ray Facility B188			2	750							
6 DF 5 MC CR25-01 CR	Alts/Repair HVAC System Prop Shop B137			3	700							
6 DF 6 MC C21-01 CN	Construct Replacement for Tension Structure						1	750				
6 DF 6 MC C37-97 CR	Alts to Lighting Panelboards & Light Switches						2	650				
6 DF 6 MC C02-04 CR	Upgrade Fire Alarm System, Bldg 133						3	500				
6 DF 7 MC C01-04 CN	Construct Production Support Bldg									1	750	
6 DF 7 MC C07-03 CN	Pave Outside Storage Area									2	750	
6 DE 4 MC 0384 CN	Engine Support Equipment Warehouse	1	739									
6 DE 5 MC 0383 CN	Production Support Structure			1	555							
6 DE 5 MC 0345 CR	Rehab Component Strip Shop			2	500							
6 DE 6 MC 0398 CN	Aircraft Engine Parts Staging Facility						1	750				
6 DC 5 MC 0538 CR	Electrical Service for Hydraulic Test			1	749							
6 DC 5 MC 0539 SN	Chemical Handler Support Facility			2	715							
6 DC 6 MC 0544 CR	Class 100 Clean Room B378						1	500				
	Minor Construction (<$.5M)	18	1669	8	1380		9	1580		14	2558	
DN MC 0000	TOTAL NADEP MINOR CONSTRUCTION	22	4,624	15	6,099		14	4,730		16	4,058	

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. DEPOT MAINTENANCE SYSTEMS HARDWARE UPGRADE 6DN4KL0003GR

NADEP

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST												
Cherry Point										1	1,427	1,427
Jacksonville							1	3,200	3,200			
North Island	1	2,500	2,500				1	3,500	3,500			
Total	1	2,500	2,500				2	6,700	6,700	1	1,427	1,427
OPERATIONAL DATE	19-May-07											

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

The present project is designed to replace athe server system that is composed of two old servers. One is 8 years old and the other is 5 years old. The manufacturer will no longer be able to service these old servers. They are underpowered and disk resources will soon be exhausted. The new system will: a) Be able to run present applications more effectively; (b) Provide for future expansion; (c) Act as a fully loaded backup server for the present Manufacturing Resource Planning/Agile Planning Systems server, and (d) Provide a properly sized platform to port materials to and from the ERP (Engineering Resources Planning) environment.

Additionally this project will meet an ever expanding storage and on-line archival needs of the depot. In the last 1.5 years, 2 new project sets have been added to the depot's present Storage Area Network Systems (SANS) and it is anticipated that with migration of depot applications to a SANS environment, the normal advent of new applications over time, and the growth of need for provision of information to and receipt of information from the ERP (Engineering Resources Planning) application, present disk resources will be exhausted, even if present hardware is fully loaded with drives.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

Current deficiency is that one of the 2 servers used for Defense Maintenance applications will be under powered, close to end of life, and undersized to deal with project demands of that time period. Additionally, with the projected growth of applications, disk resources will be exhausted. Purchase of a new SANS device will double capacity of the depot to add storage space and provide failover in case of a major SANs catastrophe on the other device.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

Project alternatives considered are to buy a different type of server which would not be compatible for clustering and failover (the ability for applications or services running on a server in a cluster to move to another server in case of a server failure), presently also part of this server's responsibility, or to maintain status quo which would markedly increase maintenance costs because of age of the server at that time and would not meet projected capacity needs. Other project alternatives include (A) maintaining status quo, which would mean the depot could not deal with need for disk storage, (B) purchase of a different type of SANS device which would not meet compatibility needs between the present and purchased device, and (3) regressing from SANs storage to on-board disk drives which would minimize storage capacity and even if possible, would be totally cost-prohibitive.

4. IMPACT IF NOT ACQUIRED.

Impact if not acquired is that the customer would receive slower service, cluster failover would be impaired, down time would be increased because of lessened availability of parts, and the facility would still have to procure additional servers to meet capacity needs.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. SUPPLY TRANSFORMATION, PHASE II 6DC6KL0563GR							D. North Island
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST							1	2,385	2,385	1	2,200	2,200	
OPERATIONAL DATE	30-Sep-07												

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

The project is planned to purchase additional software modules to provide functionality enhancements to the NAVAIR Depot Maintenance System (NDMS) primary software tool. The proposed purchase includes: Manugistics' NetWorks: Supply, Reporting, Collaboration, Demand, Fulfillment, Production Scheduling, Master Planning, Analytics, Monitor, Transport, and Delivery Management. Completion of the project will result in: improving availability of the Compass CONTRACT MRP II/MRO system to the depot personnel; significantly reduce the material requirements planning (MRP) and anticipated supply (ASP) run times and enable users to access the system while calculations are performed; more frequent MRP/ASP runs; reduced server requirements; improved supply requirement accuracy to FISC, supports new requirement for material plans based upon 8 quarters of demand; enables weekend operation/multi-shift operations; supports AIRSPEED and surge requirements; replaces Advanced Planning and Scheduling (APS), Long Lead Time Planning BOMs, Production Support Application (PSA), and SIR; replaces imbedded reports; and disjointed reporting tools.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/ PROBLEM.

NDMS has demonstrated an MRP/ASP runtime of up to twenty-five hours for four quarters of projected data and 1 quarter of execution data. During this process, depot production personnel cannot use the system because of "locked" data records. Depot personnel can perform daily tasks during this time, however, the data within the system cannot be updated to reflect these activities. With the production system out of synchronization with the shop floor reality, depot managers cannot rely on the system data to make accurate production decisions. Because it is imperative to have the system reflect the shop floor reality, the long run times limit the number of shifts that the depots can schedule to perform depot maintenance repair activities. This is in direct conflict with the requirements to increase throughput of the depot's end items. The Proposed tools provide the depots the ability to run the MRP calculations off-line without ever "locking" the system data. This allows the depots the ability to run MRP more frequently, have more frequently updated repair and replacement factors, enable the depots to synchronize data with production floor reality for all shifts, and provide the depots the abililty to operate multiple shifts with a full complement of production system tools. The depots have four unfulfilled requirements to meet customer expectations. The first is to provide the ability to perform APS functions in conjunction with NDMS data. These functions will be used by Master Schedulers and Planning personnel to analyze depot capacity data to project when/how many end items can be accepted and processed by the depots. Another function of APS is to identify material constraints for long lead time items based on workload and bill of material calculations – information that is essential for the Partnership efforts to succeed. These critical functions enable the depots to perform effective capacity planning and alert material suppliers to potential material constraints. The third missing function is to provide the depots with the ability to perform end item inductions as part of the commercial package. This process is currently performed by PSA. The 4th business function is to provide the gross demand planning data 8-quarter data necessary to fulfill the Depot-FISC Partnership requirements. The proposed solution will provide each of the requirements delineated above and meet the requirements of the Depot-FISC Partnership.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

a. Do nothing; b. Purchase the Gross Demand Planning, Long Lead Time Planning and the APS tools and accept the long run times at the depots for the MRP calculations.

4. IMPACT IF NOT ACQUIRED.

If these software purchases are not executed, then the depots will continue to operate at their current level; including the inability to fulfill the requirements of the Depot-FISC Partnership. The inability to control the reporting tools, reports and developers, will ensure non-standard depot reporting. Historical data must be archived more often to comply with server limitations which adds a layer of difficulty to accessing historical information. Advanced planning for capacity requirements will continue to be estimated and will require lengthy manual development. The gross material demand plans will be manually generated for the one billion dollars of material requirements generated by the depots in the course of a year. Manual calculations will take significantly more time than automated processing and may introduce inaccurate data to the depots material plans. Material that demonstrates a long lead time that exceeds the depots limited planning windows, will not generate demands. Thus, long lead time material requirements will not be passed to FISC effectively in time to fulfill the demands. Overall, the inability to perform accurate capacity planning and material planning will increase the "Awaiting Parts" delays and increase the depots overall work in process, in turn, reducing the assets available to the warfighter.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Depot Maintenance/Aviation Depot						C. INTERMEDIATE & DEPOT INTEGRATION 6DC6KL0564GR							D. North Island
	2004			2005			2006			2007			
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
INVESTMENT COST							1	1,000	1,000	1	2,000	2,000	
OPERATIONAL DATE	1-Aug-07												

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.

This project develops an end-to-end material management information system through the integration of organizational maintenance activity (OMA) and intermediate maintenance activity (IMA) maintenance information (using already existent NALCOMIS OOMA/IMA and AV3M system interfaces), and incorporating depot maintenance information through a web-enabled architecture. Integration of data from all three levels of maintenance will provide enhanced logistics information which will allow more accurate production planning, and logistics data analysis to enhance root cause analysis of maintenance problems and support the identification of more effective maintenance concepts. In addition to the maintenance data, by integrating Relational Supply (R-Supply), Uniform Automated Data Processing System for Stock Points (UADPS-SP/U2) and Uniform Inventory Control Point (UICP) systems information, the replenishment data necessary to support the NAVAIR's AIRSPEED Initiative can be provided. Additionally, this integration effort supports NAVAIR's integration of the logistics and industrial competencies by providing a data source to identify efficiencies throughout the end-to-end material management process.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

Currently there is a lack of integration and exchangeability of data between the Intermediate and Depot Integration levels of aircraft maintenance. Examples of this are: Failure Data – this is in non-standard failure data format and non-standard failure data accessibility for planners and artisans; Beyond the Capability of Maintenance ((BCM) – non-availability of information regarding BCM actions to planners and artisans; and Parts Information – lack of visibility of parts and repair information for the planners and artisans.

Without the integration suggested, platform fleet support teams analyzing system and component reliability, maintainability and supportability are doing so void of any aircraft, engine and component failure data inputs reported by the depots. The requested integration would provide the lower level inputs to the total equation of system reliability, maintainability and supportability.

3. WHAT ALTERNATIVES HAVE BEEN CONSIDERED?

The Navy's Converged Enterprise Resource Planning (ERP) Program provides an alternative for the out-years. This project provides a interim capability that can be deployed well before ERP and can support NAVAIR 3.0/6.0 planners and the ERP Program by providing a flexible platform for hosting the need planning information as legacy systems are migrated to ERP in the future. The COTS software/hardware package will only have to be pointed to the new data sources as legacy systems are retired/modified or migrated to ERP.

4. IMPACT IF NOT ACQUIRED.

Continuing with current procedures will impact the ability of logistics managers to make time-critical supply chain management and production decisions that will continue to result in aircraft being in an NMCS status. Supporting the NAVAIR's AIRSPEED Initiative and the identification of process improvement opportunities will continue to require the time-consuming manual consolidation of data from disparate legacy systems to make supply chain decisions. Not acquiring this project will result in decisions being made with data that does not consider the end-to end process, nor the opportunities passed by gaps in the logistics data.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. SYSTEM HARDWARE SWITCH 7DE7TL0419GR

Jacksonville

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST										1	1,485	1,485

OPERATIONAL DATE 1-Dec-07

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$547,400	$21,750	$569,150
AVERAGE ANNUAL SAVINGS (Discounted)	$336,354	$13,364	$349,718
PAYBACK PERIOD	3.3	NA	3.2
RATE OF RETURN (ROR)	23%	1%	24%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
This proposed telephone switch will provide NADEP Jacksonville Building 101 with a homegenous telephone system sized to serve the entire building. It will provide voice messaging to all phones within the building. It will be capable of transition into IP telephony should that be an alternative the Command chooses to pursue in the future.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
This existing key system and voice messaging premise equipment was purchased in the 1995 to 1999 era. These systems are therefore in the 4 to 8 year age range. They operate 24 hours a day, 7 days per week. The power to these systems increases wear and tear due to its “dirty” quality, an effect of the industrial environment; to diminish the impact of this dirty power, uninterrupted power supplies protect these premise systems.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Other alternatives considered include:
a. Keep existing systems and continue to repair. Not a feasible option as parts are no longer being manufactured and sources re-manufactured parts will diminish and then disappear.
b. Replace existing premise equipment system-for-system with newer models of small systems. Not a favorable option as the difficulties of adds/moves/changes remain, many end users will not be included, inefficiencies of services distribution would not be improved.
c. Replace with IP telephony. Not a favorable option as installed IP telephones would become NMCI property and monthly recurring NMCI seat costs are prohibitive.

4. IMPACT IF NOT ACQUIRED.
Existing equipment will not longer be supportable. Vendors currently providing remanufactured parts will stop providing this service in the near future when it becomes unprofitable (systems too old). Without premise equipment, phone services will be diminished critically below current levels and would impact efficiency of all day-to-day operations in this industrial facility.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.
Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Depot Maintenance/Aviation Depot

C. ADPE & TELECOMMUNICATIONS (<1M) DNKU0000

D. NADEP

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	**3**	**VAR**	**850**	**1**	**VAR**	**300**	**2**	**VAR**	**1,300**	**5**	**VAR**	**2,110**
		FY 2004			FY 2005			FY 2006			FY 2007	
ITEM LINE #	ITEM											
6 DF 6 KM 0161 G N	Main Switch Upgrade						1	800		1		600
6 DF 6 KM 0059 G R	Electronic Storage and Retrieval System						2	500				
6 DF 7 KM 0074 G N	LAN Equipment/Telecommunications for P-974									2		660
DN KS 0000	Equip - ADPE & TELECOM (<$.5M)	3	850	1		300				3		850
	TOTAL NADEP ADPE & TELECOMMUNICATIONS (<1M)	3	850	1		300	2	1,300		5		2,110

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Depot Maintenance/Aviation Depot				C. SOFTWARE DEVELOPMENT (<$1M)						D. NADEP		
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	**0**	**VAR**	**0**	**0**	**VAR**	**0**	**0**	**VAR**	**0**	**0**	**VAR**	**0**

ITEM LINE #	ITEM	FY 2004		FY 2005		FY 2006		FY 2007	
DN DS 0000	Equip - SOFTWARE DEVELOPMENT(<$.5M)	0	0	0	0	0	0	0	0
	TOTAL NADEP Software Development (<1M)	0	0	0	0	0	0	0	0

FY 2006/2007 PRESIDENT BUDGET
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2005

ITEM LINE #	ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
	1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>$1M)					
6 DF 5 EL 0212 P R	TEST CELL #2 UPGRADE	1.449	.000	1.449		
6 DE 5 EL 0364 P R	5-AXIS MACHINING CENTERS (2)	5.000	(2.500)	2.500	Deferral	Two machines will be purchased in FY05 and deferred the purchase of two other machines in FY 07 to accommodate the Optical Alignment Station. (2.500 to 6DE5EL0418)
6 DE 5 EL 0381 P R	5-AXIS MACHINING CENTER - TILT HEAD	1.650	.000	1.650		
6 DF 5 EL 0190 P R	JIG BORE REPLACEMENT (Shop 93662)	1.190	.350	1.540	Price Increase	Market research indicates additional funding is required.
6 DE 5 EL 0418 P R	OPTICAL ALIGNMENT STATION	0.000	4.000	4.000	New	New project due to to criticality of the existing station is used on three shifts every day. (2.500 from 6DE5EL0364, .825 from 6DE5ES0338, .135 from 6DE5MC0345, .192 from 6DE5EM0368, .220 from 4DE5ES0389, .128 from 6DE5ES0331)
6 DE 5 EL 0406 P R	5-AXIS MACHINING CENTER	.000	1.750	1.750	New	Management decision to include project in this FY because of need to replace 33 year old machine and deferral of Depot Modernization due to ERP.
6 DF 5 EL 0045 P R	JIG BORE REPLACEMENT	.000	1.540	1.540	New	Management decision to include project in this FY because of critical condition of existing jig borer and deferral of Depot Modernization due to ERP.
6 DC 5 EL 0533 P P	AIRCRAFT PMB	.000	1.373	1.373	New	Management decision to include project in this FY because of a 100% increase in aircraft pain stripping workload and deferral of Depot Modernization due to ERP.
6 DF 5 EL 0229 P R	ARBS TEST FACILITY UPGRADE	.000	1.155	1.155	New	Management decision to include project in this FY because of recent failure and poor performance of existing Angle Rate Bombing System (ARBS) Test Facility and deferral of Depot Modernization due to ERP. (.535 addition, .620 from 6DF5EM0208)
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>$1M)	9.289	7.668	16.957		

FY 2006/2007 PRESIDENT BUDGET
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2005

ITEM LINE #			ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
DN	EU	0000	**1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<$1M)**	15.980	2.710	18.690	Price Increase / New	Management decision to include projects in this FY due to deferral of Depot Modernization due to ERP . (Huffman Grinder Replacement (.684), Replace Norton Grinder (.400), Laser Tracker Replacement (+.005), Engine Lube & Scavenge Pump T/S (+.299), Hydraulic Pum/Motor Test Stand (.940), Hydraulic Power Supply (.525), Jig Grinder (Moorte) (.884), Gap Grinder (.782), and Universal Grinder Replacement (.476), (1.365 went to Optical Alignment Station, .620 to ARBS Test Facility Upgrade, and .300 to ADPE under $1m)
			2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	25.269	10.378	35.647		
DN	MC	0000	**3. MINOR CONSTRUCTION**	6.234	(0.135)	6.099	Price Decrease	Project scope decreased to accommodate Optical Alignment Station. (.135 to 6DE5EL0418)
			TOTAL NON-ADP CAPITAL PURCHASES PROGRAM	31.503	10.243	41.746		
			1a. ADPE & TELECOMMUNICATIONS (>$1M)					
			SUBTOTAL ADPE & TELECOMMUNICATIONS (>$1M)	0.000	0.000	0.000		
DN	KU	0000	**1b. ADPE & TELECOMMUNICATIONS (<$1M)**	0.000	0.300	0.300	New	Emergent requirement to assist with standardizing program interfaces and incorporating the new security PKI enablement. (.300 from 6DF5ES0183)
			2. TOTAL ADPE & TELECOMMUNICATIONS	0.000	0.300	.300		
			3a. SUBTOTAL SOFTWARE DEVELOPMENT (>$1M)	0.000	0.000	0.000		
DN	DU	0000	**3b. SUBTOTAL SOFTWARE DEVELOPMENT (<$1M)**	0.000	0.000	0.000		
			3. TOTAL SOFTWARE DEVELOPMENT	0.000	0.000	0.000		
			TOTAL ADP CAPITAL PURCHASES PROGRAM	0.000	0.300	0.300		
			GRAND TOTAL CAPITAL PURCHASES PROGRAM	31.503	10.543	42.046		

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Material Inventory Data
Activity Group: Naval Aviation Depots
Date: February 2005
($ in Millions)

FY 2004

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 344.0	$ -	$ 344.0	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 854.8	$ -	$ 854.8	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 854.8	$ -	$ 854.8	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 862.4	$ -	$ 862.4	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 862.4	$ -	$ 862.4	$ -
Material Inventory EOP	$ 336.4	$ -	$ 336.4	$ -

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Material Inventory Data
Activity Group: Naval Aviation Depots
Date: February 2005
($ in Millions)

FY 2005

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 336.4	$ -	$ 336.4	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 912.3	$ -	$ 912.3	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 912.3	$ -	$ 912.3	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 908.6	$ -	$ 908.6	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 908.6	$ -	$ 908.6	$ -
Material Inventory EOP	$ 340.1	$ -	$ 340.1	$ -

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Material Inventory Data
Activity Group: Naval Aviation Depots
Date: February 2005
($ in Millions)

FY 2006

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 340.1	$ -	$ 340.1	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 951.6	$ -	$ 951.6	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
	-			
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 951.6	$ -	$ 951.6	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 952.6	$ -	$ 952.6	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 952.6	$ -	$ 952.6	$ -
Material Inventory EOP	$ 339.1	$ -	$ 339.1	$ -

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Material Inventory Data
Activity Group: Naval Aviation Depots
Date: February 2005
($ in Millions)

FY 2007

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 339.1	$ -	$ 339.1	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 993.8	$ -	$ 993.8	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
	-			
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 993.8	$ -	$ 993.8	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 996.8	$ -	$ 996.8	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 996.8	$ -	$ 996.8	$ -
Material Inventory EOP	$ 336.1	$ -	$ 336.1	$ -

Marine Corps Depots

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE ACTIVITY GROUP– MARINE CORPS DEPOTS
FY 2006/2007 PRESIDENT BUDGET
February 2005

Activity Group Functions:

The mission of the Marine Corps' Depot Maintenance Activity Group (DMAG) is to provide the quality products and responsive maintenance support services required to maintain a core industrial base in support of mobilization, surge and reconstitution requirements. The maintenance functions, performed by the DMAG, include repair, rebuild, modification, and Inspect and Repair Only as Necessary (IROAN) for all types of ground combat and combat support equipment. DMAG maintenance services are used by Marine Corps, other Department of Defense (DoD) activities, as well as foreign military customers. Other functions performed include performance of maintenance related services such as preservation, testing, technical evaluation, calibration, and fabrication of automated test equipment.

Activity Group Composition:

The DMAG is comprised of two Multi-Commodity Maintenance Centers located in Albany, Georgia and Barstow, California. The Maintenance Centers are part of the Marine Corps Logistics Command (LOGCOM). The Centers maintain virtually identical capabilities in order to provide support to Marine Corps operational units, regardless of the unit geographical location. In order to support these functions, the Marine Corps Maintenance Centers maintain over 70 skill sets inherit in a wide variety of diversified personnel.

Significant Changes in Activity Group:

The DMAG Fiscal Year (FY) 2006-2007 President's Budget submission reflects changes from the FY 2005 President's Budget in FY 2004 and FY 2005 based on significant fluctuation in workload as a result of combat-damaged equipment and weapons systems returning from the current Global War on Terrorism (GWOT). Currently, this effort consists of expedite items and programs resulting in millions of dollars in customer orders to support unplanned workload, i.e. Armor Plating.

Based on the current funded workload trend, during FY 2006 and FY 2007 a reduction in end strength and carryover levels occur. The Voluntary Separation Incentive Program (VSIP) is planned to reduce the current permanent workforce as well as the release of temporary employees due to declining workload. The resulting workforce represents a downsized permanent workforce augmented by temporary personnel to perform projected workload.

This budget submit includes a change in organization structure, which will be beneficial to the operations as a result of several analysis performed by process evaluation teams and California Environmental requirements.

Financial Profile:

	(Dollars in Millions)			
	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	$330.1	$287.2	$234.3	$207.0
Cost of Goods Sold	$312.1	$279.7	$257.2	$207.0
Operating Results (Net Revenue)	$18.1	$7.5	($22.9)	$0.0
Extraordinary Expense	$0.1	$0.0	$0.0	$0.0
Net Operating Results	$18.2	$7.5	($22.9)	$0.0
Prior Year Adjustment	$0.0	$0.0	$0.0	$0.0
Current Change to Accumulated Operating Results	$18.2	$7.5	($22.9)	$0.0
Beginning Accumulated Operating Results	($2.8)	$15.4	$22.9	$0.0
Accumulated Operating Results	$15.4	$22.9	$0.0	$0.0
Net Outlays	$4.6	$16.4	$21.7	-$.6
Collections	$336.0	$288.9	$235.4	$207.9
Disbursements	$340.6	$305.3	$257.1	$207.3

Revenue

	(Dollars in Millions)			
	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	$330.1	$287.2	$234.3	$207.0

Revenue increased in FY 2005 from the FY 2005 President's Budget submit due to carryover of the FY 2004 supplemental appropriation from customers in support of GWOT. This resulted in additional unplanned workload for Reconstitution (Recon) to repair/rebuild battle damaged equipment

A decreasing trend in revenue for FY 2006 and FY 2007 is a result of a decline in workload due to the slow-down of Reconstitution workload and an adjustment to achieve a zero Accumulated Operating Results (AOR).

Cost of Goods Sold:

	(Dollars in Millions)			
	FY 2004	FY 2005	FY 2006	FY 2007
Cost of Goods Sold	$312.1	$279.7	$257.2	$207.0

The FY 2005 current estimated Cost of Goods Sold (COGS) is higher than the FY 2005 President's Budget submission due to higher workload levels associated with reconstitution and unbudgeted workload from other customers in support of contingency operations. This can be attributed to additional direct material costs associated with the battle-damaged assets being degraded to a much higher degree than anticipated and increased indirect costs due to overtime, unplanned pay raises, and additional indirect material to support the unplanned direct workload.

There is a decreasing trend in FY 2005 to FY 2006 of Cost of Goods Sold commensurate with Reconstitution and decreasing new orders. Although Direct Labor Hours and direct cost declines, the direct material cost is still impacted by material intensive jobs such as the Assault Amphibious Vehicle Reliability, Availability, Maintainability/Rebuild to Standard Inspect and Repair Only As Necessary (AAV RAM/RS IROAN), Light Armored Vehicle (LAV), Three Dimensional Long Range Radar (TPS/59 Radar), and MK48s (an enclosed cab, diesel powered, automatic transmission, 4x4 vehicle that provides all automotive and hydraulic power for the LVS combinations). Overhead cost declines despite the increased cost for financial system audits and support of the Reconstitution efforts.

Cost continues to decline in FY 2007 as total new orders and carryover funds from the prior year decline. Reductions in workload will impact all areas of cost as less support is required to maintain facilities and equipment needed to execute declining customer workload. As a result of continued reduction in personnel, current estimates for FY 2007 include Voluntary Separation Incentive Payments (VSIP) of $1.2M.

Cash Collections, Disbursements and Net Outlays

(Dollars in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Net Outlays	-$46.0	$16.4	$21.7	-$.6
Collections	$336.0	$288.9	$235.4	$207.9
Disbursements	$290.0	$305.3	$257.1	$207.3

In FY 2004, Marine Corps generated cash as a result of NOR gain. FY 2005 Net Outlays are expected to increase from the FY 2005 President's Budget submission as a result of an anticipated increase in disbursements. This is primarily due to the direct material usage. FY 2007 Net Outlays are anticipated to decrease as both collections and disbursements decrease. The major contributing factor for this decrease in Net Outlays is a reduction in cost with only a small decrease in revenue as the Reconstitution workload is completed and funding decreases.

New Orders:

(Dollars in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
New Orders	$364.2	$216.7	$186.8	$174.6

Workload projected for Marine Corps activities declines throughout the budget years. During FY 2006 and FY 2007 the large decrease is due to the declining influence of the GWOT as well as decreased workload for various Marine Corps customer program.

Workload:

	FY 2004	FY 2005	FY 2006	FY 2007
Direct Labor Hours (000s)	2,327	2,073	1,863	1,454
Direct Labor Hours Overtime Usage	26.0%	10.2%	2.0%	2.0%

FY 2004 Direct Labor Hours increased from the FY 2005 President's Budget as a result of Reconstitution workload, the continued implementation of Theory of Constraints and the application of Lean Thinking. Highly visible projects such as the Armor Plating project in response to the GWOT have necessitated the need for the increased hours.

Although the Marine Corps will continue to execute the influx of workload associated with GWOT as needed, Direct Labor Hours are expected to decline through FY 2007 while at the same time reducing the overtime usage due to less customer funding to support the contingency efforts.

Staffing:

	FY 2004	FY 2005	FY 2006	FY 2007
Civilian End Strength	1,749	1,704	1,658	1,138
Civilian Work Years – regular time	1,665	1,714	1,670	1,274
Military End Strength	13	13	13	13
Military Work Years	13	13	13	13

The significant increase in FY 2005 from the FY 2005 Presidents Budget in end strength and work years is the direct result of Reconstitution workload sourced to the Marine Corps Maintenance Centers. The current projected workforce for FY 2005 will be achieved by normal attrition. In FY 2006 and FY 2007, a reduction of personnel is planned via normal attrition, release of temporary employees and a reduction of permanent employees through Voluntary Early Retirement Authority/Voluntary Separation Incentive Program (VERA/VSIP).

Performance Indicators:

	FY 2004	FY 2005	FY 2006	FY 2007
Schedule Conformance	96.2%	99.3%	99.3%	99.3%
Quality Deficiency Reports	0.2%	0.2%	0.2%	0.2%
Inventory Turnover Ratio	4.7:1	4.2:1	4.2:1	4.0:1

The GWOT effort requires timely repair in order to regenerate and reconstitute the Operating Forces and the Marine Corps' Maritime Prepositioning Forces (MPF). This effort has necessitated the expedition of millions of dollars in customer orders to support unplanned workload. Schedule Conformance improved in FY 2004 as the workforces positioned themselves to execute the influx of the workload associated with GWOT. The Schedule Conformance indicator for FY 2005 through FY 2007 has advanced toward the 100% goal through management initiatives aimed at increasing and improving productivity yield through continued implementation of Theory of Constraints (TOC).

Quality Deficiency Reports and Inventory Turnover Ratio Performance Indicators remain relatively constant in all years.

Customer Rate Changes:

	FY 2004	FY 2005	FY 2006	FY 2007
Stabilized Customer Rate	$131.09	$127.88	$124.29	$144.16
Year to Year Percent Change	11.45%	-2.45%	-2.80%	15.98%

The driving factor for the decrease in FY 2006 rates is the reflection of a negative $22.9M Accumulated Operating Result (AOR) recoupment factor to achieve a zero AOR.

Total workload in direct labor hours and associated costs continue to decline in FY 2007. The increase in the customer rate is the net effect of the impact of these factors, the normalizing of rates from a negative AOR factor in FY 2006 and reflection of personnel costs associated with the planned VERA/VSIP.

Unit Costs:

	FY 2004	FY 2005	FY 2006	FY 2007
Cost per Direct Labor Hour	$134.26	$134.91	$138.08	$142.35

The increase of material intensive workload in support of GWOT in FY 2004 and FY 2005 resulted in a significant increase of direct material costs, leading to the small change in the FY 2005 unit price from the President's Budget. In FY 2006 and FY 2007, cost per direct labor hour increased as a result of a reduction in workload and direct labor hours coupled with increased cost to release personnel through VERA/VSIP.

Capital Budget Authority:

(Dollars in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Equipment/Non-ADPE/TELE	$1.4	$2.7	$3.8	$2.4
ADPE/TELECOM Equipment	$0.0	$0.0	$0.0	$0.0
Software Development	$0.0	$0.0	$0.0	$0.0
Minor Construction	$2.5	$1.4	$0.7	$2.3
Total	$3.9	$4.1	$4.5	$4.7

Variations in authority between CPP categories and between budget years are dependent upon requirements for capital assets that maintain or enhance the Centers production capability and capacity.

Productivity Initiatives:

Focus of effort in Better Business Practices for Marine Corps Maintenance Centers will be on refining and expanding the already-successful implementation of the Theory of Constraints and the application of Lean Thinking to eliminate wasteful steps in shop-level procedures to both Maintenance Centers. The registration of the Marine Corps Maintenance Centers under the Organization Standard International (ISO 9002) will result from the successful implementation of all the efforts such as Compass Contract, MRPII and Earned Value Management (EVM) and guarantee the Maintenance Centers as a viable participant to share business revenues with ISO-registered civilian contractors.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
MC DEPOTS
FISCAL YEAR FY 2006/2007 BUDGET ESTIMATE
FEBRUARY 2005

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	326.5	282.9	229.8	202.4
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	3.6	4.3	4.5	4.7
Other Income				
Total Income	330.1	287.2	234.3	207.0
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	.8	.9	.9	.9
Civilian Personnel	115.7	122.9	117.6	95.9
Travel and Transportation of Personnel	2.3	2.7	2.3	2.0
Material & Supplies (Internal Operations	136.3	108.6	93.4	72.7
Equipment	7.5	2.3	2.3	1.8
Other Purchases from NWCF	2.1	2.6	2.6	2.6
Transportation of Things	.0	.0	.0	.0
Depreciation - Capital	3.6	4.3	4.5	4.7
Printing and Reproduction	.0	.1	.1	.1
Advisory and Assistance Services	.0	.0	.0	.0
Rent, Communication & Utilities	6.1	6.3	6.2	5.5
Other Purchased Services	38.0	29.0	27.4	20.9
Total Expenses	312.4	279.7	257.2	207.0
Work in Process Adjustment	-.4	.1	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	312.1	279.7	257.2	207.0
Operating Result	18.1	7.5	-22.9	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.1	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	18.2	7.5	-22.9	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	15.4	22.9	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
FISCAL YEAR FY 2006/2007 BUDGET ESTIMATE
FEBRUARY 2005
MC Depots
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	364	217	187	175
a. Orders from DoD Components	339	180	169	157
Department of the Navy	308	164	168	155
O & M, Navy	4	3	0	0
O & M, Marine Corps	134	97	94	120
O & M, Navy Reserve	0	0	0	0
O & M, Marine Corp Reserve	10	12	11	13
Aircraft Procurement, Navy	0	0	0	0
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	0	0	0	0
Other Procurement, Navy	0	0	0	0
Procurement, Marine Corps	158	45	59	20
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	1	0	0	0
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	0	3	3	2
Other Marine Corps Appropriations	0	4	0	0
Department of the Army	10	8	2	2
Army Operation & Maintenance	5	6	0	2
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	4	2	2	0
Department of the Air Force	9	8	0	0
Air Force Operation & Maintenance	5	8	0	0
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	4	1	0	0
DOD Appropriation Accounts	12	0	0	0
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	0	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0	0
Procurement Accounts	0	0	0	0
Defense Emergency Relief Fund	0	0	0	0
DOD Other	12	0	0	0
b. Orders from other WCF Activity Groups	23	27	17	18
c. Total DoD	361	207	187	175
d. Other Orders	3	9	0	0
Other Federal Agencies	0	0	0	0
Foreign Military Sales	3	9	0	0
Non Federal Agencies	0	0	0	0
2. Carry-In Orders	134	168	97	50
3. Total Gross Orders	498	385	284	225
a. Funded Carry-Over before Exclusions	168	97	50	17
b. Total Gross Sales	330	287	234	207

INDUSTRIAL BUDGET INFORMATION SYSTEM
FISCAL YEAR FY 2006/2007 BUDGET ESTIMATE
FEBRUARY 2005
MCIF / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
4. End of Year Work-In-Process (-)	-1	-1	-1	-1
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-1	-3	-1	0
6. Net Funded Carryover	166	94	48	17

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
FY 2006/2007 PRESIDENT'S BUDGET
February 2005

(Dollars in Millions)

			Total Cost
1.	**FY 2004**	**Actuals**	312.4
2.	**FY 2005**	**President's Budget:**	230.3
3.		**Pricing Adjustments:**	
		a. FY 2005 Pay raise	
		(1) Civilian Personnel	1.9
		(2) Military Personnel	0.0
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.1
		(2) Military Personnel	0.0
		c. General Inflation	0.0
4.		**Program Changes:**	
		a. Workload Changes	
		(1) Direct Labor	13.9
		(2) Direct Materiel & Supplies	23.4
		(3) Contract/Other Purchases	2.1
5.		**Other Changes**	
		a. Indirect Labor	2.0
		b. VERA/VSIP	-0.8
		c. Indirect Materiel	2.1
		d. Depreciation	-0.1
		e. Contract Services	4.5
		f. Other	0.3
6.	**FY 2005**	**Current Estimate:**	**279.7**
7.		**Pricing Adjustments:**	
		a. FY 2006 Pay raise	
		(1) Civilian Personnel	1.1
		(2) Military Personnel	0.0
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.0
		(2) Military Personnel	0.0
		c. General Inflation	2.5
8.		**Program Changes:**	
		a. Workload Changes	
		(1) Direct Labor	-5.5
		(2) Direct Material & Supplies	-13.3
		(3) Contract Services	-0.8
		(4) Other Purchases	-0.2

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
FY 2006/2007 PRESIDENT'S BUDGET
February 2005

(Dollars in Millions)

			Total Cost
9.		**Other Changes**	
		a. Indirect Labor	-1.4
		b. VERA/VSIP	0.5
		c. Indirect Material	-2.0
		d. Depreciation	0.2
		e. Contract Services	-3.4
		f. Other	-0.2
10.	**FY 2006**	**Current Estimate**	**257.2**
11.		**Pricing Adjustments:**	
		a. FY 2007 Pay Raise	
		(1) Civilian Personnel	1.5
		(2) Military Personnel	0.1
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.1
		(2) Military Personnel	0.0
		c. General Inflation	2.3
12.		**Program Changes:**	
		a. Workload Changes	
		(1) Direct Labor	-18.7
		(2) Direct Material & Supplies	-20.2
		(3) Contract Services	-2.6
		(4) Other Purchases	-0.3
		Depreciation	
13.		**Other Changes**	
		a. Indirect Labor	-5.3
		b. VERA/VSIP	0.7
		c. Indirect Material	-1.5
		d. Depreciation	0.1
		e. Contract Services	-6.3
		f. Other	-0.1
14.	**FY 2007**	**Current Estimate**	**207.0**

WORKING CAPITAL FUND INVESTMENT SUMMARY
Marine Corps Depot Maintenance
FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)

Dollars in Millions

		FY 2004 Actual		FY 2005 Estimate		FY 2006 Estimate		FY 2007 Estimate	
Line	Item		Total		Total		Total		Total
Number	Description	Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost
	Total Projects (=> $1M)	**0**	**0.000**	**1**	**1.025**	**1**	**2.470**	**0**	**0.000**
	Equipment								
1	Robotic Painting System (Productivity, MCB)	-	-	-	-	1	2.470	-	-
2	Paint Booth & Air Handling Sys (Productivity,MCB)	-	-	1	1.025	-	-	-	-
3	**Total Equipment Projects (=> $0.500M and < $1M)**	**0**	**0.000**	**1**	**0.950**	**2**	**1.299**	**3**	**2.307**
	Equipment								
	Waterjet Cutting Machine (Productivity, MCA)	-	-	-	-	-	-	-	-
	Dynamometer Transmission (Productivity, MCA)	-	-	1	0.950	-	-	-	-
	Caustic Cleaning System (Replacement, MCB)	-	-	-	-	-	-	1	0.745
	Dynamometer Engine (Productivity, MCA)	-	-	-	-	1	0.550	-	-
	Conveyorized Paint Sys Upgrade (Productivity, MCA)	-	-	-	-	1	0.749	-	-
	TOW Field Test Set (Replacement, MCB)	-	-	-	-	-	-	1	0.862
	New Chassis Dynamometer (Replacement, MCA)	-	-	-	-	-	-	1	0.700
4	**Equipment (=>$0.250 and <$0.500)**	**3**	**1.032**	**1**	**0.400**	**0**	**0.000**	**0**	**0.000**
	Replacement	2	0.650	1	0.400	-	-	-	-
	Productivity	1	0.382	-	-	-	-	-	-
	New Mission	-	-	-	-	-	-	-	-
	Environmental Compliance	-	-	-	-	-	-	-	-
5	**Equipment (=>$0.100 and =<$0.250)**	**3**	**0.359**	**2**	**0.329**	**0**	**0.000**	**1**	**0.109**
	Replacement	2	0.257	2	0.329	-	-	1	0.109
	Productivity	1	0.102	-	-	-	-	-	-
	New Mission	-	-	-	-	-	-	-	-
	Environmental Compliance	-	-	-	-	-	-	-	-
6	**ADPE & Telecom (=>$0.250)**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
7	**Minor Const (=>$0.250M and =< $0.750M)**	**4**	**2.490**	**2**	**1.200**	**1**	**0.745**	**3**	**2.245**
	Replacement	1	0.707	-	-	-	-	-	-
	Productivity	3	1.783	1	0.745	1	0.745	3	2.245
	New Mission	-	-	-	-	-	-	-	-
	Environmental Compliance	-	-	1	0.455	-	-	-	-
8	**Minor Const (=> $0.100M and =< $0.250)**	**0**	**0.000**	**1**	**0.200**	**0**	**0.000**	**0**	**0.000**
	Replacement	-	-	-	-	-	-	-	-
	Productivity	-	-	-	-	-	-	-	-
	New Mission	-	-	-	-	-	-	-	-
	Environmental Compliance	-	-	1	0.200	-	-	-	-
9	**Software Development**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
	FISCAL YEAR PROGRAM TOTAL	**10**	**3.881**	**8**	**4.104**	**4**	**4.514**	**7**	**4.661**
	Total Capital Outlays		**5.319**		**5.502**		**5.170**		**5.843**
	Total Depreciation Expense		**3.978**		**4.292**		**4.517**		**4.651**

DMAG FY 2006/2007 President's Budget Submission				A. Budget Submission								
(Dollars in Thousands)				FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005								
B. Component/Business Area/Date Marine Corps Depot Maintenance/ January 2005				C. Line# and Description 1/ Robotic Painting System				D. Activity Identification MC Depots Albany, GA and Barstow, CA				
	FY 2004 Actual			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP							1		2.470			

Narrative Justification:

FY 2006 Estimate

Robotics Painting System (Productivity, Barstow) - $2.470M. Originally programmed for FY 2004 the project has slipped into FY 2006. The pending surge in reconstituted workload from the Middle East has taken priority over peace time planning. Workload consists of 11,200 hrs/yr for 7 workers to paint over 2500 vehicles per year. Benefits derive from the relieving 6 workers from painting and reducing the maintenance parts and labor costs to paint. Thus, the workload hrs to paint are reduced to 1,600 hrs/yr. The productivity enhancement project's BIR is 2.26 and investment cost is $2.470M.

DMAG FY 2006/2007 President's Budget Submission				A. Budget Submission								
(Dollars in Thousands)				FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005								
B. Component/Business Area/Date Marine Corps Depot Maintenance/ January 2005				C. Line# and Description 2/ Paint Booth and Air Handling System (productivity)				D. Activity Identification MC Depots Albany, GA and Barstow, CA				
	FY 2004 Actual			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				1		1.025						

Narrative Justification:

FY 2005 Estimate

Paint Booth and Air Handling System (Productivity, Barstow) - $1.025M. The number one production constraint at MCB is the quantity of available large paint booths. This project is required to facilitate the expanding workload and needed to meet production requirements. Workload consists of 4,836 hrs/yr to paint over 1,045 vehicles per year. Benefits derive from relieving the overtime requirement (2,496 hrs/yr) from painting workload. The productivity enhancement project's BIR is 1.12 and investment cost is $1.025M.A88

DMAG FY 2006/2007 President's Budget Submission				A. Budget Submission								
(Dollars in Thousands)				FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005								
B. Component/Business Area/Date Marine Corps Depot Maintenance/ January 2005				C. Line# and Description 3/ Equipment (=> $0.500M and < $1M)			D. Activity Identification MC Depots Albany, GA and Barstow, CA					
	FY 2004 Actual			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				1		0.950	2		1.299	3		2.307

Narrative Justification:

FY 2004 No Projects

FY 2005

Dynamometer Transmission (Productivity, Albany) - $0.950M. Procurement specifications are currently being developed to acquire the asset in FY2005. Workload includes 80 transmissions per year over 10 years for AAV, M88, and AAAV end items. Benefits are derived from avoiding a $0.300M annual contract cost for transmission testing. The productivity enhancement project's BIR is 1.89 and the investment cost is $0.950M.

FY2006

Dynamometer Engine (Productivity, Albany) - $0.550M. This project was originally submitted for execution in FY2005. As a result from anticipated reconstituted workload from the Middle East, higher priority projects were reprogrammed into FY2005 and this dynamometer project is now planned for FY2006. Workload includes 206 engines per year over 10 years for AAV, M88, and other end items. Benefits are derived from avoiding a $0.300M annual contract cost for engine testing. The productivity enhancement project's BIR is 2.44 and the investment cost is $0.550M.

Conveyorized Paint System Upgrade (Productivity, Albany) - $0.749M. Procurement specifications are currently being developed to acquire the asset in FY 2006. Workload includes 3,068 DLH per year to paint items 500 pounds and below. Benefits are derived from saving 1,534 DLH currently used to paint items and reducing the maintenance cost of the equipment by 30%. The productivity enhancement project's BIR is 2.02 and the project will pay for itself in under 6 years.

FY2007

Caustic Cleaning System (Replacement, Barstow) - $0.745M. Procurement specifications are currently being developed to acquire the asset in FY2007. The status quo equipment being replaced is over 30 years old. Workload includes 3,744 hrs/yr to clean surfaces by removing dirt, grease, corrosion, etc. Benefits are derived from reducing the time to clean by 624 hrs/yr. This replacement project's BIR is 1.01 and will pay for itself in under 10 years.

TOW Field Test Set (Replacement, Barstow) - $0.862M. Procurement specifications are currently being developed to acquire the asset in FY2007. Work is currently being accomplished using status quo equipment, which is 20 years old and is no longer supported by the Army and/or supply system. Workload for the status quo requires 4680 labor hours yearly. The alternative method requires 2340 labor hours yearly, which represents a savings of 50%. This replacement project’s BIR = 1.25 and has an invest- ment cost of $0.862M.

New Chassis Dynamometer (Replacement, Albany) - $0.700M. This project replaces the status quo dynamometer that is no longer supported because its manufacturer is out of business. The dynamometer is required to maintain current repair processes and qualifications for refirbished items. Workload consists of 372 DLH to perform a variety of tests on a variety of end items. Benefits are derived from avoiding the requirement to contract for these services if the status quo is not replaced. The replacement project's BIR is 1.80 and the project will pay for itself in under 6 years.

DMAG FY 2006/2007 President's Budget Submission				A. Budget Submission								
(Dollars in Thousands)				FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005								
B. Component/Business Area/Date Marine Corps Depot Maintenance/ January 2005				C. Line# and Description 4/ Equipment (=>$0.250 and <$0.500)				D. Activity Identification MC Depots Albany, GA and Barstow, CA				
	FY 2004 Actual			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	3		1.032	1		0.400						

Narrative Justification:

FY 2004 Actual

Water Jet Machining Center (Productivity, Barstow) - $.0382M.

General Hone Machine (Replacement, Barstow) - $0.248M.
Non-destructive Test Upgrade (Replacement, Albany) - $0.402M.

FY 2005

Rotoblast Machine (Replacement, Albany) - $0.400M. Procurement specifications are currently being developed to acquire the asset in FY2005. The cost to rebuild the status quo machine is 100% the cost of a replacement machine over 10 years. Workload includes all small arms parts that require blasting to clean and remove oil/grease. Benefits are derived from increased efficiency of the replacement machine reduced down time due to the age of the status quo. The replacement project's BIR is 1.20 and the investment cost is $0.400M.

FY 2006 No Projects

FY 2007 No Projects

DMAG FY 2006/2007 President's Budget Submission				A. Budget Submission								
(Dollars in Thousands)				FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005								
B. Component/Business Area/Date Marine Corps Depot Maintenance/ January 2005				C. Line# and Description 5/ Equipment (=>$0.100 and =<$0.250)				D. Activity Identification MC Depots Albany, GA and Barstow, CA				
	FY 2004 Actual			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	3		0.359	2		0.329				1		0.109

Narrative Justification:

FY 2004 Actual

Rotoblast Machine (Replacement, Albany) - $0.111M.
Valve Seat & Guide Machine (Replacement, MCB) - $146K.
Universal Measuring System (Productivity, MCB) - $102K.

FY 2005 No Projects

CNC Slant Bed Lathe (Replacement, Barstow) - $0.154M. Substitute project reprogrammed into FY 2005. This project will replace a 22 year old machine. Workload includes 2,340 hrs/yr to fabricate plugs, spacers, bosses, and washers. Benefits are derived from reducing 1,300 hrs/yr the workload to fabricate parts. The replacement project's BIR is 3.91 and will pay for itself in about 2 years.

Hydraulic Test Bench (Replacement, Barstow) - $0.175M. Substitute project reprogrammed into FY 2005. Procurement specifications are currently being developed to acquire the asset in FY2005. This project will replace a 12 year old machine. Workload includes 2,340 hrs/yr to test hydraulic components of end items being repaired. Benefits are derived from saving 1,560 hrs/yr workload to fabricate parts. The replacement project's BIR is 8.73 and will pay for itself in less than one year.

FY 2006 No Projects

FY 2007 Estimate

IR Target Projector (Replacement, Barstow) - $0.109M. Procurement specifications are currently being developed to acquire the asset in FY2007.Work is currently accomplished using status quo equipment, which is 15 years old and the company who supplies the parts and software, is no longer in business. Workload for the status quo requires 2340 labor hours yearly. The alternative method requires 1170 labor hours yearly, which represents a savings of 50%. This replacement project’s BIR = 5.01 and has an investment cost of $0.109M.

DMAG FY 2006/2007 President's Budget Submission						A. Budget Submission					
(Dollars in Thousands)						FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Marine Corps Depot Maintenance/ January 2005				C. Line# and Description 7/ Minor Construction (=>$0.250M and =< $0.750M)			D. Activity Identification MC Depots Albany, GA and Barstow, CA					
	FY 2004 Actual			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	4		2.490	2		1.200						

Narrative Justification:

FY 2004 Actual

Facility Engine/Transmission Test (Productivity, Albany) - $0.718M.
Drying Booths for Paint (Replacement, Albany) - $0.707M.
Prep & Paint Building (Productivity, Albany) - $0.715M.
Floor Recovery System (Productivity, Barstow) - $0.350M.

FY2005

35 Ton Crane For Annex (2ea) (Productivity, Albany) - 0.745 Procurement specifications are currently being developed to acquire the asset in FY2005. This project will reutilize space freed by the installation of two paint booths. Workload includes the disassemble of AAV, LAV, trucks, and MK48 for combined 28 vehicles per month. Benefits are derived from the process change of removing the disassembly area from the main craneway where maintenance and reassembly of vehicles occur. The productivity enhancement project's BIR = 2.04 and will pay for itself in under nine years.

Lead-Line Bld 2700 Walls (Environmental, MCA) - 0.455 The RADIAC building is used to calibrate and repair equipment that detects ionizing radiation (geiger counters) and uses cesium as a calibration source. The Cesium source (Cs-137) is used in an Open Air Gamma calibration range. A limit to ionizing radiation is mandated to protect "members of the public" from overexposure (must not exceed 2mR/hr). Prevention of exposure to the public is mandated by the Code of Federal Regulations (CFR Title 10 (10CFR),CFR Title 29 (29CFR), CFR Title 40 (40CFR), CFR Title 49 (49CFR), the US Navy Safety Radiation Program, RAD -010 Radiological Affairs Support Program Manual, and Naval Radioactive Material Permit (NRMP) 10-67004-C1NP. This project does not require an economic analysis.

DMAG FY 2006/2007 President's Budget Submission				A. Budget Submission								
(Dollars in Thousands)				FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005								
B. Component/Business Area/Date Marine Corps Depot Maintenance/ January 2005				C. Line# and Description $0.750M)			D. Activity Identification MC Depots Albany, GA and Barstow, CA					
	FY 2004 Actual			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP							1		0.745	3		2.245

Narrative Justification:

FY2006

Install New Concrete Hardstand (Productivity, Albany) - 0.745 The hardstand will provide a secure place to stage vehicles and equipment arriving for repair and maintenance. Workload has increased due to implementation of best business practices and increasing end item quantities forcasted in production work schedules. Since the status quo location of staging is about 1 mile round trip to the disassembly point, benefits will be derived from saving the time and labor to transport items over this distance to disassemble. The productivity enhancement project's BIR = 1.50 and will pay for itself in under 12 years.

FY2007

Material Handling Equip Facility (Productivity, Barstow) - 0.750 Procurement specifications are currently being developed to acquire the asset in FY2007. This project will provide material handling functions for the Maintenance Center and other divisions and railhead. Workload includes the handling of materials, equipment, fuel, rigging, vehicles, and preventive maintenance. Benefits are derived from the reductions in facility maintenance, materials, utilities, and associated loss of production due to down time. The productivity enhancement project's BIR = 3.34 and will pay for itself in under six years.

Building For Composites (Productivity, Albany) - 0.745 The project will provide space to apply composite materials to equipment using matrix composition, honeycomb wafer construction,, or sprayed materials such as water module insulation material. Workload consists of 2.920 DLH to repair the new MTVR 7-Ton Truck, with composite hood and doors, and a variety of other equipments that utilize the previously mentioned materials. Benefits are about $220K savings per year from building the facility over leasing/contracting out the services. The productivity enhancement project's BIR = 4.40 and will pay for itself in under 4 years.

Construct 8000sqft Building (Productivity, Albany) - 0.750 This building will be used to kit repair parts and stage/store kits for scheduled workload for repair. Workload includes 4,000 DLH by expediters and material handlers to obtain and handle parts required for repair. Benefits are derived from the time saved by providing the parts in pre assemabled kits. The productivity enhancement project's BIR = 2.01 and will pay for itself in under 9 years.

DMAG FY 2006/2007 President's Budget Submission				A. Budget Submission								
(Dollars in Thousands)				FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005								
B. Component/Business Area/Date Marine Corps Depot Maintenance/ January 2005				C. Line# and Description 8/ Minor Construction (=>$0.100M and =< $0.250M)				D. Activity Identification MC Depots Albany, GA and Barstow, CA				
	FY 2004 Actual			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP				1		0.200						

Narrative Justification:

FY2005

Remote Controls for Cranes (Environmental/Safety, Albany) - 0.200 Procurement specifications are currently being developed to acquire the asset in FY2005. The present 75 ton and two 30 ton cranes are man operated cranes used to move armored track and wheeled vehicles in the main crane way areas on the assembly lines. The cranes are critical to the mission of the Maintenance Center to support the Fleet Marine Forces and other designated forces. If a crane operator becomes incapacitated while a load is suspended or otherwise, the remote controls would allow the crane to be controlled from the ground. The crane could be brought to a safe access area to rescue the operator quickly and release the load safely. The pertinent regulations include Code of Federal Regulations (CFR) Title 29 (29 CFR).

DMAG FY 2006/2007 President's Budget Submission				A. Budget Submission								
(Dollars in Thousands)				FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES - FEBRUARY 2005								
B. Component/Business Area/Date Marine Corps Depot Maintenance/ January 2005				C. Line# and Description 9/ Software Development			D. Activity Identification MC Depots Albany, GA and Barstow, CA					
	FY 2004 Actual			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP												

Narrative Justification:

No Projects

Navy Working Capital Fund
Marine Corps Depot Maintenance
FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES
Feb-05
(Dollars in Millions)

FY 2004 BUDGET ACTUAL

FY	Approved Project	Reprogs	Approved Project Cost	Current Project Cost	Asset/ Deficiency	Explanation
	Equipment except ADPE and TELECOM					
2004	Floor Reclaim System (MCB)	(0.276)	0.276	0.000	0.276	Productivity
2004	Rotoblast Machine (MCA)	(0.239)	0.350	0.111	0.239	Replacement
2004	NDT Upgrade (MCA)	0.152	0.250	0.402	(0.152)	Replacement
2004	750HP Dynamometer (MCA)	(0.150)	0.150	0.000	0.150	New Mission
2004	Waterjet Machining Center (MCB)	0.382	0.000	0.382	(0.382)	Reprogrammed New Substitute; Productivity
2004	Universal Measuring System (MCB)	0.102	0.000	0.102	(0.102)	Productivity; Moved to FY05
2004	Valve Seat and Guide Machine (MCB)	0.146	0.000	0.146	(0.146)	Replacement; Moved to FY05
2004	General Hone Machine (MCB)	0.248	0.000	0.248	(0.248)	Replacement; Moved to FY05
2004	Robotic Painting System (MCB)	(1.405)	1.405	0.000	1.405	Replacement; Moved to FY05
2004	NAVCOMP CONTROL ADJUSTMENT (9/17/03)		(1.005)	0.000	(1.005)	
2004	NAVCOMP CONTROL ADJUSTMENT (Dec04)		(0.035)	0.000	(0.035)	
	Subtotal Equipment	**(1.040)**	**1.391**	**1.391**	**(0.000)**	
	Equipment - ADPE and TELECOM		**No Projects**			
	Subtotal Equip - ADPE and TELECOM		**0.000**	**0.000**	**0.000**	
	Software Development		**No Projects**			
	Subtotal Software		**0.000**	**0.000**	**0.000**	
	Minor Construction					
2004	Floor Recovery System (MCB)	0.350	0.000	0.350	(0.350)	Productivity
2004	Fiberglass Repair Facility (MCB)	0.000	0.000	0.000	0.000	From FY03; Productivity
2004	Blast Room Enclosure (MCB)	(0.291)	0.291	0.000	0.291	Moved to FY 03, Approved; Productivity
2004	Facility Trans/Engine Dyno (MCA)	0.118	0.600	0.718	(0.118)	Productivity
2004	Head/Emp Breakroom Paint Booth (MCA)	(0.150)	0.150	0.000	0.150	Cancelled in entirety by MCA; Productivity
2004	Facility Prep/Storage w/Dehumidi (MCA)	(0.500)	0.500	0.000	0.500	Cancelled in entirety by MCA; Productivity
2004	Drying Booths for Paint (MCA)	0.707	0.000	0.707	(0.707)	From FY05; Replacement
2004	Paint Building (MCA)	0.715	0.000	0.715	(0.715)	Reprogrammed New Substitute for FY04; Productivity
2004	NAVCOMP CONTROL ADJUSTMENT (9/17/03)		0.973	0.000	0.973	
2004	NAVCOMP CONTROL ADJUSTMENT (Dec04)		(0.024)	0.000	(0.024)	
	Sub-total Minor Construction	**0.949**	**2.490**	**2.490**	**0.000**	
	FY 2004 Actual	**(0.091)**	**3.881**	**3.881**	**(0.000)**	FY 2004 original $3.972M CPP reduced by $91K as a result from reprogramming and FY04 project actual obligations.

Navy Working Capital Fund
Marine Corps Depot Maintenance
FISCAL YEAR (FY) 2006/2007 BUDGET ESTIMATES
Feb-05
(Dollars in Millions)

FY 2005 BUDGET ESTIMATE

FY	Approved Project	Reprogs	Approved Project Cost	Current Project Cost	Asset/ Deficiency	Explanation
	Equipment except ADPE and TELECOM					
2005	Vertical Band Saw (MCB)	(0.105)	0.105	0.000	0.105	Reprogram To FY03 Approved; Replacement
2005	Rotoblast Machine (MCA)		0.400	0.400	0.000	Replacement
2005	CNC Milling Machine (MCA)	(0.175)	0.175	0.000	0.175	Cancelled; Replacement
2005	Robotic Painting System (MCB)		0.000	0.000	0.000	Cancelled; From FY04 to FY05 to FY06; Replacement
2005	Dyno Transmission (MCA)		0.950	0.950	0.000	Productivity
2005	Dynamometer Engine (MCA)	(0.950)	0.950	0.000	0.950	Cancelled; Productivity
2005	CNC Slant Bed Lathe (MCB)	0.154	0.000	0.154	(0.154)	Substitute Project; Replacement
2005	Hydraulic Test Bench (MCB)	0.175	0.000	0.175	(0.175)	Substitute Project; Replacement
2006	Paint Booth & Air Handling Equip (MCB)		0.000	1.025	(1.025)	Productivity
2005	Caustic Cleaning System (MCB)	0.745	0.000	0.000	0.000	Moved to FY07; Replacement
2005	NAVCOMP CONTROL ADJUSTMENT (9/17/03)		1.125	0.000	1.125	
	Subtotal Equipment	**(0.156)**	**3.705**	**2.704**	**1.001**	
	Equipment - ADPE and TELECOM					
2005	Circuit Card Tester (MCB)	0.176	0.000	0.000	0.000	Moved to FY08; Productivity
2005	Memory Module Programmer (MCB)	0.138	0.000	0.000	0.000	Moved to FY08; Replacement
2005	8 Way Server (MCB)	(0.399)	0.399	0.000	0.399	Reprogram from FY05 Approved; Replacement
2005	NAVCOMP CONTROL ADJUSTMENT (9/17/03)		(0.399)	0.000	(0.399)	
	Subtotal Equip - ADPE and TELECOM	**(0.085)**	**0.000**	**0.000**	**0.000**	
	Software Development		**No Projects**			
	Subtotal Software		**0.000**	**0.000**	**0.000**	
	Minor Construction					
2005	Body ShopUpgrades (MCA)	(0.450)	0.450	0.000	0.450	Cancelled; Productivity
2005	Drying Booths for Paint (MCA)	(0.749)	0.749	0.000	0.749	Cancelled; To FY04; Replacement
2005	35 Ton Cranes (2ea) for Annex (MCA)	0.745	0.000	0.745	(0.745)	Substitute Project; Productivity
2005	Remote Controls for Cranes (MCA)	0.200	0.000	0.200	(0.200)	Substitute Project; Environmental; Safety Requirement
2005	Lead-Line Bld 2700 Walls (MCA)	0.455	0.000	0.455	(0.455)	Substitute Project; Environmental; Safety Requirement
2005	NAVCOMP CONTROL ADJUSTMENT (9/17/03)		(0.749)	0.000	(0.749)	
	Sub-total Minor Construction	**0.201**	**0.450**	**1.400**	**(0.950)**	
	FY 2005 Estimate	**(0.040)**	**4.155**	**4.104**	**0.051**	NAVCOMP previously reduced program by $23K as a result from reprogramming in FY03. Further expected reduction of $17K for FY04 reprogramming equals a total $40K reduction to the program.

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR FY 2006/2007 BUDGET SUBMISSION
(Dollars in Millions)
February 2005
Fiscal Year 2004

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP	50.8	0.0	50.8	0.0
Purchases				
A. Purchases to Support Customer Orders	152.5	0.0	152.5	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	152.5	0.0	152.5	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	128.8	0.0	128.8	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	137.8	0.0	137.8	0.0
Material Inventory EOP*	74.5	0.0	74.5	0.0

*Inventory (DBC 1400) less Work In Process (DBC 1414)

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR FY 2006/2007 BUDGET SUBMISSION
February 2005
(Dollars in Millions)
Fiscal Year 2005

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	74.5	0.0	74.5	0.0
Purchases				
A. Purchases to Support Customer Orders	90.1	0.0	90.1	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	90.1	0.0	90.1	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	102.4	0.0	102.4	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	102.4	0.0	102.4	0.0
Material Inventory EOP*	62.2	0.0	62.2	0.0

*Inventory (DBC 1400) less Work In Process (DBC 1414)

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR FY 2006/2007 BUDGET SUBMISSION
February 2005
(Dollars in Millions)
Fiscal Year 2006

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	62.2	0.0	62.2	0.0
Purchases				
A. Purchases to Support Customer Orders	86.4	0.0	86.4	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	86.4	0.0	86.4	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	89.1	0.0	89.1	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	89.1	0.0	89.1	0.0
Material Inventory EOP*	59.5	0.0	59.5	0.0

*Inventory (DBC 1400) less Work In Process (DBC 1414)

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR FY 2006/2007 BUDGET SUBMISSION
February 2005
(Dollars in Millions)
Fiscal Year 2007

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	59.5	0.0	59.5	0.0
Purchases				
A. Purchases to Support Customer Orders	67.8	0.0	67.8	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+)				
Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	67.8	0.0	67.8	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	69.6	0.0	69.6	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	69.6	0.0	69.6	0.0
Material Inventory EOP*	57.8	0.0	57.8	0.0

*Inventory (DBC 1400) less Work In Process (DBC 1414)

Naval Air Warfare Center

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operations
NAVAL AIR WARFARE CENTER (NAWC)
Date: February 2005

Mission Statement

The Naval Air Warfare Center (NAWC) is a major business unit within the Naval Air Systems Command (NAVAIR). The NAVAIR TEAM working with industry and other governmental agencies on behalf of the fleet, develops, tests, delivers and supports products and provides related services throughout the life cycle including:

- Carrier and other air capable ship based aircraft and systems
- Integrated air anti-submarine warfare/anti-surface warfare mission systems
- Marine expeditionary forces aviation systems
- Maritime air launched and strike weapons
- Training systems for aircrew and maintenance personnel

We support the broad TEAM mission in the areas of Aircraft systems and air-platform interface Research, Development,Testing & Evaluation (RDT&E), air warfare weapons systems, and engineering and fleet support. The NAWC mission is to remain the Navy's principal RDT&E, engineering, and Fleet support activity for naval aircraft engines, avionics, aircraft support systems and ship/shore/air operations. The mission also includes the acquisition and in-service support of manned and unmanned air vehicles (UAVs) and air operations ashore and afloat. In addition, the NAWC is the Navy's full spectrum RDT&E in-service engineering center for air warfare weapons systems (except antisubmarine warfare systems) missiles and missile subsystems, aircraft weapons integration, and assigned airborne electronic warfare systems. The scope of the mission includes maintenance and operation of certain test ranges.

Financial Highlights/Assumptions:

- Beginning in FY2006, NAWC has incorporated Sea Enterprise Efficiency (Intelligent Target) Savings attributable to the establishment of Lead Centers with shared services in the Corporate Operations and Comptroller organizations. This restructuring will enable realization of significant benefits by reducing overhead cost with minimal risk to customers or mission. Additionally, costs have been reduced for direct efficiencies as well as indirect savings associated with contracts management.

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operations
NAVAL AIR WARFARE CENTER (NAWC)
Date: February 2005

Budget Highlights

1. Workload Profile:

	FY 2004	FY 2005	FY 2006	FY 2007
Orders Received ($ in millions)	$2,830.0	$2,718.3	$2,949.0	$2,833.3
Direct Labor Hours (DLHs) (thousands)	14,886.5	15,285.7	14,854.9	14,466.8

FY 2005/2006/2007 orders represent known workload. NAWC workload is approximately 63% non-labor. Increases in laboratory utilization, aircraft operations, hardware for new starts, etc. result in increased orders not associated with the size of the workforce. The change in DLHs is the result of implementing Intelligent Target savings, Value Stream Management and Six SIGMA.

2. Financial Profile: ($ in millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	$3,116.8	$2,817.9	$2,915.9	$2,909.6
Cost Of Goods Sold	$3,109.6	$2,794.1	$2,921.3	$2,909.6
Revenue Less Expense	$7.2	$23.9	$-5.4	$0
Surcharge	$.5	$0	$0	$0
Net Operating Results (NOR)	$6.7	$23.9	$-5.4	$0
Other Adjustments	$0	$0	$0	$0
AOR	$-18.4	$5.4	$0	$0

Revenue and cost of goods sold data are in alignment with anticipated orders. AOR is projected to be $0 by the end of FY 2006.

3. Stabilized Rates:

	FY 2005	FY 2006	FY 2007
Stabilized Rates	$89.53	$89.69	$93.97
Rate Change		.18%	4.77%
Composite Rate Change		1.40%	2.99%

Rates for FY 2006 reflect the implementation of various efficiency initiatives. FY 2007 reflects adjustments for pay raises and inflation, normalizing from the negative operating result budgeted in FY 2006, and the impact of a reduction in workload in FY.

4. Staffing Profile:

	FY 2004	FY 2005	FY 2006	FY 2007
Civilian E/S	10,398	10,337	9,700	9,700
Civilian W/Ys	10,319	10,290	9,934	9,671
Military E/S	209	228	227	227
Officers	64	95	94	94
Enlisted	145	133	133	133
Military W/Y	160	169	153	153

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Narrative Summary of Operations
NAVAL AIR WARFARE CENTER (NAWC)
Date: February 2005

Civilian End Strength and Work Years decreases reflect the implementation of various efficiency initiatives. Military changes from FY 2004 to FY 2005 are due to workload adjustments.

5. Indirect Ratio: ($ in millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Total Indirect Costs (a)	$367.7	$294.6	$285.6	$293.6
Total Direct Costs (b)	$2,518.0	$2,499.5	$2,635.7	$2,616.0
Indirect Ratio (a)/(b)	14.6%	11.8%	10.8%	11.2%

The improvement in the indirect ratio is a reflection of efficiencies implemented.

6. Capital Investment Program (CIP): ($ in millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Equipment	$11.2	$20.8	$20.1	$21.8
Minor Construction	$3.5	$4.6	$6.7	$5.8
ADP/Telecommunications	$10.0	$11.7	$10.3	$6.6
Software	$15.0	$0	$.7	$.4
TOTAL	$39.7	$37.1	$37.8	$34.6

Changes in the CIP are consistent with budgeted depreciation expense based on items ending depreciation. However, the reduction in software authority after FY 2004 is due to the completion of the pilot stage of the Navy's Enterprise Resource Planning System at NAWC.

7. Net Outlays: ($ in millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Disbursements	$2,723.2	$2,852.0	$2,885.6	$2,884.8
Collections	$3,042.0	$2,834.4	$2,876.9	$2,881.5
Net Outlays (Disb-Coll)	$-318.8	$17.7	$8.7	$3.3

Changes in net outlays are consistent with budgeted revenue and expense fluctuations. The net outlays in FY 2004 reflect $203.9M of delayed collections that apply to FY 2003 revenue.

8. Performance Indicators:

Unit Cost and Direct Labor Hours

	FY 2004	FY 2005	FY 2006	FY 2007
Cost Per Direct Labor Hour ($ in millions)	$1,198.6	$1,166.7	$1,151.5	$1,157.1
Direct Labor Hours (DLH) (in millions)	14.887	15.286	14.855	14.467
Unit Cost	$80.52	$76.32	$77.52	$79.98
% Change Workload/DLHs		2.68%	-2.82%	-2.61%
% Change Unit Cost		-5.22%	1.57%	3.17%

The reduction in unit costs reflect the implementation of Intelligent Targets.

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
NAWCDIV / TOTAL

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	3,034.6	2,780.8	2,878.1	2,874.9
Surcharges	.5	.0	.0	.0
Depreciation excluding Major Constructio	81.7	37.1	37.8	34.6
Other Income				
Total Income	3,116.8	2,817.9	2,915.9	2,909.6
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	9.8	9.5	8.1	8.3
Civilian Personnel	1,018.2	1,052.7	1,042.4	1,041.2
Travel and Transportation of Personnel	61.0	59.3	60.0	60.6
Material & Supplies (Internal Operations	284.0	262.7	272.7	278.8
Equipment	22.7	14.0	14.5	14.8
Other Purchases from NWCF	49.7	91.5	94.8	95.9
Transportation of Things	3.9	1.7	1.8	1.8
Depreciation - Capital	81.7	37.1	37.8	34.6
Printing and Reproduction	1.1	.4	.4	.4
Advisory and Assistance Services	69.0	18.3	18.7	19.1
Rent, Communication & Utilities	58.9	43.5	44.2	45.1
Other Purchased Services	1,225.8	1,203.2	1,325.8	1,308.9
Total Expenses	2,885.8	2,794.1	2,921.3	2,909.6
Work in Process Adjustment	223.9	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	3,109.6	2,794.1	2,921.3	2,909.6
Operating Result	7.1	23.9	-5.4	.0
Less Surcharges	-.5	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	6.7	23.9	-5.4	.0
Other Changes Affecting AOR	-.6	.0	.0	.0
Accumulated Operating Result	-18.4	5.4	.0	.0

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
INDUSTRIAL BUDGET INFORMATION SYSTEM
NAWCDIV / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	2,830	2,718	2,949	2,833
a. Orders from DoD Components	2,575	2,472	2,701	2,581
Department of the Navy	2,134	2,070	2,294	2,167
O & M, Navy	536	449	465	425
O & M, Marine Corps	2	3	3	3
O & M, Navy Reserve	4	0	0	0
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	410	411	462	395
Weapons Procurement, Navy	46	47	51	49
Ammunition Procurement, Navy/MC	15	13	13	13
Shipbuilding & Conversion, Navy	85	57	64	61
Other Procurement, Navy	79	79	100	112
Procurement, Marine Corps	4	0	1	0
Family Housing, Navy/MC	5	0	0	0
Research, Dev., Test, & Eval., Navy	949	1,009	1,133	1,106
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	0	1	2	2
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	70	71	75	77
Army Operation & Maintenance	13	10	11	12
Army Res, Dev, Test, Eval	13	14	15	14
Army Procurement	28	31	33	34
Army Other	16	15	16	17
Department of the Air Force	144	135	131	131
Air Force Operation & Maintenance	32	23	24	25
Air Force Res, Dev, Test, Eval	53	44	40	40
Air Force Procurement	64	67	67	66
Air Force Other	-5	0	0	0
DOD Appropriation Accounts	227	197	201	207
Base Closure & Realignment	-8	0	0	0
Operation & Maintenance Accounts	47	59	62	65
Res, Dev, Test & Eval Accounts	76	61	62	64
Procurement Accounts	98	60	60	62
Defense Emergency Relief Fund	-2	0	0	0
DOD Other	16	17	18	16
b. Orders from other WCF Activity Groups	99	81	83	75
c. Total DoD	2,674	2,554	2,784	2,656
d. Other Orders	156	165	165	177
Other Federal Agencies	42	33	34	33
Foreign Military Sales	85	101	98	108
Non Federal Agencies	29	31	34	36
2. Carry-In Orders	1,685	1,439	1,339	1,372
3. Total Gross Orders	4,515	4,157	4,288	4,205
a. Funded Carry-Over before Exclusions	1,439	1,339	1,372	1,296
b. Total Gross Sales	3,076	2,818	2,916	2,910
4. End of Year Work-In-Process (-)	-139	-119	-117	-120
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-191	-222	-161	-150
6. Net Funded Carryover	1,109	998	1,093	1,026

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Changes in Cost of Operations
Activity: NAWC
Date: February 2005

			($ in Millions)
1.	**FY 2004 Actuals**		**2,885.8**
2.	**FY 2005 President's Budget**		**2,137.5**
3.	**Pricing Adjustments**		**14.2**
	FY 2005 Pay Raise		
	1. Civilian Personnel	14.2	
	2. Military Personnel	0.0	
	Stock Fund - Fuel	0.0	
	Stock Fund - Nonfuel	0.0	
	Industrial Fund Purchases	0.0	
	General Purchases Inflation	0.0	
4.	**Productivity Initiatives & Other Efficiencies**		**(14.2)**
	1. ERP Efficiency Savings	0.0	
	2. Other Efficiencies	(14.2)	
5.	**Program Changes**	**646.8**	**646.8**
	1. Change in Direct Labor Hours	51.2	
	2. Non-Stabilized Reimbursable Workload	543.9	
	3. MRTFB Customers	10.5	
	4. Non-DoD Customers	43.0	
	5. Other	(1.8)	
6.	**Other Changes**	**9.8**	**9.8**
	1. Labor acceleration	5.3	
	2. Regional Shore Installation Infrastructure	3.8	
	3. Other	0.7	
7.	**FY 2005 Current Estimate**		**2,794.1**

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Changes in Cost of Operations
Activity: NAWC
Date: February 2005

			($ in Millions)
8.	**FY 2005 Current Estimate**		**2,794.1**
9.	**Pricing Adjustments**		**63.0**
	Annualization of Prior Year Pay Raises	9.9	
	1. Civilian Personnel	9.8	
	2. Military Personnel	.1	
	FY 2006 Pay Raise	18.8	
	1. Civilian Personnel	18.5	
	2. Military Personnel	.2	
	Stock Fund - Fuel	3.2	
	Stock Fund - Nonfuel	(.7)	
	Industrial Fund Purchases	2.6	
	General Purchases Inflation	29.2	
10.	**Productivity Initiatives & Other Efficiencies**	**(104.0)**	**(104.0)**
	1. Workforce Shaping and Intelligent Targets	(84.1)	
	2. Indirect Efficiencies	(19.9)	
11.	**Program Changes**	**168.9**	**168.9**
	1. Change in Direct Labor Hours	(39.2)	
	2. Non-Stabilized Reimbursable Workload	200.7	
	3. MRTFB Customers	7.4	
	4. Non-DoD Customers	3.7	
	5. Other	(3.8)	
12.	**Other Changes**	**(0.6)**	**(0.6)**
13.	**FY 2006 Current Estimate**		**2,921.3**

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Navy Working Capital Fund
Changes in Cost of Operations
Activity: NAWC
Date: February 2005

			($ in Millions)
14.	**FY 2006 Current Estimate**		**2,921.3**
15.	**Pricing Adjustments**		**61.6**
	Annualization of Prior Year Pay Raises	6.8	
	1. Civilian Personnel	6.8	
	2. Military Personnel	.1	
	FY 2007 Pay Raise	18.6	
	1. Civilian Personnel	18.4	
	2. Military Personnel	.2	
	Stock Fund - Fuel	.0	
	Stock Fund - Nonfuel	.7	
	Industrial Fund Purchases	2.1	
	General Purchases Inflation	33.4	
16.	**Productivity Initiatives & Other Efficiencies**	**(79.9)**	**(79.9)**
	1. Workforce Shaping and Intelligent Targets	(79.9)	
17.	**Program Changes**	**8.2**	**8.2**
	1. Change in Direct Labor Hours	(40.9)	
	2. Non-Stabilized Reimbursable Workload	67.3	
	3. MRTFB Customers	(3.9)	
	4. Non-DoD Customers	(11.9)	
	5. Other	(2.5)	
18.	**Other Changes**	**(1.6)**	**(1.6)**
	1. Depreciation	(1.4)	
	2. Oracle Software Cost	(.2)	
19.	**FY 2007 Current Estimate**		**2,909.6**

FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
($ in Millions)

ITEM LINE #	ITEM DESCRIPTION	FY 2004 QTY	FY 2004 TOTAL COST	FY 2005 QTY	FY 2005 TOTAL COST	FY 2006 QTY	FY 2006 TOTAL COST	FY 2007 QTY	FY 2007 TOTAL COST
	1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>$1M)								
	Replacement								
4 WD 4 EL 4444 P R	COLLATERAL EQUIPMENT FOR MILCON P-453	1	1.000	1	.639	1	1.100		
4 WD 5 EL 5555 P R	ADVANCED FIBER OPTIC APPLIC'NS LAB			1	1.125				
4 AB 5 EL 481M P R	TC13-2 CATAPULT ELECTRICAL CONTROL SYSTEM OVERHAUL			1	.683	1	1.164		
4 AB 6 EL 48MK P R	CABLE CONVEYOR SYSTEM					1	.325	1	1.375
4 AB 7 EL 48L0 P R	MARK 7 JBD HYDRAULIC SYSTEM							1	1.175
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>$1M)	1	1.000	3	2.447	3	2.589	2	2.550
NN EU 0000	**1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<$1M)**	24	10.197	46	18.383	39	17.540	50	19.273
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	25	11.197	49	20.830	42	20.129	52	21.823
NN MC 0000	**3. MINOR CONSTRUCTION**	6	3.523	9	4.630	11	6.665	11	5.825
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM	31	14.720	58	25.460	53	26.794	63	27.648
	1a. ADP & TELECOMMUNICATIONS EQUIPMENT (>$1M)								
	Computer Hardware (Production)								
	Telecommunications								
7 WD 4 TL 4448 G R	RDT&E NETWORK	1	1.970	1	.165				
4 AA 4 KL 4K6A P N	H-60 FORCENET/NCW SUPPORT	1	.843	1	1.132				
4 AA 4 KL 40XA P N	NCW CE	1	.732	1	1.117				
7 AA 5 KL 723C G P	CORPORATE LEGACY SUN/NT CONSOLIDATION			1	1.250				
4 AA 5 KL 413C P N	UCAV HFE SUPPORT			1	1.112				
5 WD 6 TL 6014 G R	EMERGING THREATS LABORATORY					1	1.025	1	.395
7 AA 6 TL 724A G P	RDT&E FIBER PLANT EXTENSION					1	1.200		
7 AB 7 TL 724B G P	FIBER OPTIC EXPANSION							1	1.505
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>$1M)	3	3.545	5	4.776	2	2.225	2	1.900
NN KU 0000	**1b. ADPE & TELECOMMUNICATIONS (<$1M)**	13	6.479	12	6.886	12	8.115	8	4.662
	2. TOTAL ADPE & TELECOMMUNICATIONS	16	10.024	17	11.662	14	10.340	10	6.562
	3a. SOFTWARE DEVELOPMENT (>$1M)								
	Externally Developed								
NN DL 0001	ENTERPRISE RESOURCE PLANNING (ERP)	2	14.995						
	SUBTOTAL SOFTWARE DEVELOPMENT (>$1M)	2	14.995						
NN DU 0000	**3b. SOFTWARE DEVELOPMENT (<$1M)**		.000		.000	1	.655	2	.439
	3. TOTAL SOFTWARE DEVELOPMENT	2	14.995			1	.655	2	.439
	TOTAL ADP CAPITAL PURCHASES PROGRAM	18	25.019	17	11.662	15	10.995	12	7.001
	TOTAL CAPITAL PURCHASES PROGRAM	49	39.739	75	37.122	68	37.789	75	34.649
	TOTAL CAPITAL OUTLAYS		20.136		31.759		34.915		34.351
	TOTAL DEPRECIATION EXPENSE		41.199		37.122		37.789		34.649

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development						C. COLLATERAL EQUIPMENT FOR MILCON P-453 (FY06)				4WD1EL4444PR		CHINA LAKE
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	1,000	1,000	1	639	639	1	1,100	1,100			0
OPERATIONAL DATE	1-Sep-06											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$948,125	$0	$948,125
AVERAGE ANNUAL SAVINGS (Discounted)	$582,582	$0	$582,582
PAYBACK PERIOD	3.6	#DIV/0!	3.6
RATE OF RETURN (ROR)	21%	0%	21%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
This project completes the required funding to make P-453 a complete and usable facility. This phase of the process purchases and installs technical equipment needed in the Product Quality Lab.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
Currently the equipment being used in the Product Quality Lab is approximately 40 years old. It is rapidly reaching the end of its useful life and needs to be updated where possible or replaced if upgrades are not available or economically unfeasible. This project will allow for the modernization of some equipment, by providing new sensors and data acquisition hardware. The project purchases Digital Microscopes, provides new data acquisition and control equipment for the environmental ovens, as well as provides some minor lab items/equipment (balance tables, minor technical safety equipment). It will also purchase and install an updated data acquisition system for the Tinius Olson stress tester. Additionally, it will provide the hardware/connection between the point where the data is generated at the test apparatus, and the office spaces where the analysis takes place. It also purchases and installs large environmentally controlled chemical storage lockers needed to support this function.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
The only alternative is to try and limp along with equipment that is obsolete. This will result in higher maintenance costs, and possible loss of testing capabilities and unreliable test data. Eventually the equipment must be replaced. Delaying replacement will result in a higher cost in the future.

4. IMPACT IF NOT ACQUIRED.
Increasing maintenance costs to keeping the outdated equipment operational. The Product Quality Lab will not be able to keep pace with the current technology, resulting in the possible loss of work, and higher costs to the customers if they have the required tests performed off station. This will also potentially result in not having a complete and usable facility.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT
Not applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development				C. ADVANCED FIBER OPTIC APPLICATIONS LABORATORY 4WD5EL5555PR						D. NAWCWD		
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0	1	1,125	1,125			0			0

OPERATIONAL DATE	1-Apr-07		
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$322,000	$0	$322,000
AVERAGE ANNUAL SAVINGS (Discounted)	$197,855	$0	$197,855
PAYBACK PERIOD	4.5	#DIV/0!	4.5
RATE OF RETURN (ROR)	18%	0%	18%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

REQUESTED AMOUNT FOR CPP.

1. DESCRIPTION & PURPOSE OF PROJECT.

Recent advancements in the low cost manufacturing process of Fiber Optic components has allowed the development of novel sensors and signal processors, based upon fiber optic technology, that will be used in the Navy. Examples of such systems are fiber optics chemical sensor, fiber optics gyroscope, fiber optics Radio Frequency (RF) delay line, and low loss-high bandwidth cables and links for RF signal transmission. The advantages of fiber optics systems are low cost, compact size, low cross-talk, and low power consumption. In addition, fiber optic components have reduced Rader Cross Section (RCS) signature, more bandwidth, and extended transmission range without the degradation of waveform. This fiber optics technology is transitioning into Navy applications such as Tactical Radar Rangefinders, Missile Guidance Systems, Doppler Radar and Radar Atmospheric Probes. These systems are necessary to address Future Naval Capabilities such as Platform Protection, Autonomous Operation, Time Critical Strike, and Missile Defence. This CPP is requested to improve NAWCWD's capability to develop future fiber optical sensors and signal processors and to test/evaluate the systems that are being developed externally.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

NAWCWD currrently does not have the equipment to perform work in the area of fiber optical technology.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

There is really no other alternative except to contract out any work related to fiber optical technology.

4. IMPACT IF NOT ACQUIRED.

Fiber optical technology is expected to be the backbone of future communication systems, sensors, and more. If NAWCWD does not have this capability, its ability will be limited, as most technical development will involve fiber optical technology.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT.

Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Research & Development

C. TC13-2 CATAPULT ELECTRICAL CONTROL SYSTEM OVERHAUL

4AB5EL481MPR

D. Lakehurst

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0	1	683	683	1	1,164	1,164			0
OPERATIONAL DATE	30-Sep-06											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$582,082	$0	$582,082
AVERAGE ANNUAL SAVINGS (Discounted)	$441,310	$0	$441,310
PAYBACK PERIOD	4.0	#DIV/0!	4.0
RATE OF RETURN (ROR)	24%	0%	24%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. The purpose of this project is to do a complete overhaul of the Naval Air Warfare Center Aircraft Division's (NAWCAD's) TC13-2 Catapult. This will maintain NAWCAD's ability to support Aircraft Launch and Recovery Equipment (ALRE), Aircraft developmental testing, ALRE in-service engineering investigation, and potential non-ALRE test work by decreasing downtime, increase productivity, and safety. The project will be executed over two years in the following phases: The first year of the CPP project includes replacing the major electrical cabling at the Catapult Test Site (e.g. major cabling to the central junction box; cabling from the central junction box to the individual junction boxes at various sub-systems such as ICCS, CCP, etc.). The second year will complete upgrades of the cabling from the individual junction boxes to the catapult hardware components and will also upgrade the electrical interfaces & displays at individual station workstations (ICCS console, Central Charging Panel console, etc.).

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The mission of the TC13-2 Catapult Test Site is to duplicate shipboard configurations, thus permitting the investigation of existing Fleet problems and evaluation of proposed improvement/high-risk development programs in a safe, cost effective environment utilizing Unmanned Deadload vehicles. However, the current TC13-2 Catapult Electrical Control System has been in service since the mid-1960s without major overhaul or upgrade. Consequently, the electrical system deterioration has caused numerous catapult malfunctions during test programs. These malfunctions have created program delays and extra maintenance efforts. A complete overhaul of the Catapult Electrical Control System will minimize catapult downtime, reduce maintenance efforts, and prevent potential safety hazards. Finally, the TC13-2 Catapult is projected to be in service until 2050 and will require the NAWCAD Lakehurst site engineering support.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The only alternative is to do nothing and operate with the high cost of operating the obsolete equipment.

4. IMPACT IF NOT ACQUIRED. The failure to overhaul the TC13-2 Electrical Control System will contribute to a decline in Fleet support capability.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development						C. CABLE CONVEYOR SYSTEM 4AB6EL48MKPR						D. Lakehurst
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0			0	1	325	325	1	1,375	1,375
OPERATIONAL DATE	1-Oct-07											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$277,795	$0	$277,795
AVERAGE ANNUAL SAVINGS (Discounted)	$170,693	$0	$170,693
PAYBACK PERIOD	9.9	#DIV/0!	9.9
RATE OF RETURN (ROR)	10%	0%	10%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT.
The project is to rebuild the existing Cable Conveyor System in building 149. The conveyor system is used to manufacture and inspect the flight critical arresting cables. The cables are a part of the Cross Deck Pendant Assembly capability. NAVAIR Lakehurst is the sole supplier of this product to the Navy. The purpose of the investment is to fully support the war fighter and not jeopardize the delivery schedule to the fleet.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The Cable Conveyor System is over 30 years old and has exceeded it's useful life. Numerous repairs and maintenance has kept the system operational. Scheduling of overtime for maintenance and adding operating personnel has increased the cost of product to the customer. A rebuilt system will increase productivity, efficiency and lower cost to the customer.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?
Leasing of this one of a kind system is not a feasible option.

4. IMPACT IF NOT ACQUIRED.
Adversely impact the industrial capability to support the war fighter. Increase production scheduling time, jeopardizing fleet support delivery dates. Continue overtime to meet schedules.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT
Not applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development						C. MARK 7 JBD HYDRAULIC SYSTEM 4AB7EL48L0PR						D. Lakehurst
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0			0			0	1	1,175	1,175
OPERATIONAL DATE	1-Aug-07											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$285,000	$0	$285,000
AVERAGE ANNUAL SAVINGS (Discounted)	$175,120	$0	$175,120
PAYBACK PERIOD	5.6	#DIV/0!	5.6
RATE OF RETURN (ROR)	15%	0%	15%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT

The Mark 7 Jet Plast Deflector (JBD) is a shipboard catapult hydraulic system that will provide required fleet/site and system/sub-system environment standardization and would provide proper test platform configuration for the new proposed JBD raise/lower mechanisms. In order to align the Fleet Support test capability NAWCAD requires the Mark 7 Jet Blast Deflector (JBD) test site with current aircraft carrier JBD configurations the incorporation of a catapult type hydraulic system is required. The system will consist of 2 main hydraulic pumps, Vertical Hydraulic Accumulator, Spherical Air Flask, Central Charging Panel, Hydraulic Fluid Cooler, and Hydraulic Gravity Tank.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?

The existing Mark 7 JBD test site at Lakehurst was constructed in 1972 to simulate the type of JBD's installed on all aircraft carriers. The mission of the site is to duplicate shipboard JBD configurations permitting investigation of existing fleet problems and evaluation of proposed improvement/high risk development programs in a safe, cost effective environment. The hydraulic system configuration utilized to raise and lower the Mark 7 JBD is an independent system equivalent to the JBD hydraulic systems used on the aircraft carriers of the 1970's. All JBD hydraulic systems on current operational aircraft carriers have since been updated eliminating the independent JBD hydraulic system and connecting the JBD into the existing ships catapult hydraulic system. Therefore, the existing Mark 7 JBD hydraulic supply system does not exist on any current aircraft carrier, making it obsolete. This includes the lack of availability for stock system support. Additionally, the existing hydraulic system installed at the test site does not have the high flow capability of the present shipboard catapult hydraulic systems making it unsuitable to properly evaluate newly proposed passive JBD raise and lower mechanism requirements. The proposed hydraulic system incorporates the same hydraulic components used on existing operational aircraft carriers to supply the JBD's. The proposed shipboard style JBD hydraulic system upgrade will provide required Fleet/Site and system/sub-system environment standardization and would provide proper test platform configuration for the new proposed JBD raise/lower mechanisms. Additionally, since the proposed hydraulic system modernization will consist of components that are expected to be utilized on all aircraft carriers for the foreseeable future (at least 50 years), it will be completely supported by the existing Navy Stock System.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED?

The only alternative is to do nothing and operate with the high maintenance cost. This alternative would fail to provide an adequate shipboard capable JBD hydraulic system test bed.

4. IMPACT IF NOT ACQUIRED.

The failure to provide the above change to the Mark 7 JBD Hydraulic System will contribute to a decline in Fleet support capability. In addition, fleet modernization without parallel standardization of its support facility will inevitably contribute to a mission compromising gap. The stock system support for the hydraulic system at the Lakehurst Mark 7 JBD test site has become obsolete causing high maintenance costs. Furthermore, the existing Lakehurst Mark 7 JBD hydraulic system does not have the flow capability of existing shipboard systems and cannot properly evaluate proposed new JBD raise/lower mechanisms and systems.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Research & Development/Air Warfare Center

C. EQUIPMENT, OTHER THAN ADPE & TELECOM (<$1M)

NNEU0000

D. NAWC

		2004			2005			2006			2007		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST		**24**	**VAR**	**10,197**	**46**	**VAR**	**18,383**	**39**	**VAR**	**17,540**	**50**	**VAR**	**19,273**
ITEM	ITEM												
LINE #	DESCRIPTION			FY 2004			FY 2005			FY 2006			FY 2007
4AB4EM48L2PR	Catapult Deadload Braking System	1		767									
4AA4EM444JPR	High Power Electrical Generator Test Systems	2		610									
4AA4EM456APN	Hairy Buffalo CDL/Link 16 Ground Station	3		599									
4AB4EM4813PR	CNC Lathe/Mill	4		600									
4AB4EM482FPN	Advanced Photonic Measurement and Analysis System	5		573									
4AA5EM4550PN	F-18 Model				1		940						
4AA5EM4622PP	Ejection Tower Upgrades				2		804	1		371			
4AA5EM434GPN	Biaxial Test System				3		800						
4AB5EM48LHPR	RALS Upgrade to Air and Fluid Transfer Systems				4		716						
4AA5EM456FPR	Hairy Buffalo Wide Band Satellite Communications Upgrade				5		600						
4AA5EM434GPR	Scanning Transmission Electron Microscope				6		571						
4AB5EM4000PR	Catapult Site Type 1 Test Vehicle				7		517						
4AA6EM4622PP	Ejection Tower Upgrades												
4AB6EM4500PR	Hairy Buffalo							2		642	1		597
4AB6EM48L9PR	Jet Car Deadload							3		615			
4AA7EM460APN	HSD Smallcraft Tech Support										2		874
4AA7EM455APN	Antenna Positioner for FARM										3		869
4AA7EM4641PN	Biosensor Assessment of Pilot State										4		806
4AA7EM451TPP	SCR Mechanical Engineering Support Equipment										5		618
4AB7EM48LBPP	Rotary Retraction Engine Replacement										6		595
4AA7EM4442PR	Electrical Generator Test System/Drive Stand										7		557
4WD4EM4445PR	Coating Capability Upgrade	1		815	1		110						
4WD4EM5565PR	Energetics Plant Equipment Modernization-1,2,3	2		641	2		400	1		400			
4WD4EM5556PR	Nano Materials Development	3		400	3		402	2		500			
4WD5EM5567PR	Detonation Chemistry Initiative				4		990	3		780			
4WD5EM5570PR	Environmental Laboratory Equipment				5		600						
4WD5EM4002PR	AMES II Upgrade				6		600	4		500			
4WD6EM5559PR	Threat Hardware for Field Measurement Activities				7		500	5		480			
4WD7EM7002PR	UCAV Weaponization Lab Equipment				8		400	6		815			
4WD6EM6013PR	EM Railgun							7		900	1		525
4WD6EM6003PR	NANO Matl Char: Field EMIS Scan Elect Microscope							8		875	2		190
4WD6EM6004PR	Combustion Research Equipment							9		865			
4WD6EM5568PR	NMR User Facility							10		750			
4WD7EM7007PR	Sensor Fusion Laboratory Equipment							11		500			
4WD7EM7017PR	Precision Sensor Fusion Lab										3		900
4WD7EM7010PR	NMR User Facility Ancillary Equipment										4		725
4WD7EM7018PR	Simulation Data Analysis System										5		600
4WD7EM7001PR	Nano-device Initiative										6		600
4WD7EM7008PR	Detonation Chemistry Equipment										7		590
4WD7EM7019PR	Broad Range Laser Application & Research										8		523
4WD7EM7020PR	Outfit HIL #4 for New Programs										9		500
NNES0000	Subtotal Equip-other than ADPE & TELECOM (<$.5M)	16		5,192	31		9,433	25		8,547	34		9,204
TOTAL NAWC Equip-other than ADPE & TELECOM (<$1M)		24		10,197	46		18,383	39		17,540	50		19,273

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development/Air Warfare Center							C. MINOR CONSTRUCTION					D. NAWC
										NNMC0000		
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST	**6**	**VAR**	**3,523**	**9**	**VAR**	**4,630**	**11**	**VAR**	**6,665**	**11**	**VAR**	**5,825**

ITEM LINE #	ITEM DESCRIPTION		FY 2004		FY 2005		FY 2006		FY 2007
4AA4MC4000PC	Addition to Building 2187	1	702						
4AA4MC4340PC	Addition to Building 2188	2	702						
4AA4MC4400PC	Addition to Building 106	3	723						
4AA5MC4400PC	Addition to Building 1461			1	750				
4AA6MC400APC	Relocatable Site Development for Cost Department					1	750		
4AA6MC48L4PC	Addition to Building 2187, #2					2	750		
4AB6MC48LXPC	RALS Instrumentation Facility					3	500		
4AA7MC400CPC	Relocatable Site Development for North Engineering Center							1	750
4AB7MC4850PC	B195 Lean to Refurbishment							2	500
8WD3MC2008GC	Fire Sciences Lab	1	750						
8WD5MC5013GC	Multi-Level Casting Facility			1	750				
8WD5MC5573GC	Construct Office Building			2	750				
4WD7MC7011GC	UCAV Weaponization Lab Bldg			3	750				
4WD6MC6015GC	Construct IBAR Bldg					1	750		
4WD6MC6016GC	Replacement Lab for Thompson Lab (4.7)					2	750		
4WD7MC7014GC	Replacement Bldg for IPT, Mich Lab Compound					3	750		
4WD7MC7047GC	UAV HANGAR					4	750		
4WD6MC6017GC	Replacement Lab for Thompson Lab (5.3)					5	725		
4WD7MC7013GC	Replacement Laboratory, Airbreathing Lab							1	750
4WD7MC7046GC	UAV RUNWAY							2	750
4WD7MC7048GC	Magazines for Bldg. 10690							3	750
4WD7MC7049GC	Modify Bldg. 509 for expanded work area and A/C add-on and interior space							4	500
	Subtotal MINOR CONSTRUCTION (<$.5M)	2	646	5	1,630	3	940	5	1,825
TOTAL NAWC MINOR CONSTRUCTION		6	3,523	9	4,630	11	6,665	11	5,825

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Research & Development

C. RDT&E NETWORK 7WD4TL4448GR

CHINA LAKE/POINT MUGU

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	1,970	1,970	1	165	165			0			0
OPERATIONAL DATE	1-Jun-05											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$9,020,000	$0	$9,020,000
AVERAGE ANNUAL SAVINGS (Discounted)	$3,839,617	$0	$3,839,617
PAYBACK PERIOD	0.0	#DIV/0!	0.0
RATE OF RETURN (ROR)	2327%	0%	2327%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. This project encompasses the other-than-Navy Marine Corps Intranet (NMCI) backbone communications infrastructure for NAWCWD RDT&E at the China Lake and Point Mugu sites. Most activities that support the RDT&E mission at NAWCWD have communications requirements that cannot be met via the current implementation of the NMCI contract. The majority of WD's RDT&E laboratories, Western Ranges, Weapons Software Support Activities (WSSA)'s, secure facilities and tenant activities will only be interconnected through NMCI which will NOT support the bulk of the RDT&E community's communications requirements. The goal of this project and the defacto consensus of these customers is that it is critical to the over-all success of the RDT&E mission at WD for a site-wide Non-NMCI (RDT&E) communications infrastructure to be established. In turn, the Non-NMCI interconnectivity requirements can be met by linking the various RDT&E activities including laboratories, ranges, WSSA's, secure facilities above General Services (GENSER) secret and tenants. The RDT&E activities would continue to maintain control over their own unique RDT&E infrastructures within their respective activities.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
Since January '01, when the Integrated Strike Force (ISF) assumed control of the existing infrastructure, the communications infrastructure has been operating in an "as-is" mode; meaning, the ISF will not upgrade or expand the existing communications infrastructure. In 2003, it was unknown at the time what portions of the communications infrastructure may be retained by the ISF and what will be returned to Navy control. In 2005, per the contract, little or no infrastructure was/will be returned to the Navy. This following will be requested:

a) Upgrade necessary systems which were not kept current by the ISF.
b) Expand the infrastructure based on a collaboratively established priority scheme that continues to meet and incorporate emerging Non-NMCI requirements of the RDT&E community.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Two alternatives are:
1) Do nothing and the RDT&E community will have to live with the "as-is" capabilities of the existing infrastructure under ISF control. Once transition of all identified NMCI users and systems has been made to the new NMCI Base Area Network (BAN), the existing communications infrastructure will be retired by the ISF. Site-wide support of the RDT&E Community's Non-NMCI communication requirements that relied on the existing infrastructure for interconnectivity will terminate. This alternative is not feasible, since the primary reason for the existence of NAWCWD is to support the RDT&E mission and its associated customers.

2) Do nothing and allow those RDT&E activities with the ability & resources to implement their own Non-NMCI communication infrastructure solution(s). This alternative also is not feasible due to the significant increase of inefficiencies (multiple RDT&E activities developing their own parallel project-specific solutions), decrease of over-all performance, and a significant increase cumulative life-cycle costs across NAWCWD.

4. IMPACT IF NOT ACQUIRED. Without a Non-NMCI (RDT&E) communications infrastructure, NAWCWD will not have the strategic asset necessary to successfully compete in the DoD RDT&E arena; specifically, NAWCWD will be unable to fully support NAVY/DoD initiatives that involve Non-NMCI requirements.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development					C. H-60 FORCENET/NCW SUPPORT 4AA4KL4K6APN							D. Patuxent River
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	843	843	1	1,132	1,132						
OPERATIONAL DATE	30-Sep-05											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$810,000	$0	$810,000
AVERAGE ANNUAL SAVINGS (Discounted)	$614,107	$0	$614,107
PAYBACK PERIOD	2.9	#DIV/0!	2.9
RATE OF RETURN (ROR)	31%	0%	31%

1. DESCRIPTION & PURPOSE OF PROJECT. This funding request is for the completion and subsequent integration of H-60 avionics suites into the FORCENET C4ISR architecture and its resultant virtual laboratory. H-60s provide a critical element to the overall FORCENET Architecture as the role of multi-mission helicopters becomes increasingly important to the Navy's changing needs and missions. This effort will identify and/or develop the simulation/stimulation hardware and software required to completely integrate H-60 avionics into FORCENET's multi-domain, tiered network architecture of weapons, sensors, platforms, vehicles, and communications nodes to support a global interoperable network that creates a shared, integrated battle space picture for use in testing C4ISR architectures. Stimulation and simulation includes the use of actual and simulated ship hardware/software to provide signals and environments to aircraft such as the H-60. The aircraft will be able to test interoperability and ship data interfaces in a controlled cost effective manner vice deploying actual ships for extensive RDT&E. The current H-60 avionics suites are presently located at the NAWCAD Patuxent River Ship Ground Station (SGS).

The Ship Ground Station (SGS) increases Fleet readiness by identifying and eliminating integrated ship/air mission systems problems prior to or after introduction of new systems or upgrades. High priority problems identified by the Fleet are solved without getting underway. Operating costs of ship platforms are avoided while aircraft flight hour expenditures are minimized. For example, in FY01 the SGS provided LAMPS MK III integrated mission systems support for test events totaling 204 flight hours, 256 ground hours, and 50 air bench hours (25% of SGS utilization). Minimal flight hours are expended for each test program. Further, tests are not restricted due to aircraft endurance. Test programs are shortened and substantial flight costs avoided. The SGS is the only facility in the Navy dedicated primarily to RDT&E of interoperable ship/air mission systems. The majority of tests are performed using LAMPS or tactical data links with the SGS' actual FFG-7, DD-963, or Aegis (DDG-51 & CG-47) shipboard systems communicating with laboratory avionics suites or live aircraft on the deck or in flight. The shipboard systems configurations' cables duplicate target installation requirements. The underway connectivity program supports hardware and operator-in-the loop test of and training with H-60 ship and air mission systems dockside, in squadron spaces or other laboratories.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Contemporary operations are transitioning to a littoral environment while emphasizing Joint interoperability based on information superiority permitted by networking force assets. Because of that, new mission areas are evolving and ship/air mission systems interface requirements are being redefined. Equipment is transitioning to network based COTS mission systems. Legacy platforms and systems are being maintained at the status quo. They will be retired as post-2000 era ships and air platforms are introduced. As a result, integrated ship/air mission systems interface requirements and corresponding support requirements are evolving and changing rapidly. In order to accommodate RDT&E of new C4ISR, network centric based ship/air mission systems and their associated interfaces, integration into a comprehensive virtual laboratory consisting of a multi-domain, tiered network architecture of weapons, sensors, platforms, vehicles, and communications nodes with other tactical systems will be required.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? (a.) Use of live assets. Availability, ground and/or flight operating costs, scheduling and connectivity are major detractors. The common battle picture (simulation) will have to be provided by all participating live air assets (ground or flight) during any test event. Simulation/stimulation will still be required to drive aircraft systems.

(b.) H-60 Avionics Simulators - Requires software development and host hardware. To fully simulate the H-60 aircraft series of avionics suites multiple major software systems development efforts would be required along with their accompanying requirements, documentation, coding and maintenance actions.

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CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development					C. H-60 FORCENET/NCW SUPPORT 4AA4KL4K6APN							D. Patuxent River
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	843	843	1	1,132	1,132						
OPERATIONAL DATE	30-Sep-05											
METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**									
PROJECTED ANNUAL SAVINGS	$810,000	$0	$810,000									
AVERAGE ANNUAL SAVINGS (Discounted)	$614,107	$0	$614,107									
PAYBACK PERIOD	2.9	#DIV/0!	2.9									
RATE OF RETURN (ROR)	31%	0%	31%									

(Continued from previous page)

4. IMPACT IF NOT ACQUIRED. No H-60 mission systems will be available to the FORCEnet. However, H-60s will be at the center of the future C4ISR architectures and FORCEnet is envisioned to be the vehicle to implement NCW for the Fleet. There will be a major detrimental impact to NAWCAD's ability to continue marketing technical services to customers desiring access to a modern ship combat system collocated with modern air assets for integrated ship/air mission systems support.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION
(Dollars in Thousands)

A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES

B. Department of the Navy/Research & Development

C. NETWORK CENTRIC WARFARE (NCW) COLLABORATIVE ENVIRONMENT (CE)
4AA4KL40XAPN

D. Patuxent River

	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST	1	732	732	1	1,117	1,117			0			0
OPERATIONAL DATE	1-Dec-05											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$828,061	$0	$828,061
AVERAGE ANNUAL SAVINGS (Discounted)	$627,801	$0	$627,801
PAYBACK PERIOD	2.7	#DIV/0!	2.7
RATE OF RETURN (ROR)	34%	0%	34%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. The Network Centric Warfare (NCW) Collaborative Environment (CE) consists of a suite of system and software engineering tools. A comparable capability was recently established for the Joint Strike Fighter (JSF) program office Mission Systems team and serves as a pattern for the envisioned capability. The purpose of this project is to establish a CE for modeling and analysis of system architectures at the Naval Air Warfare Center Aircraft Division (NAWCAD) in support of the Naval Air Systems Command (NAVAIRSYSCOM) NCW project office. This NCW Research, Development, Test, and Evaluation (RDT&E) infrastructure investment will also complement the ongoing work by the Department of the Navy (DoN) Chief Engineer (CHENG), by articulating the air-based system view of candidate operational architectures in engineering detail sufficient to support robust definition of the associated engineering and system acquisition requirements. The effort will be focused on characterizing the detailed attributes and functionality of Naval Aviation systems. This effort will provide more robust system-specific components for higher level operational requirements analysis to define the Mission Capability Packages (MCPs). At the same time, this effort will enable correct interpretation of the operational view and robust definition of the roles and responsibilities of air-based systems. The ability to treat both legacy and new systems in a unified manner that enables acquisition of the intended capability is essential to achieving NCW. This CE will be the core of a System/Software Engineering Environment (S/SEE) that will provide research, engineering, and acquisition processes that can be tailored in response to changes driven by NCW and industry best practices. It will also be able to perform within the constraints of legacy and current systems' program management. Stand-up of this NCW CE capability is planned to occur in three phases. Phase I is the basic laboratory with three workstations, associated "turnkey" software, and training. Phase II will involve integration with the Warfare Analysis Department, and engineering integration with the Air Combat Environment Test and Evaluation Facility (ACETEF). Phase III will involve integration into the overarching CHENG Architecture Model Set, including Space and Naval Warfare Center (SPAWAR) and the Naval Sea Systems Command (NAVSEA) connectivity. This phase will include the additional software and initial training to achieve the full NCW CE capability required.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The NCW Collaborative Engineering Environment requires that team members across the NAWCAD and with technical team members across NAVAIR require a collaborative environment where they can (1) Populate the environment with a suite of architecture modeling, requirements management, and cost estimation tools. (2) Provide system and software engineering tools in a collaborative environment and (3) Communicate in a classified environment. The solution is to establish a classified video teleconferencing system that will be used for secure, up to Top Secret collaborative communications.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The only practicable project alternative is a complete contractor operated system that relies on leased equipment.

4. IMPACT IF NOT ACQUIRED. The impacts if this project is not acquired are the inability for NAWCAD to effectively support the transformation of NCW for Naval Aviation and defining requirements related to Naval Aviation system MCPs, the inability to uniformly characterize individual system behaviors and functionality as components or nodes in a larger naval and joint forces networked architecture, and the inability to effectively translate this NCW analysis into Naval Aviation systems' acquisition, deployment, and sustainment.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development						C. CORPORATE LEGACY SUN/NT CONSOLIDATION 7AA5KL723CGR						D. Patuxent River
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0	1	1,250	1,250			0			0
OPERATIONAL DATE	30-Mar-05											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$730,379	$0	$730,379
AVERAGE ANNUAL SAVINGS (Discounted)	$553,742	$0	$553,742
PAYBACK PERIOD	2.0	#DIV/0!	2.0
RATE OF RETURN (ROR)	44%	0%	44%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. The purpose of this project is to upgrade and consolidate selected Naval Air Warfare Center Aircraft Division (NAWCAD) NT and SUN servers. The SUN's Enterprise E15K and E6800 series servers offer dynamic system domains and system partitioning that creates self-contained servers within a single physical server. Processors, memory, and input/output (I/O) can be expanded seamlessly and transparently, with linear increases in overall system, user, and application performance. Mainframe like partition capabilities permit extremely flexible processor and memory configurations that improve resource management and availability. Currently, NAWCAD has 200 NT servers that services web sites, imaging services, workflow, and databases. These mid-tier NT servers will be at the end of their useful life and require upgrading and/or replacement in order to support current and future NAWCAD corporate database requirements.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
The current system consists of 30 SUN UNIX servers that interact with each other. This causes increased network traffic and slower processing times for the end-user. The goal of this project is to manage resources at an optimal service level for the lowest possible cost to the organization. In addition, the distributed systems cause many users to perform double duties as System Administrators. When systems are consolidated , an experienced System Administrator can do a much better job of bringing together multiple, disparate platforms and run them as a single, seamless environment. Historically, NAWC has purchased two servers per year to cover the expanding user requirements. This will reduce the number of hardware and software platforms that are required and can apply standardized procedures and disciplines to a streamlined, re-centralized environment. Furthermore, the current space for servers is limited. If NAWCAD had one system, it would decrease the amount of floor space needed to house the equipment. Last, the corporate NT servers will need to be upgraded and/or replaced due to performance requirements and the increased customer's usage of the servers.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The only alternative would be to purchase a new server for every new application required for NAWCAD. This is not a cost effective solution to the issue.

4. IMPACT IF NOT ACQUIRED. The impact if not required is that the network traffic will increase, leading to slower data processing. In addition, if another application is created more servers would have to be bought to house them and would thereby increase material, maintenance, and System Administration costs. Last, the current floor space is limited. If NAWCAD is forced to add more servers, we would have space problems.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development					C. UCAV HFE SUPPORT 4AA5EL4640PP							D. Patuxent River
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0	1	1,112	1,112			0			0
OPERATIONAL DATE	30-Sep-05											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$1,457,532	$0	$1,457,532
AVERAGE ANNUAL SAVINGS (Discounted)	$1,105,039	$0	$1,105,039
PAYBACK PERIOD	0.8	#DIV/0!	0.8
RATE OF RETURN (ROR)	99%	0%	99%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. This project is a new initiative within Crewstation Technology Lab (CTL) to establish a comprehensive support resource for human factors engineering of autonomous military vehicle systems including Unmanned Air Vehicle (UAV) and Unmanned Combat Air Vehicle (UCAV) products. The CTL will establish a center equipped to support advanced system engineering for all crew relevant issues concerning autonomous vehicles. For UAV and UCAV systems, new capabilities will include comprehensive accurate integrated system modeling including workstation rapid prototyping, operator task and workload modeling and assessment, and training system requirements assessment. The new capabilities will support transitional development of ground crewstations to extend them to airborne applications. The capability will permit visualization of mission operations, mission planning, and mission performance assessment for modeled systems both real and conceptual. The capability will allow NAWC engineers to address information, networking and C4 issues, and to address interfaces to intelligence operations at theater and tactical levels. The work will tie together relevant assets of all the labs of the department and connect to other NAWC resources via the base wide data networks. Since UAVs and UCAVs are expected to play a large part in future NCW endeavors, having UAV/UCAV simulation capabilities available at NAWC would allow for their participation in any Network Centric Warfare endeavors.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? The CTL exists to provide centralized resources and support for human factors engineering services as part of NAWCAD's systems engineering capability. New problems not previously addressed in Navy acquisition support now involve several types of automated or autonomous vehicles employed as combat platforms. To extend effective system engineering methods to UAV and UCAV crewstations and to address user, operator, maintainer and trainer human engineering issues in these developing systems requires new resources dedicated to these applications. Present capabilities offer only limited or rudimentary degrees of capability to model these systems for developmental engineering support work. Crewstation modeling, task and workload modeling with fidelity sufficient to engineering needs and rapid prototyping with dynamic and interactive features for conceptual systems cannot be achieved with present resources. The concepts now considered or in development for these products critically incorporate advanced information technology and computerized network connected operations. NAWC's capability to organize and model such systems, especially in the network aspects is nonexistent.
The crew centered UAV/UCAV human engineering support capabilities developed in this project will comprehensively fill the gap in NAWCAD resources in this area. It will enable timely development of rapid prototyping facilities for complete UAV/UCAV system modeling. The capability will include the ability to address crew system interface design assessment, information technology issues, networking and interoperability issues and to provide man machine integration RDT&E capability of all types for UAV/UCAV applications.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Comparisons between existing and proposed facilities are not applicable because this initiative covers new resources for new requirements. Detailed plans and hardware-software choices for specific features of the facility will be made downstream when alternative available elements are known and in the context of UAV/UCAV specific system needs. The overall plan outlined here is to extend the methods, techniques, procedures and technical approaches that are proven effective in Human Factors Engineering-Man-Machine Interface (HFE-MMI) work to the UAV/UCAV arena.

4. IMPACT IF NOT ACQUIRED. If these or equivalent capabilities are not acquired, we will not be able to keep pace with technical needs for HFE-MMI work on UAV/UCAV crewstations, user teams and system effectiveness. The work, if done at all, will need to be performed elsewhere and likely by contract at a significantly higher price. Primary system engineering functions in this new area of military aviation products will likely be centered away from NAWCAD and may not be accomplished effectively or at all.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT This initiative does not have regulatory relevant environmental project impact or concerns.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development						C. EMERGING THREATS LABORATORY 5WD6TL6014GR						CHINA LAKE
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0			0	1	1,025	1,025	1	395	395
OPERATIONAL DATE	15-Aug-07											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$1,809,500	$0	$1,809,500
AVERAGE ANNUAL SAVINGS (Discounted)	$1,111,859	$0	$1,111,859
PAYBACK PERIOD	0.9	#DIV/0!	0.9
RATE OF RETURN (ROR)	78%	0%	78%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. The Joint Warfare Program Office (JWPO) is the lead for homeland defense joint programs across the entire spectrum of T&E. Three major functions of JWPO are to identify capability requirements for the product areas, develop new customers/programs, and manage those programs. One JWPO program, the Center for Asymmetric Warfare (CAW), is a national resource dedicated to conducting Testing, Training, and Experimentation (TTE) and developing and evaluating technologies designed to recognize, counter, and control the effects of Asymmetric Warfare (AW) threats including Terrorism, Weapons of Mass Destruction (WMD), and Information Warfare (IW) in support of US expeditionary military forces and Homeland Security (HLS). The Emerging Threats Laboratory (ETL) project will provide the CAW the capability to test/evaluate the integration of complex information systems and diverse communications from federal/state/local organizations to develop Tactics Technique Procedures (TTP) and identify hierarchical issues for further investigation.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? A systems approach to test and evaluate the two way flow of critical information between federal/state/local government has not been established by Commander Fleet Forces Command (CFFC). The CAW ETL will provide a crucial asset that can be leveraged to test/train/evaluate ATFP requirements. The CAW ETL will provide the ability to test/evaluate emerging threats against existing projects, including improving analytical and warning capabilities. A framework is still needed to identify/collect threat and vulnerability information, including cyber and physical threats, and to provide timely warnings. The CAW ETL will provide an additional capability to test/train/evaluate emerging threats in a structured environment with state/local agencies.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? Currently there are no known projects that utilize a systems approach to handle emerging threats in a joint test, training, and experimentation environment that includes federal/local/state agencies.

4. IMPACT IF NOT ACQUIRED. The Emerging Treats Laboratory's purpose is to enhance Navy and DOD capabilities to combat terrorism. Without funding, technical advancements in the nations antiterrosim program can not be accomplished.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development						C. RDT&E FIBER PLANT EXTENSION 7AA6TL724AGP						D. Patuxent River
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0			0	1	1,200	1,200			0
OPERATIONAL DATE	30-Sep-06											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$319,578	$0	$319,578
AVERAGE ANNUAL SAVINGS (Discounted)	$242,290	$0	$242,290
PAYBACK PERIOD	4.9	#DIV/0!	4.9
RATE OF RETURN (ROR)	20%	0%	20%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. This submission is for the extension of the fiber optic system to close the loop between zones 1 and 2. The base fiber installation is broken up into multiple areas or zones. Each zone provides network connectivity to all buildings within that zone. Each zone is connected back to the main zone. Installation of Fiber Backbone between two (2) separate end points (Fiber Zone 1 and Fiber Zone 2) eliminate the possibility of a major network outage.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM? Currently, all the engineering facilities at Patuxent River are on a fiber optic system for all telephone and data connectivity. This fiber optic system does not have a backup path for telephone and data connectivity. If there is a fiber optic cut along the current line, all buildings will be without telephone and data connectivity resulting in many hours of lost engineering effort.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? We have considered three options: 1) status quo - don't close the loop; 2) wireless system; and 3) close the loop with a fiber system.

4. IMPACT IF NOT ACQUIRED. The engineering facilities are at risk for decreased productivity due to any potential cable cuts.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)										A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development						C. FIBER OPTIC EXPANSION 7AB7TL724BGP						D. Lakehurst
	2004			2005			2006			2007		
Element of Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
INVESTMENT COST			0			0			0	1	1,505	1,505
OPERATIONAL DATE	30-Sep-07											

METRICS:	**AVOIDANCE**	**SAVINGS**	**TOTAL**
PROJECTED ANNUAL SAVINGS	$1,553,500	$0	$1,553,500
AVERAGE ANNUAL SAVINGS (Discounted)	$1,177,797	$0	$1,177,797
PAYBACK PERIOD	1.1	#DIV/0!	1.1
RATE OF RETURN (ROR)	78%	0%	78%

PROJECT INFORMATION NARRATIVE: (If more space required, continue on separate sheet.)

1. DESCRIPTION & PURPOSE OF PROJECT. The Fiber Optic Expansion project is designed to extend existing fiber optic network distribution to the Engineering competencies that are not supported by the current network. In addition, the new fiber optic expansion project will establish backup fiber optic paths that connect telephone and data path redundancy to ensure that there will not be any cable disruption due to cable cuts and other unplanned damage.

2. WHAT IS THE CURRENT DEFICIENCY/PROBLEM AND HOW WILL THE PROJECT SOLVE THE DEFICIENCY/PROBLEM?
NAWCAD requires many fiber optic paths in order to do their existing work. These paths are not currently available to the Engineering competencies in all zones of the base. Furthermore, the fiber optic capacity has been exhausted in several key areas within the base. Many areas are subject to single point of failure creating a reduction in confidence in the test configurations. These deficiencies impact inter- and intra-base integration for existing and scheduled needs of shipboard flight command and control development programs within the command and across the activity. Existing data transmission capabilities are unable to meet service level and reliability requirements, as well as being incapable of supporting a single set of architectural capabilities and configuration controls.

The proposed expansion will shore up capacity, connect existing and planned areas of RDT&E engineering programs, and allow continued development and simulation of actual proposed deployment models. Cost reductions will occur due to reduction in maintenance costs on the existing fiber optic system due to backup fiber optic path. Finally, the business unit will be able to standup new command and control ship representative systems, as well as deployed system troubleshooting. This is all due to updated access via fiber optic cables. Upgraded core communications infrastructure will provide path backups to mitigate power outage risks and improve the quality of service.

3. WHAT PROJECT ALTERNATIVES HAVE BEEN CONSIDERED? The alternative is to remain status quo, leading to the Business Unit maintaining data simulation in disparate labs.

4. IMPACT IF NOT ACQUIRED. Lab managers cannot adequately confederate disparate labs that will skew development processes due to use of simulation data vice actual data that can be acquired onsite. Furthermore, lack of connection between key nodes on base causes duplication of effort and manpower due to physical/logical separation and costs of maintaining two or more fully burdened sites.

5. IDENTIFY LOCAL, STATE, FEDERAL REGULATION IF ENVIRONMENTAL PROJECT. Not Applicable.

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)													A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES
B. Department of the Navy/Research & Development/Air Warfare Center							C. ADPE & TELECOMMUNICATIONS (<$1M)			NNKU0000			D. NAWC
		2004			2005			2006			2007		
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
TOTAL INVESTMENT COST		**15**	**VAR**	**6,479**	**12**	**VAR**	**6,886**	**12**	**VAR**	**8,115**	**8**	**VAR**	**4,662**
ITEM LINE #	ITEM DESCRIPTION			FY 2004			FY 2005			FY 2006			FY 2007
7AA4KM722BGR	Document Management Technology Refreshment	3		749									
7AA4TM723EGN	Video Distribution Technologies	4		750									
7AA4KM722EGR	Web Services Foundation	5		716									
7AA4KM723DGN	Secure Corporate Network Access	6		667									
4AB4KM483KPN	System & Technology Hardware/Software Integration Simulator (SYNTHSIS)	7		625	1		640	1		595			
7AA4KM7220GN	E Business Portfolio Management	8		596									
4AB4KM48J4PR	Data Acquisition, Analysis and Plotting System	9		500									
7AB5KM7248GR	Visions Information Network Extension				2		945						
7AA5TM723AGR	Engineering LAN Technology Refresh				3		843						
7AA5KM722AGR	Data Warehouse Hardware Upgrade				4		732						
7AA5KM756SGR	SIPRNET Web Environment Services				5		720						
7AA5KM7220GR	Data Mining Telemetry Data Analysis				6		706						
4AA5TM457APN	High Performance Intra-Platform Networks for NCW				7		675						
4AA5KM4584PN	Digital Video Lab				8		504						
4AA6KM4600PN	Dynamic Crash Test Facilities Digital Instrumentation							2		935			
7AB6TM724JGP	Joint Installation Partnership-Common Fiber Backbone							3		925			
4AA6KM4130PP	Platform Laboratories Maritime Surveillance Aircraft Upgrade Program							4		851	1		802
7AB6KM724QGP	RDT&E and Corporate Systems Refresh							5		804			
7AB6KM724EGP	RDT&E Network Refresh							6		775			
4AA6KM4X0APP	Infrostructure Streamlining							7		770	2		415
7AA6TM7240GR	RDT&E Technology Refresh							8		750	3		750
4AA6TM4X00PP	Intelligence Infrastructure							9		583	4		389
4AB7KM4830PN	ALRE Common Emulation System (ACES)										5		704
4AA7KM4X10PP	Technology Analysis Center for Air Systems										6		572
4WD6KS6001GR	Integrated Battlespace Arena (IBAR) Computer Replacement/UAV Lab							1		400	1		550
NNKS0000	Subtotal ADPE & TELECOMMUNICATIONS (<$.5M)	6		1876	4		1121	2		727	1		480
TOTAL NAWC ADPE & TELECOMMUNICATIONS (<$1M)		15		6,479	12		6,886	12		8,115	8		4,662

CAPITAL PURCHASES JUSTIFICATION (Dollars in Thousands)												A. FISCAL YEAR (FY) 2006/FY 2007 BUDGET ESTIMATES		
B. Department of the Navy/Research & Development/Air Warfare Center							C. SOFTWARE DEVELOPMENT (<$1M) NNDU0000					D. NAWC		
		2004			2005			2006			2007			
Element of Cost		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	
TOTAL INVESTMENT COST		**0**	**VAR**	**0**	**0**	**VAR**	**0**	**1**	**VAR**	**655**	**2**	**VAR**	**439**	
ITEM LINE #	ITEM DESCRIPTION			FY 2004			FY 2005			FY 2006			FY 2007	
3AB6DM3300PP	Engineering Drawing Data Management Web Enablement							1		655				
NNDS0000	Subtotal Software Development (<$.5M)	0		0							2		439	
TOTAL NAWC SOFTWARE DEVELOPMENT (<$1M)		0		0				1		655	2		439	

FY 2006/2007 PRESIDENT BUDGET
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2005

ITEM LINE #							ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
							1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>$1M)					
4	WD	4	EL	4444	P	R	COLLATERAL EQUIPMENT FOR MILCON P-453	.650	(.011)	.639	Price decrease	Current market analysis shows the cost of the equipment has decreased from the original estimated amount.(.011 to 4WD5EL5555PR)
4	WD	5	EL	5555	P	R	ADVANCED FIBER OPTIC APPLIC'NS LAB	.000	1.125	1.125	New	Management decision to include project in this FY. The purpose of this project provides equipment that will allow work to be accomplished in fiber optic technology. Specific work will be performed to develop fiber optic sensors and signal processors.
4	AB	5	EL	481M	P	R	TC 13-2 CATAPULT ELECTRICAL CONTROL SYSTEM OVERHAUL	.000	.683	.683	New	Management decision to include project in this FY. This purpose of this project is to complete an upgrade of the Naval Air Warfare Center Aircraft Division's TC13-2 aircraft catapult. This will maintain NAWCAD's ability to support Aircraft Launch and Recovery Equipment (ALRE), aircraft developmental testing, ALRE in-service engineering investigation, and potential non-ALRE test work by decreasing downtime, increase productivity, and safety.
							SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>$1M	.650	1.797	2.447		
	NN		EU	0000			**1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<$1M)**	9.330	9.053	18.383	New/Moved	Management decision to include required projects in this FY. New equipment and modernization of existing equipment to meet evolving customer requirements with new, needed capabilities.
							2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	9.980	10.850	20.830		
	NN		MC	0000			**3. MINOR CONSTRUCTION**	1.920	2.710	4.630	New/Moved	Management decision to include required projects in this FY. New testing technology and project space for safer and more efficient work environment in response to evolving customer needs. These projects will assist in ensuring customer assets are not damaged.
							TOTAL NON-ADP CAPITAL PURCHASES PROGRAM	11.900	13.560	25.460		
							1a. ADPE & TELECOMMUNICATIONS (>$1M)					
							Computer Hardware (Production)					
7	WD	4	TL	4448	G	R	RDT&E NETWORK UPGRADE	1.860	(1.695)	.165	Price Decrease	Projected customer base doesn't warrant the full project as originally estimated.
7	AA	5	KL	723C	G	P	CORPORATE LEGACY SUN/NT LEGACY CONSOLIDATION	1.250	.000	1.250		
4	AA	4	KL	4K6A	P	N	H-60 FORCENET/NCW SUPPORT	1.132	.000	1.132		
4	AA	4	KL	40XA	P	N	NCW CE	1.117	.000	1.117		
4	AA	5	KL	413C	P	N	UCAV HFE SUPPORT	1.112	.000	1.112		
8	WD	2	TL	6152	G	R	RADIO COMMUNICATIONS NETWORK UPGRADE	1.000	(1.000)	.000	Cancellation	The decision has been made that the Navy Region Southwest is now responsible for the Radio Communications Network Upgrade project, which includes planning and upgrade of the land mobile radio program.
							SUBTOTAL ADPE & TELECOMMUNICATIONS (>$1M)	7.471	(2.695)	4.776		

FY 2006/2007 PRESIDENT BUDGET
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT - AIR WARFARE CENTER
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2005

ITEM LINE #	ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
	1b. ADPE & TELECOMMUNICATIONS (<$1M)	4.260	2.626	6.886	New/Moved	The increase is for multiple CPP ADP projects in support of infrastructure that is at the end of its useful life. This improved infrastructure enables existing information systems to manage work efforts in support of customer requirements (such as SIPRENET Web Services, Automated Diagnostics, etc.). These systems also allow for efficiencies in research and technological efforts, increase readiness, enhance training, and assist in safety and security requirements.
	2. TOTAL ADPE & TELECOMMUNICATIONS	11.731	(.069)	11.662		
	3a. SUBTOTAL SOFTWARE DEVELOPMENT (>$1M)	.000	.000	.000		
NN DU 0000	**3b. SUBTOTAL SOFTWARE DEVELOPMENT (<$1M)**	.000	.000	.000		
	3. TOTAL SOFTWARE DEVELOPMENT	.000	.000	.000		
	TOTAL ADP CAPITAL PURCHASES PROGRAM	11.731	(.069)	11.662		
	GRAND TOTAL CAPITAL PURCHASES PROGRAM	23.631	13.491	37.122		

Naval Surface Warfare Center

FY 2006/2007 BUDGET ESTIMATE
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FEBRUARY 2005

INTRODUCTION

The Naval Surface Warfare Center (NSWC) was established on 02 January 1992 with the following mission: "To operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for ship hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare."

CENTER OVERVIEW

The Center is comprised of six operating divisions whose operations and locations are described briefly below.

CARDEROCK DIVISION: The mission of this division is to provide research, development, test and evaluation, fleet support and in service engineering for surface and undersea vehicle hull, mechanical and electrical (HM&E) systems and propulsors, provide logistics R&D and provide support to the Maritime Administration and Maritime Industry. The division has major operating sites at Carderock, MD and Philadelphia, PA with smaller operating sites at Ft. Lauderdale FL; Memphis, TN; Norfolk, VA; Bremerton, WA; and Bayview, ID.

CORONA DIVISION: The mission of this division is to gauge the war fighting capability of ships and aircraft, from unit to battle group level, by assessing the suitability of design, the performance of equipment and weapons, and the adequacy of training.

CRANE DIVISION: The mission of this division is to provide engineering and industrial support of weapons systems, subsystems, equipment and components. Primary product areas of expertise include electronic warfare, gun and gunfire control systems, microelectronics components, electronic module test and repair, microwave components, electromechanical power systems, acoustic sensors, small arms, conventional ammunition, radars, and pyrotechnics. The division has one primary operating site, Crane, IN, with a small engineering site at Fallbrook, CA.

DAHLGREN DIVISION: The mission of this division is to provide research, development, test and evaluation, engineering and fleet support for surface warfare systems, surface ship combat systems, ordnance, mines and mine counter measures, amphibious warfare systems, special warfare systems, strategic warfare systems, and diving. The division has three primary operating sites, Dahlgren, VA; Panama City, FL; and Dam Neck, VA.

INDIAN HEAD DIVISION: The mission of this division is to provide technical capabilities in energetics for all warfare centers and to provide special weapons, explosive safety and ordnance environmental support to all warfare centers, the military departments and ordnance industry. The primary site of operations is Indian Head, MD, with smaller operations at Yorktown, VA; MacAlester, OK; Earle, NJ; and Seal Beach, CA.

PORT HUENEME DIVISION: The mission of this division is to provide test and evaluation, in service engineering and integrated support for surface warfare systems, system interface, weapons systems and subsystems, unique equipments, and related expendable ordnance of the surface fleet. The primary operating site is Port Hueneme, CA. The division also operates small detachments in San Diego, CA, Louisville, KY, and Dam Neck, VA.

BUDGET OVERVIEW

This budget represents NSWC's financial operating plan for FY 2005 – FY 2007 and actual results for FY 2004. Central to our strategy is the sustainment and nurturing of critical core capabilities that support legacy and emerging systems in the Fleet. Critical to our vision is the need to acquire, train, and retain top quality scientists and engineers and maintain the corresponding infrastructure if we are to successfully support the Navy's future strategic needs.

The FY 2006 - FY 2007 budget reflects both direct and overhead efficiencies that have been and will continue to be realized from A-76 competitions, Business Process Reengineering (BPR) studies, the Department of the Navy's Workload Assessment and Validation efforts and Intelligent Targets. NSWC is committed to achieving targeted savings in these areas and to containing workyear rates.

BUDGET HIGHLIGHTS

Revenue, Expense, and Operating Results

Current Estimate ($ in Millions)	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	3,372.9	3,477.5	3,440.0	3,504.9
Cost of Goods/Services	3,366.9	3,498.3	3,445.2	3,504.9
Operating Results	6.0	-20.8	-5.2	0.0
Accumulated Operating Results	26.1	5.2	0.0	0.0

The trend in revenue and expense from year-to-year noted above reflects NSWC's efforts to size itself to meet customer demand. As a result, the current FY 2006 estimate reflects a negative recoupment factor of $5.2 million to return projected cumulative gains through FY 2006 and to achieve a zero Accumulated Operating Result balance in FY 2006.

Cost of Operations

Billing Rates

	FY 2004	FY 2005	FY 2006	FY 2007
Stabilized Rate (Average)	$79.19	$79.99	$82.66	$85.60
Stabilized Rate Change		+1.01%	+3.34%	+3.55%
Composite Rate Change		+1.14 %	+2.71%	+2.88%

Capital Purchases Program (CPP)

$ in Millions	FY 2004	FY 2005	FY 2006	FY 2007
Non-ADPE	13.2	13.7	15.8	16.2
ADPE	7.2	5.7	7.2	8.4
Software	3.6	4.9	3.9	4.3
Minor Construction	7.5	8.3	6.6	4.6
Total	31.5	32.6	33.5	33.5

The NSWC CPP program procures mission essential equipment to support a wide customer base.

Workload and Manpower Trends

Civilian Manpower

Civilian Manpower	FY 2004	FY 2005	FY 2006	FY 2007
End Strength	15,481	15,651	15,284	15,308
Straight Time FTE	15,517	15,463	15,118	15,124

Projected end strength estimates for FY 2005, FY 2006 and FY 2007 have been sized to meet funded workload. The primary reason for the decrease in civilian manpower end strength and FTEs is the implementation of Intelligent Targets.

Productive Ratio

Productive Ratio	FY 2004	FY 2005	FY 2006	FY 2007
Current Estimate	83.3%	82.9%	82.9%	82.9%

The productive ratio, a measure of direct workyears to total workyears (less Service Cost Centers), remains stable throughout the budget period, indicating the priority placed on direct workload.

Military Manpower

	FY 2004	FY 2005	FY 2006	FY 2007
End Strength	254	291	307	307
Workyears	264	268	256	257

The change in end strength between FY 2004 and FY 2005 can be directly attributable to claimancy consolidation. Projections are consistent with guidance to base estimates on the average fill rate.

Workload - Direct Labor Hours (DLH)

	FY 2004	FY 2005	FY 2006	FY 2007
DLHs (000)	23,213	22,853	22,269	22,282

Cash

$ in Millions	FY 2004	FY 2005	FY 2006	FY 2007
Collections	$3,369.3	$3,480.7	$3,446.6	$3,513.9
Disbursements	$3,382.0	$3,500.3	$3,471.2	$3,519.7
Net Outlays	$12.7	$19.5	$24.6	$5.7

Budgeted collections and disbursements are based on revenue, cost, and CPP outlay estimates, as well as projected changes in various balance sheet accounts.

PERFORMANCE INDICATORS

The primary performance indicator is unit cost. Unit cost represents the cost of delivering goods and services to our customers. Increased employee compensation costs and inflation combined with critical maintenance and workforce investments have yielded a higher unit cost over the budget period. Continued investments in these areas are essential if NSWC is to maintain its leadership role in its core equities, the foundation of Joint, Navy, and NAVSEA missions.

Unit Cost

(Cost Per DLH)	FY 2004	FY 2005	FY 2006	FY 2007
Unit Cost	$79.39	$80.66	$82.34	$85.01

NSWC's unit cost shows a gradual increase over the FY 2004 – FY 2007 budget period, primarily due to increased employee compensation costs and inflation.

Department of the Navy
Activity Group: Research and Development
Naval Surface Warfare Center
February 2005
FY 2006/2007 Budget Estimate
Revenue and Expense
(Amounts in Millions)

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	3,341.1	3,444.9	3,407.0	3,471.4
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Construction	31.8	32.6	33.0	33.5
Other Income				
Total Income	3,372.9	3,477.5	3,440.0	3,504.9
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	16.7	14.9	14.2	14.6
Civilian Personnel	1,483.5	1,546.5	1,549.2	1,588.3
Travel and Transportation of Personnel	90.9	89.4	90.2	91.1
Material & Supplies (Internal Operations	262.8	260.6	232.5	237.8
Equipment	79.0	84.8	81.0	82.0
Other Purchases from NWCF	131.5	160.4	153.2	158.3
Transportation of Things	8.4	7.5	7.6	7.7
Depreciation - Capital	31.8	32.6	33.0	33.5
Printing and Reproduction	7.1	7.4	7.5	7.6
Advisory and Assistance Services	2.5	2.3	2.4	2.4
Rent, Communication & Utilities	50.4	43.0	43.8	44.7
Other Purchased Services	1,165.3	1,246.9	1,230.6	1,236.8
Total Expenses	3,329.8	3,496.3	3,445.2	3,504.9
Work in Process Adjustment	37.3	2.0	.0	.0
Comp Work for Activity Reten Adjustment	-.2	.0	.0	.0
Cost of Goods Sold	3,366.9	3,498.3	3,445.2	3,504.9
Operating Result	6.0	-20.8	-5.2	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	6.0	-20.8	-5.2	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	26.1	5.2	.0	.0

Department of the Navy
Activity Group: Research and Development
Naval Surface Warfare Center
February 2005
FY 2006/2007 Budget Estimate
Source of Revenue
(Amounts in Millions)

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	3,403	3,426	3,430	3,431
a. Orders from DoD Components	2,899	2,993	3,017	3,012
Department of the Navy	2,548	2,621	2,632	2,625
O & M, Navy	761	820	779	761
O & M, Marine Corps	23	25	25	26
O & M, Navy Reserve	11	3	2	2
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	45	26	26	24
Weapons Procurement, Navy	67	77	88	79
Ammunition Procurement, Navy/MC	109	93	102	108
Shipbuilding & Conversion, Navy	376	330	322	323
Other Procurement, Navy	336	401	426	439
Procurement, Marine Corps	19	15	20	18
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	792	799	811	816
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	8	30	30	29
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	42	41	38	39
Army Operation & Maintenance	9	6	6	6
Army Res, Dev, Test, Eval	12	9	9	10
Army Procurement	17	22	18	18
Army Other	4	4	4	5
Department of the Air Force	46	24	30	33
Air Force Operation & Maintenance	22	10	11	13
Air Force Res, Dev, Test, Eval	8	3	3	3
Air Force Procurement	17	5	10	11
Air Force Other	0	5	6	6
DOD Appropriation Accounts	262	307	317	315
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	42	61	67	65
Res, Dev, Test & Eval Accounts	166	176	178	175
Procurement Accounts	51	40	38	39
Defense Emergency Relief Fund	0	0	0	0
DOD Other	4	29	34	36
b. Orders from other WCF Activity Groups	253	267	260	269
c. Total DoD	3,152	3,260	3,277	3,281
d. Other Orders	251	165	153	150
Other Federal Agencies	46	23	23	23
Foreign Military Sales	150	100	91	92
Non Federal Agencies	56	43	39	35
2. Carry-In Orders	1,484	1,514	1,462	1,452
3. Total Gross Orders	4,887	4,940	4,892	4,883
a. Funded Carry-Over before Exclusions	1,514	1,462	1,452	1,378
b. Total Gross Sales	3,373	3,477	3,440	3,505

Department of the Navy
Activity Group: Research and Development
Naval Surface Warfare Center
February 2005
FY 2006/2007 Budget Estimate
Source of Revenue
(Amounts in Millions)

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
4. End of Year Work-In-Process (-)	-123	-120	-120	-119
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-312	-271	-260	-248
6. Net Funded Carryover	1,079	1,070	1,071	1,010

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

Changes in Cost of Operations
Component: Department of the Navy
Activity Group: Research and Development
Sub-Activity Group: Naval Surface Warfare Center
FY 2006 / 2007 Budget Estimate
February 2005

		$M Expenses
1.	**FY 2004 Current Actual**	**$3,329.8**
2.	**FY 2005 President's Budget**	**$3,266.8**
3.	**Estimated Impact in FY 2005 of Actual FY 2004 Experience**	**$0.0**
4.	**Pricing Adjustments**	
	a. FY 2005 Pay Raise	
	1. Civilian Personnel	$20.8
	2. Military Personnel	$0.0
	b. Annualization of FY 2004 Pay Raise	
	1. Civilian Personnel	$0.0
	2. Military Personnel	$0.0
5.	**Productivity Initiatives**	
	a. Savings from CPP	-$1.0
	b. Other Savings (Overhead Savings)	-$4.2
6.	**Program Changes**	
	a. Workload	
	1. Ships and Ship Systems	$31.3
	2. Surface Ship Combat Systems	$92.5
	3. Littoral Warfare Systems	$92.1
7.	**Other Changes**	
	a. Other: (specify in one of the following categories)	
	1. Change in DFAS Cost	-$0.9
	2.Other (Specify)	-$1.1
8.	**FY 2005 Current Estimate**	**$3,496.3**
9.	**Pricing Adjustments**	
	a. FY 2006 Pay Raise	
	1. Civilian Personnel	$25.9
	2. Military Personnel	$0.5
	b. Annualization of FY 2004 Pay Raise	
	1. Civilian Personnel	$14.4
	2. Military Personnel	$0.0
	c. Supply Management - Fuel	$0.3
	d. Supply Management - Non Fuel	$4.5
	e. WCF Price Changes	$2.8
	f. General Purchase Inflation	$30.9

Changes in Cost of Operations
Component: Department of the Navy
Activity Group: Research and Development
Sub-Activity Group: Naval Surface Warfare Center
FY 2006 / 2007 Budget Estimate
February 2005

		$M Expenses
10.	**Productivity Initiatives**	
	a. Savings from CPP	-$0.7
	b. Intelligent Targets Savings (Direct Labor)	-$60.1
	c. Intelligent Targets Savings (Overhead)	-$20.6
11.	**Program Changes**	
	a. Workload	
	1. Ships and Ship Systems	-$12.7
	2. Surface Ship Combat Systems	-$23.7
	3. Littoral Warfare Systems	-$12.6
12.	**Other Changes**	
13.	**FY 2006 Current Estimate**	**$3,445.2**
	Pricing Adjustments	
	a. FY 2007 Pay Raise	
	1. Civilian Personnel	$25.9
	2. Military Personnel	$0.5
	b. Annualization of FY 2004 Pay Raise	
	1. Civilian Personnel	$9.4
	2. Military Personnel	$0.0
	c. Supply Management - Fuel	$0.1
	d. Supply Management - Non Fuel	$1.6
	e. WCF Price Changes	$2.4
	f. General Purchase Inflation	$31.9
	Productivity Initiatives	
	a. Other Savings Intell Targets	-$1.5
	Program Changes	
	a. Workload	
	1. Ships and Ship Systems	-$4.0
	2. Surface Ship Combat Systems	-$4.0
	3. Littoral Warfare Systems	-$2.6
	FY 2007 Current Estimate	**$3,504.9**

Fiscal year (FY) 2006 / FY 2007 Budget Estimates
Component: Department of the Navy
Business Area: Research and Development/Naval Surface Warfare Center
Date: February 2005
($ in Millions)

Line Num	Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	Non ADP								
1	Agile Chemical Facility Equipment	1	1.500	1	2.000				
2	High Voltage High Frequency RF Test Station							1	3.200
3	Audio/Visual Equipment and Integration - Unclass					1	1.739		
4	Nitramine Intermediates System	1	1.699						
5	Integrated Electric Design							1	1.500
6	Nitramine Intermediates Drying Equipment					1	1.050		
7	Underwater Tracking System	1	0.650	1	0.350				
8	Miscellaneous (Non ADP < $1000K; >= $500K)		2.199		4.375		5.395		4.506
9	Miscellaneous (Non ADP < $500K)		7.187		6.938		7.627		6.963
	Non ADP Total:		**13.235**		**13.663**		**15.811**		**16.169**
	ADP								
10	Theater Warfare Systems	1	0.850	1	0.925				
11	High Speed Computing System							1	1.500

Fiscal year (FY) 2006 / FY 2007 Budget Estimates
Component: Department of the Navy
Business Area: Research and Development/Naval Surface Warfare Center
Date: February 2005
($ in Millions)

Line Num	Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
12	CSACT (Combat Systems Adv Concepts and Tech) Lab	1	0.710	1	0.585				
13	Residual Network					1	1.200		
14	STANDARD SYSTEMS HARDWARE	1	1.141						
15	Expeditionary Warfare Systems Evaluator					1	1.100		
16	Miscellaneous (ADP < $1000K; >= $500K)		2.666		2.040		1.650		4.379
17	Miscellaneous (ADP < $500K)		1.875		2.188		3.249		2.526
	ADP Total:		**7.242**		**5.738**		**7.199**		**8.405**
	Software								
18	Standard Systems Software	1	0.395	1	2.322	1	1.300	1	1.300
19	Advanced Collaboration Integration	1	1.950	1	1.450				
20	Advanced Content Management					1	1.250	1	1.500
21	Virtual ISE					1	0.750	1	1.500
22	Miscellaneous (Software < $1000K; >= $500K)		0.346		0.900		0.581		
23	Miscellaneous (Software < $500K)		0.905		0.225				
	Software Total:		**3.596**		**4.897**		**3.881**		**4.300**

Fiscal year (FY) 2006 / FY 2007 Budget Estimates
Component: Department of the Navy
Business Area: Research and Development/Naval Surface Warfare Center
Date: February 2005
($ in Millions)

Line Num	Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	Minor Construction								
24	Miscellaneous (Minor Construction < $1000K; >= $500K)		5.824		5.140		4.240		3.225
25	Miscellaneous (Minor Construction < $500K)		1.638		3.177		2.362		1.415
	Minor Construction Total:		**7.462**		**8.317**		**6.602**		**4.640**
	Grand Total:		**31.535**		**32.615**		**33.493**		**33.514**
	Total Capital Outlays		27.543		30.292		31.421		32.216
	Total Capital Depreciation		31.843		32.550		33.010		33.514

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 1/Agile Chemical Facility Equipment(Replacement)				D. Site Identification NSWC Indian Head, MD				
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	1	1500	1500	1	2000	2000						

Narrative Justification:

Description

This project supports consolidation of two separate chemical plants into a single consolidated agile chemical plant to be constructed by MILCON P-161.
This particular portion of the CPP funding will be used for the following:
Acid storage tanks and controls
Waste water system
Fume scrubber system for tank farm

Justification

This equipment is in support of MILCON P-161, Agile Chemical Facility, which consolidates two separate chemical plants into one chemical plant. Neither chemical plant is configured to run all required product. The consolidation will reduce chemical process waste and personnel hazards associated with man-attendant chemical manufacturing process.

Impact

Without this project, NSWC Indian Head Division will be unable to minimize chemical waste associated with the chemical production process.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 2/High Voltage High Frequency RF Test Station(Productivity)				D. Site Identification NSWC Crane Div, Crane, IN				
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	3200	3200

Narrative Justification:

Description

This project consists of high dc voltage power supplies, high frequency microwave generators, amplifiers and analyzers in controller operated test station design to test, evaluate and fault isolate high voltage (50,000 V to 100,000 V), millimeter wavelength (75 GHz to 110 GHz) Vacuum Electronic Devices (VEDs). This test station will be used to test, evaluate and repair VEDs used in directed energy applications involving active denial (a non-lethal weapon used to keep personnel from entering the control area) and laser weapons.

Justification

Over the past 30 years NSWC Crane has been successful in significantly reducing the ownership of Microwave Tubes (MWT) by being a smart buyer. MWT are used in 80% of all electronic active emitters in DoD weapons systems. This includes radars, electronic countermeasures, fire control and communication systems. By applying Navy organic resources at NSWC Crane in MWT test evaluation, material sciences, engineering and repair, coupled with close technical and business relationships with that small part of the industry involved with manufacturing MWT used for military applications, we have developed a model that has been very successful in reducing the cost of MWTs for DoD. With this project we are extending that model into high voltage, high frequency VEDs.

Impact

As with MWT of 30 years ago, there is a very small group of private companies who will be involved in the design, development and production of these VEDs. Since the primary user of these tubes will be the military, the market will be small and capitalization funds will be limited. Our success in the smart buyer role for MWT has shown an organic activity with the technical expertise and capability can provide support to the entire industry (in a seller-buyer partnership) to accelerate the produce learning curve and reduce manufacturing and repair costs, providing a significant reduction in ownership costs.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 3/Audio/Visual Equipment and Integration - Unclass(New Mission)						D. Site Identification NSWC Carderock Div, Bethesda, MD		
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP							1	1739	1739			

Narrative Justification:

Description

The MILCON-funded Project P-246, Maritime Technology Information Center (MTIC), Bldg P-246, is a 50,000 sq ft building that will house a 400-seat auditorium, classified and unclassified conference spaces and a 400 seat cafeteria. This equipment investment is for the planning, procurement, systems integration, and installation services for audio/visual/VTC components for the unclassified facilities within P-246. Project cosists of: control system network for all media displays and devices, audio-video signal management systems, projection systems, audio-video distribution system and control cabling, plasma displays, audio input/processing/ amplification, and digital signage systems.

Justification

Areas currently used as conference spaces on the Carderock campus will be recovered for reutilization as lab or office spaces once the MTIC conference spaces are complete. Current and future gains are: training, force readiness, joint warfighting and joint development efforts with other DOD / DHS research activities as well as other federal labs, universities and private sector organizations. State of the art collaboration resources will also provide a necessary venue for local, real-time, interaction with not only the Fleet, but other Government, academic, and private sector organizations and facilities around the world. The benefits gained from this facility will create a new research hub focused on critical maritime issues. The Information Center will also present a cost savings in the ability of hosting large multinational symposia and conferences, thus saving associated travel costs for the Division.

Impact

Failure to authorize this project would result in the inability to fully utilize this building for its intended purpose which would result in the inabilitiy of performing its mission.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 5/Integrated Electric Design(New Mission)						D. Site Identification NSWC Eng. Sta. Philadelphia, PA		
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP										1	1500	1500

Narrative Justification:

Description

This project will design and install a system of test equipment capable of generically emulating the power, resistance, capacitance, and inductive electrical load characteristics of high power weapons and sensor systems. The completed system will consist of electrical switchgear, circuit breakers, resistive elements, capacitors, inductors, instrumentation, and other electrical equipment assembled into a modular arrangement that permits rapid configuration of high power load emulating circuits much in the same manner as a resistive "break out" or "decade" box" is used to configure different low power resistive loads.

Justification

The all-electric warship power system must respond to the requirements of main propulsion, ship service, weapons, and sensor systems electric loads consistent with operations under maritime warfare conditions. Trade studies, technical evaluations, and proof of concept demonstrations for alternative electric power generation, distribution, conversion, and control techniques at power levels scaleable to full power operations require test equipment capable of emulating the anticipated load profiles of major electric systems. In particular, there is a need for a system of test equipment to simulate the load profile of pulsed power weapons systems and high power sensor suites in support of work developing advanced electric power systems.

Current Code 36/98 ability to emulate these required loads is limited in capability to less then a 5 megawatt power range, and in scope to existing equipment such as the Integrated Fight Through Power (IFTP) test bed, phase leg tester, and resistive load banks. This load equipment is generally designed for steady state operation and has limited reconfiguration or expansion capability.

The proposed system of load emulation equipment will accommodate anticipated power levels up to 20 MW and emulate a range of power demands including steady state, pulsed power and transient loads. In addition, this system will be designed for rapid re-configuration and modular expansion capabilities to higher power levels.

Impact:

Project requirements for load emulation absent this system will need to be satisfied on a case by case basis with impacts to project schedules due to long lead times for equipment procurement and impacts to cost based on the need for additional project specific equipment.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 6/Nitramine Intermediates Drying Equipment(Environmental)				D. Site Identification NSWC Indian Head, MD				
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP							1	1050	1050			

Narrative Justification:

Description

This project is in support of the Nitramine Precipitation process which produces energetic materials. The equipment being procured for the drying process allows the recovery and reuse of solvent and processing water used in the process feedstock. The current drying process results in a hard cake of material which requires further processing (more labor and more exposure to personnel) for further processing. The new process results in product that is granular and can be easily transferred from the drying container. This project purchases and installs the drying equipment.

Justification

This project is safer and significantly reduces the cost to produce propellant; make-up solvent to account for process losses is less than 5%; reuse of solvent also reduces the labor necessary per batch (almost no waste disposal, transportation and handling labor reduced); reuse of process water reduces waste disposal costs and labor associated with the disposal; reduction in labor necessary to process the product.

Impact

The current drying process results in a hard cake of material which requires further processing (more labor and more exposure to personnel) for further processing. The new process results in product that is granular and can be easily transferred from the drying container. This "old" manufacturing method produces large quantities of waste, requires handling very sensitive dry high explosive nitramines and is labor intensive.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 7/Underwater Tracking System(Productivity)						D. Site Identification Coastal Systems Station, Panama City, FL		
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non ADP	1	650	650	1	350	350						

Narrative Justification:

Description

This proposal is for equipment that will be used at the Coastal Systems Station's (CSS) Coastal Test Range (CTR). The CTR is an essential element in the mission of CSS, and supports the test and evaluation efforts associated with systems developed at CSS and elsewhere. The CTR is also an integral part of the Joint Gulf Range Complex currently being developed by the Navy, Air Force, and Army to support joint testing, training, evaluation, and experimentation in the littoral regions. The equipment will include cabling and baseline stations, and will expand the portable tracking range to include an area of cable connected, bottom mounted sensors. This area will be used to track objects that cannot operate in buoyed areas. It will also increase the area of the tracking range.

Justification

Increased requirements for test and evaluation of new systems being developed at CSS and the establishment of the Joint Gulf Range Complex require that the CTR be able to track underwater vehicles in real time with overlays of surface and airborne objects. Currently CSS projects requiring underwater tracking conduct testing at other tracking ranges. Transportation of personnel and equipment is expensive, and increasingly CSS projects require special infrastructure or a littoral environment not available at existing tracking ranges. Underwater tracking is required in Fleet Battle Group activities, shallow water torpedo testing, the Long Range Mine Reconnaissance project, and other CSS projects.

Impact

Without this equipment limited testing will be conducted at other test ranges. Transportation and travel costs will continue to be high, and some projects will not be able to test because of unsuitable littoral environments. Exercises in the Joint Gulf Range Complex will be unable to conduct underwater tracking.

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates		
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 8/Miscellaneous (Non ADP < $1000K; >= $500K)()		D. Site Identification NA	
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	2199	4375	5395	4506
Focused Ion Beam Analyzer (NSWC Crane Div. Crane, IN)			986	
Electrodynamic Vibration Test System (NSWC Crane Div, Crane, IN)		480		453
Core Radar for RCS Assessment (NSWC Carderock Div, Bethesda, MD)	478	425		
Nitramine Tank Farm Equipment (NSWC Indian Head, MD)			850	
Teradyne Spectrum (NSWC Crane Div, Crane, IN)			802	
Computer Automatic Virtual Environment (CAVE) Equipment (NSWC Indian Head, MD)				800
Shipboard Human Systems Integration (NSWC Carderock Div, Bethesda, MD)				750
X-ray for Vibration Facility (NSWC Dahlgren Div, Dahlgren, VA)			745	
Weibel Radar System Upgrades (NSWC Crane Div, Crane, IN)				738
Ship Motion Simulator (NSWC Dahlgren Div, Dahlgren, VA)			695	
Rechargeable Battery Test System (NSWC Crane Div, Crane, IN)			667	
Electrodynamic Vibration Shaker (NSWC Dahlgren Div, Dahlgren, VA)		650		
Microwave Automated Test Suite (NSWC Crane Div, Crane, IN)			650	
Land-Based Engineering Site Improvements (NSWC Eng. Sta. Philadelphia, PA)				635
State-of-the-Art Audio/Visual Centers (NSWC Carderock Div, Bethesda, MD)	611			
Logistics System Simulation and Modeling Facility (NSWC Carderock Div, Bethesda, MD)	305	300		
MEMS Modular Clean Room (NSWC Indian Head, MD)		600		

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates		
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 8/ Miscellaneous (Non ADP <$1000K>=$500K) Continued	D. Site Identification NA		
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST				
Remote Systems Demonstration Equipment (Coastal Systems Station, Panama City, FL)	280	290		
Steam Feed System Upgrade (NSWC Eng. Sta. Philadelphia, PA)				570
T&E: High Speed Digital Imaging Equipment (NSWC Dahlgren Div, Dahlgren, VA)		570		
Audio/Visual Equipment and Integration (NSWC Carderock Div, Bethesda, MD)				560
CNC Water Jet (NSWC Carderock Div, Bethesda, (NSWC Carderock Div, Bethesda, MD)		530		
Next Generation FLIRS (NSWC Carderock Div, Bethesda, MD)		530		
H-mate/D-mate Test Bed Upgrade (NSWC Crane Div, Crane, IN)	525			

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates		
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 9/Miscellaneous (Non ADP < $500K)()		D. Site Identification NA	
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	7187	6938	7627	6963

Total number of projects = 105

Fiscal Year	No. of Projects
FY 2004	25
FY 2005	23
FY 2006	28
FY 2007	29

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 10/Theater Warfare Systems(Hardware)				D. Site Identification NSWC Dahlgren Div, Dahlgren, VA				
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP	1	850	850	1	925	925						

Narrative Justification:

Description

Theater Warfare Systems (TWS) implements new ways to provide meaningful information to decision-makers for engineering, management, and warrior requirements, using innovative, commercially feasible solutions. TWS visually depicts dynamic engineering concepts in battleforce interoperability, warfare analysis, total ship, and combat systems development. Modeling, visualizations, and demonstrations are accomplished through the Joint Warrior Interoperability Demonstrations (JWID), Fleet Battle Experiments (FBE) and other exercises, experiments and demonstrations. TWS enables decision-makers to explore various system/procurement options to evaluate relative benefits and affordability in a unit/force/theater context. TWS consists of display engines networked by video switching to panel display arrays, high-power computing engines, sophisticated graphical and animation capabilities as well as interactive decision-support hardware and software. Additional visualization displays, processors, consoles, and switching capabilities will be acquired. Acquistions for this project will be completed in FY2005.

Justification

TWS provides a cohesive environment to visualize, model, and analyze the performance of warfare systems and cost effectiveness in a unit/force/theater context. This investment significantly decreases time required to determine and document complex engineering decisions compared to traditional methods. TWS supports multiple users, especially those associated with warfare analysis, system engineering, new ship and system designs. Acquisition decision-makers can explore procurement alternatives and quickly visualize respective decision impacts through real-time, interactive simulations of various weapons systems.

Impact

Without this investment, much more costly and disjointed methods of evaluation will continue to be used for efforts such as Battle Force Interoperability, and Land Attack Warfare, consequently requiring more analysis time by limiting key decision-makers' ability to formulate better, informed, documented assessments.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 11/High Speed Computing System(Hardware)						D. Site Identification NSWC Indian Head, MD		
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP										1	1500	1500

Narrative Justification:

Description

Acquire a cost-effective, high performance parallel computing platform in a cluster configuration to support increasing Modeling and Simulation workload. Clustering is a means by which a group of machines act as a single parallel machine by communicating over a network.

Justification

System allows timely execution of NSWC Indian Head Division's increasing modeling and simulation workload. Equipment will reduce reliance on off-site resources with limited size/space and time allocations. Completes a suite of high performance computing investments which includes a massively parallel processor and connectivity to off-site High Performance Computing (HPC) centers.

Impact

If the investment is not made, NSWC will be unable to efficiently expand the use of modeling and simmulation for subsequent design and test cost savings.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 12/CSACT (Combat Systems Adv Concepts and Tech) Lab(Hardware)			D. Site Identification NSWC Dahlgren Div, Dahlgren, VA					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP	1	710	710	1	585	585						

Narrative Justification:

Description

The Combat Systems Advanced Concepts and Technology (CSACT) Laboratory combines several related yet independent thrusts into one cohesive whole, providing an integrated software development and evaluation environment. This investment consists of workstations networked to servers with specialized peripherals to provide a unique capability to evaluate Human System Integration and various combat system architectures and configurations.

Justification

The requirement to explore concepts, technologies, and configurations requires high resolution graphics and computational capability to further develop and demonstrate concepts on information and man-machine interaction as an active participant in Simulation Based Design (SBD). Workstations, high-performance processors, and high-resolution and large-screen displays will be integrated to provide a network enabling the evaluation of new architecture concepts, algorithms, and implementation strategies. Specialized peripherals will support the evaluation of Human System Integration, an increasingly important area as operational decision-makers are faced with more options for smarter weapons based on improved sensors in a crowded battlespace. The CSACT Lab is used to prototype new and existing combat control systems to ensure functionality and interoperability before deployment on Fleet ships.

Impact

This investment provides the necessary tools to evaluate evolving and future combat system capabilities and architectures prior to deployment to the Fleet. Advanced feasibility demonstration through analysis and prototyping are critical in the pursuit of suitable technologies. Without this equipment, the core technical competency will not be developed and maintained for surface ship combat systems technology.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 13/Residual Network(Hardware)				D. Site Identification NSWC Carderock Div, Bethesda, MD				
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP							1	1200	1200			

Narrative Justification:

Description

Convert the existing legacy network to a residual network which will support R&D functions at NSWC Carderock Division (NSWCCD) that are currently not supported by the Navy Marine Corps Internet (NMCI). Project will involve modernizing the legacy network infrastructure that has reached end of useful life.

Justification

The NSWC Carderock Division Residual Network provides advanced scientific and engineering network resources and capability not available under the NMCI. This includes functions and programs such as Engineering and Science R&D, Shipboard Software Development, Shipboard Systems Emulation, and Shipboard Network Prototyping. In order to accomplish this work, engineers must be able to do the following: Use hardware/software approved by the local Designated Approving Authority (DAA) which does not currently work on an NMCI S&T Developer Seat; Use hardware with higher computational speeds than currently available on any computer provided by the NMCI contract; Connect to other DOD sites, academia, contractors, and foreign governments not currently possible through the NMCI Boundary firewall; Connect to other devices that NMCI cannot currently reach back too; Use hardware which is accredited for operation by the local DAA but cannot be NSCAPS certified to operate on the the NMCI network; While on travel or off-site trails, access equipment in the residual network that cannot be reached from NMCI dial-in; Use different transport (ex. ATM) or data transfer protocols for shipboard equipment which does not fall under the NMCI architecture; Change configuration (either network setup or OS) on hardware frequently; Use computer or devise to simulate a shipboard or test environment.

The system will be capable of support mission requirements and have the flexibility to incorporate other emergent technology and functionality.

Impact

The Residual network needs to be modified with a combination of new switches and upgrade the current ones. Failure to do so will restrict NSWCCD engineers' ability to provide R&D services to the fleet and will hinder the support of older protocol systems on Navy ships.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 15/Expeditionary Warfare Systems Evaluator(Hardware)				D. Site Identification Coastal Systems Station, Panama City, FL				
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADP							1	1100	1100			

Narrative Justification:

Description

This equipment procures a systems evaluator test bed for the Expeditionary Warfare Integration Facility (EWIF). It will be used to test all phases of development for expeditionary warfare combat systems such as Deployable Joint Command and Control (DJCC), Area Air Defense Commander (AADC), and Supporting Arms Coordination Center Automation (SACC-A). It will provide the capability to conduct simulation, stimulation, and analysis. The evaluator will be able to evaluate a wide array of complex joint systems, and will integrate real and simulated data. Evaluator equipment will include radios, network configuration tools, interface hardware, and other required equipment.

Justification

This project will increase productivity by providing a central point for system stimulation and test. It will enhance NSWC Panama City's capabilities while reducing manpower requirements. NSWC PC customers will benefit from improved multi-system performance since the evaluator will be able to evaluate new systems and how they interface together prior to introduction in the field.

Impact

The capability to effectively test Command Control Communications Computers and Intelligence (C4I) systems, including simulation/stimulation, does not currently exist at NSWC PC. Limited testing is currently conducted at NSWC PC, but with greatly increased manpower requirements. Other testing of resident multi-system configurations either cannot be conducted or must be conducted at off-site locations.

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates		
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 16/Miscellaneous (ADP < $1000K; >= $500K)()		D. Site Identification NA	
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	2666	2040	1650	4379
Advanced Computing Systems (NSWC Dahlgren Div, Dahlgren, VA)	405	490		
Data Transfer System (DTS) (NSWC Dam Neck, VA)				887
Regional Switching Center (NSWC Crane Div, Crane, IN)		800		
Science & Technology (S&T) Network (NSWC Crane Div, Crane, IN)	800			
Joint Fires Integration Lab (JFIL) (NSWC Dahlgren Div, Dahlgren, VA)			750	
Concept Visualization Site (NSWC Eng. Sta. Philadelphia, PA)				740
Central Computer Facility Storage Area Network (NSWC Crane Div, Crane, IN)	703			
Physics Based System (NSWC Dahlgren Div, Dahlgren, VA)				700
Distributed Interoperability Architecture Test Bed (NSWC Dahlgren Div, Dahlgren, VA)				642
Test & Training Command & Control Center (Coastal Systems Station, Panama City, FL)				640
Secure Collaborative Engineering Connectivity (NSWC Port Hueneme, CA)			320	270
Test Ship/SWEF Communications Equipment/ Systems (NSWC Port Hueneme, CA)			580	
Integrated Programming Environment (NSWC Dahlgren Div, Dahlgren, VA)	208	300		
Advanced Data Acquisition and Processing (NSWC Carderock Div, Bethesda, MD)				500
Amphibious Warfare C4I Testing Equipment (Coastal Systems Station, Panama City, FL)	250	250		
Land Attack Systems Integration Laboratory (LASIL) (NSWC Dahlgren Div, Dahlgren, VA)	300	200		

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 17/Miscellaneous (ADP < $500K)()	D. Site Identification NA

	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	1875	2188	3249	2526

Total number of projects = 34

Fiscal Year	No. of Projects
FY 2004	9
FY 2005	8
FY 2006	11
FY 2007	6

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 18/Standard Systems Software(Internally Developed)					D. Site Identification NSWC Arlington, VA			
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software	1	395	395	1	2322	2322	1	1300	1300	1	1300	1300

Narrative Justification:

Description

Over the last several years, NSWC has emphasized standardization of business systems and consolidation of computer operations for these systems to reduce costly and specialized information technology (IT) management overhead and to implement documented aspects of Business Process Reengineering. Currently, we are working to comply with mandated reduction of applications. Functional Area Managers (FAMs) are identifying best of breed applications and developing the Business Case Analysis to support the required migration.

Justification

As the Warfare Centers continue their integration of DOD systems, Navy applications are being evaluated for migration and integration. This process will also drive development and implementation of standard business practices within the Warfare Centers. Enhnacments in technology are migrating to web enabled and electronic interfaces that will eliminate redundant applications and functional process within both the Warfare Centers and other DOD organizations.

Impact

This investment ensures NSWC's ability to continue implementation of DOD and Navy standards systems in a common integrated fashion.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 19/Advanced Collaboration Integration(Internally Developed)				D. Site Identification NSWC Port Hueneme, CA				
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software	1	1950	1950	1	1450	1450						

Narrative Justification:

Description

This project integrates additional data resources and adds user functionality modules to the Collaborative Engineering Environment project. Engineering Data Collaborative Information System (EDCIS)/Port Hueneme Division (PHD) Portal Integration will allow desktop access to all ECDIS data and tools. The SIPRNET (Secure Internet Protocol Routed NETwork) version of the PHD Portal will be developed for all PHD personnel with appropriate access. NIPRNET (Non-secure Internet Protocol Routed NETwork) and SIPRNET versions of ACI/ PHD Portal will be integrated with Navy-wide initiatives: TaskForce Web, Navy Marine Corps Intanet, and ERP (Enterprise Resource Planning). The Condition and Environment Sensing and Reporting (CAESAR) tool will also be integrated with EDCIS. In FY 05, this project will be installed in all Departments; servers and COTS applications will be upgraded, and telephone and computer infrastructures will be integrated enabling improvements to Customer Relationship Manager systems.

Justification

Fleet Readiness and Distance Support Grand Challenges, as well as Fleet support in general, require availability and access to critical technical and logistical facets of higher level In-Service Engineering Agent (ISEA) data and tools. This project ensures the data is secure and accurate. It enhances collaboration, optimizes use of critical expertise and reduces maintenance and costs. It thereby supports our business plan of growth to higher level efforts without transferring cost to the fleet.

Impact

By exploiting emerging data integration technologies, improvements can be made in fleet support as well as product development decisions, thereby improving fleet readiness. Access to integrated data sources provides the best valued solution. It will provide the collaborative structure which will contribute to achieving planned wedge savings.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 20/Advanced Content Management(Internally Developed)				D. Site Identification NSWC Port Hueneme, CA				
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software							1	1250	1250	1	1500	1500

Narrative Justification:

Description

Provides the advanced corporate infrastructure necessary to fully manage data/information/knowledge. The FY 2006 project consists of: Web Services Management Infrastructure and the Corrective Data Feedback System which provides the control layer that defines and enforces consistent enterprise-wide infrastructure policies for Web services within an enterprise. The Infrastructure would allow for all web services developed by Port Hueneme Division (PHD) to be published for consumption throughout the NAVSEA community. Corrective Data Feedback System would be an add-on to the Collaborative Engineering Environment and Engineering Data Collaborative Information System that would allow Engineers and Logisticians to provide corrective changes to particular data elements when necessary. The FY 2007 project consists of: Enterprise Business Objects Repository and Engineering Data Command Information System (EDCIS) Content Web Services which creates a library of common business objects for use in developing portlets for the enterprise portal. EDCIS Content Web Services provides a web service infrastructure to allow for the delivery of binary content from PHD content sources. This would levarge the existing EDCIS architecture, and allow for the aggregation of binary content, such as drawings, tech manuals, documents, and images with the extensive EDCIS library of relational data.

Justification

Fleet Readiness and Distance Support Grand Challenges, as well as Fleet support in general, require availability and access to critical technical and logistical facets of higher level In-Service Engineering Agent (ISEA) data and tools. This project enhances the ability to ensure that critical data is secure and accurate. It enhances the ability to manage the varied content that is required to support the warfighter. It thereby fully supports our business plan of growth to higher level efforts without transferring cost to the fleet.

Impact

By exploiting emerging data management and integration technologies, improvements can be made in fleet support as well as product development decisions, thereby improving fleet readiness. Access and management of integrated data sources provides the best valued solution. It will provide the collaborative structure which will contribute to achieving planned wedge savings.

Naval Surface Warfare Center ($ in Thousands)				A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates								
B. Component/Business Area/Date Department of the Navy/R&D/February 2005				C. Line# and Description 21/Virtual ISE(Internally Developed)			D. Site Identification NSWC Port Hueneme, CA					
	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software							1	750	750	1	1500	1500

Narrative Justification:

Description

To deploy an integrated, authoritative, and collaborative WEB enabled environment to enable enhanced fleet support efforts across the Warfare centers.

Elements include:
Distance Support Integration - Reach-back, knowledge aggregation/delivery
Common ISEA Tools - Common data warehouse, agile sailor support, predictive analysis
Advanced Logistics - Configuration management, supply support, maintenance planning

Justification

This project will directly support the transformation of the Warfare Centers to become a more agile support organization. By fully integrating authoritative data sources with collaborative tools, flexible display technologies, and robust content management we will be better able to support the Fleet's war fighters from Force Level leadership, to the sailor on the deckplate at any location and from any location. This evolution of Distance Support capability also enables us to be more proactive in developing life-cycle solutions by making the information required readily available at the workers desktop.

Impact

Using an Open Architecture framework and exploiting work done in data management and integration technologies, quantum improvements can be made in fleet support and engineering processes across the Warfare Centers, thereby improving fleet readiness. Access to authoritative, integrated data sources along with sharing best practices between work units provides the best valued solution. It will provide the collaborative structure which will contribute to achieving current/planned customer service levels.

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates		
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 22/Miscellaneous (Software < $1000K; >= $500K)()		D. Site Identification NA	
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	346	900	581	0
System Supportability Modeling & Sim. Enviroment (NSWC Port Hueneme, CA)	346	300		
Facilities Automated Support Technologies (FAST) (NSWC Carderock Div, Bethesda, MD)		600		
EM Numerical Modeling Environment (NSWC Dahlgren Div, Dahlgren, VA)			581	

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 23/Miscellaneous (Software < $500K)()	D. Site Identification NA

	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	905	225	0	0

Total number of projects = 4

Fiscal Year	No. of Projects
FY 2004	3
FY 2005	1

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates		
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 24/Miscellaneous (Minor Construction < $1000K; >= $500K)()		D. Site Identification NA	
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	5824	5140	4240	3225
Electric Gun Pulsed Power Facility (NSWC Dahlgren Div, Dahlgren, VA)	727			
RDT&E Support Center (NSWC Carderock Div, Bethesda, MD)	725			
Enhance Smart Weapons Facility (NSWC Crane Div, Crane, IN)	745			
Prototype Assembly Facility (Coastal Systems Station, Panama City, FL)	684			
Increasing Fuel Efficiency (NSWC Eng. Sta. Philadelphia, PA)				750
Nitramine Precipitation Facility (NSWC Indian Head, MD)		750		
Integrated Landbased Test Facility (NSWC Dahlgren Div, Dahlgren, VA)				745
Topside Integrated E3 Laboratory (NSWC Dahlgren Div, Dahlgren, VA)		744		
Foreign Material Exploitation Facility (Coastal Systems Station, Panama City, FL)				740
Magnetic Treatment Facility Modifications (NS (NSWC Carderock Div, Bethesda, MD)	675			
Signature Trainer Development Facility (NSWC Carderock Div, Bethesda, MD)		740		
System Integration Facility (Coastal Systems Station, Panama City, FL)				740
Warfare Analysis Building (NSWC Dahlgren Div,Dahlgren, VA)		739		
Damage Control Firefighting & Personal Protection Facility (Coastal Systems Station, Panama City, FL)			735	
Electromagnetic Launch Technology Facility (NSWC Dahlgren Div, Dahlgren, VA)	735			
Industrial Technology Laboratory (NSWC Carderock Div, Bethesda, MD)			730	
Information Technology Space Conversion (NSWC Dahlgren Div, Dahlgren, VA)		730		

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates		
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 24/Miscellaneous (Minor Construction < $1000K; >= $500K)(Continued)	D. Site Identification NA		
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST				
Ship Systems Support Facility (NSWC Eng. Sta. Philadelphia, PA)		725		
Reconfigure Intersection (NSWC Crane Div, Crane, IN)		712		
CHARADE RED Development Laboratory (NSWC Dahlgren Div, Dahlgren, VA)			700	
Nitramine Intermediates Tank Farm Facility (NSWC Indian Head, MD)			650	
Consolidated Range Maintenance (NSWC Dahlgren Div, Dahlgren, VA)			625	
Relocate Chemistry Lab (NSWC Crane Div, Crane, IN)	536			
Shops Support Addition (NSWC Carderock Div, Bethesda, MD)	499			
Counter Explosive Test Facility (CETFAC) (NSW (NSWC Dahlgren Div, Dahlgren, VA)			550	
Helicopter Landing Site (Coastal Systems Stat (Coastal Systems Station, Panama City, FL)	498			
Design - Future (NSWC Carderock Div, Bethesda, MD)			250	250

Naval Surface Warfare Center ($ in Thousands)		A. Budget Submission Fiscal year (FY) 2006 / FY 2007 Budget Estimates		
B. Component/Business Area/Date Department of the Navy/R&D/February 2005	C. Line# and Description 25/Miscellaneous (Minor Construction < $500K)()		D. Site Identification NA	
	FY 2004	FY 2005	FY 2006	FY 2007
ELEMENTS OF COST	Total Cost	Total Cost	Total Cost	Total Cost
TOTAL COST	1638	3177	2362	1415

Total number of projects = 64

Fiscal Year	No. of Projects
FY 2004	21
FY 2005	22
FY 2006	16
FY 2007	5

Department of the Navy
Activity Group: Naval Surface Warfare Center
Title: Fiscal year (FY) 2006 / FY 2007 Budget Estimates
Date: February 2005
($ in Millions)

Line Item President's	Line Item OSD	FY 2005 Project Title	FY 2005 President's	+/-	FY 2006 OSD	Explanation
1	1	Agile Chemical Facility Equipment	2.000	0.000	2.000	
4	5	Underwater Tracking System	0.350	0.000	0.350	
5	8	Miscellaneous (Non ADP < $1000K; >= $500K)	3.672	-0.202	3.470	Reflects Reprioritization of projects and realignment of funds to the highest priority requirements.
6	9	Miscellaneous (Non ADP < $500K)	8.181	-0.338	7.843	Reflects Reprioritization of projects and realignment of funds to the highest priority requirements.
		Non ADP	**14.203**	**-0.540**	**13.663**	
7	10	Theater Warfare Systems	0.925	0.000	0.925	
8	12	CSACT (Combat Systems Adv Concepts and Tech) Lab	0.585	0.000	0.585	
10	0	Advanced Computing Systems	0.490	-0.490	0.000	Project removed due to realignment of funds to the highest priority requirements.
11	16	Miscellaneous (ADP < $1000K; >= $500K)	1.550	0.490	2.040	Reflects Reprioritization of projects and realignment of funds to the highest priority requirements.
12	17	Miscellaneous (ADP < $500K)	2.035	0.153	2.188	Reflects Reprioritization of projects and realignment of funds to the highest priority requirements.
		ADP	**5.585**	**0.153**	**5.738**	
13	18	Standard Systems Software	2.322	0.000	2.322	
14	19	Advanced Collaboration	1.450	0.000	1.450	
15	22	Miscellaneous (Software < $1000K; >= $500K)	0.900	0.000	0.900	Reflects Reprioritization of projects and realignment of funds to the highest priority requirements.
16	23	Miscellaneous (Software < $500K)	0.000	0.225	0.225	Reflects Reprioritization of projects and realignment of funds to the highest priority requirements.
		Software	**4.672**	**0.225**	**4.897**	
17	24	Miscellaneous (Minor Construction < $1000K; >= $500K)	4.400	0.740	5.140	Reflects Reprioritization of projects and realignment of funds to the highest priority requirements.
18	25	Miscellaneous (Minor Construction < $500K)	3.756	-0.579	3.177	Reflects Reprioritization of projects and realignment of funds to the highest priority requirements.
		Minor Construction	**8.156**	**0.161**	**8.317**	
		Grand Total	**32.616**	**-0.001**	**32.615**	

Naval Undersea Warfare Center

Department of the Navy
Navy Working Capital Fund
FY 2006/2007 Budget Estimates
Research and Development
Naval Undersea Warfare Center
February 2005

A. MISSION STATEMENT

The mission of the Naval Undersea Warfare Center (NUWC) is to operate the Navy's full spectrum research, development, test and evaluation, engineering and fleet support center for submarines, autonomous underwater systems and offensive and defensive weapon systems associated with Undersea Warfare.

B. ACTIVITY GROUP COMPOSITION

The Naval Undersea Warfare Center was established in January 1992, and is composed of two divisions, located in Newport, RI and Keyport, WA, and several detachments. The NUWC Headquarters organization is located at Newport, RI.

C. BUDGET HIGHLIGHTS

($ In millions)

Summary	FY 2004	FY 2005	FY 2006	FY 2007
New Orders	$1,023.3	$947.9	$969.8	$955.6
Revenue	$995.8	$976.5	$1,011.2	$1,013.3
Cost of Goods/ Services	$997.5	$980.6	$1,012.0	$1,013.3
Operating Results	($1.7)	($4.1)	($.8)	-0-
Accumulated Operating Results	$4.9	$.8	-0-	-0-
Civilian End Strength	4,259	4,277	4,254	4,242
Civilian Workyears (Straight time)	4,253	4,262	4,222	4,212
Military End Strength	36	46	46	46
Military Workyears	34	34	34	34
Capital Program	$15.5	$19.5	$18.7	$18.8

FY 2006/2007 Budget Estimate
Naval Undersea Warfare Center

1. Management Statement

NUWC's FY 2004 reimbursable funding levels were $168.8 million higher than those reflected in the FY 2005 President's budget. We exceeded our Net Operating Results goal of $2.3 million by $.6 million coming in at $1.7 million.

The NAVSEA Warfare Centers are aligned to focus on Product Areas. This was accomplished in FY 2004 to provide a broader view of all the capabilities and solutions available to quickly respond to fleet needs. NUWC and the Naval Surface Warfare Center (NSWC) will operate in place with our respective Commanders and Technical Directors, under this new alignment.

NUWC met its budgeted Strategic Sourcing savings goal in FY 2004. We have not changed our savings estimates from the FY 2005 President's Budget. NUWC has also implemented additional initiatives to achieve in FY 2006.

2. Workload

($ In millions)

Workload	FY 2004	FY 2005	FY 2006	FY 2007
New Orders	$1,023.3	$947.9	$969.8	$955.6

The Center's budget has been balanced to customer workload estimates.

3. Financial Profile

($ In millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	$995.8	$976.5	$1,011.2	$1,013.3
Cost of Goods/Services	$997.5	$980.6	$1,012.0	$1,013.3
Operating Results	($1.7)	($4.1)	($.8)	-0-
Accumulated Operating Results	$4.9	$.8	-0-	-0-

Revenue and Cost of Goods/Services

Revenue and cost estimates for FY 2005 have increased over the previously submitted President's Budget to reflect updated customer workload information resulting in a material increase in new orders. This change now aligns revenue and costs, for all years, with the FY 2004 actual results.

Operating Results

As noted above, NUWC exceeded its FY 2004 NOR goal of by $.6M, which was set in the FY 2005 President's Budget.

4. **Manpower**

Manpower	FY 2004	FY 2005	FY 2006	FY 2007
Civilian End Strength	4,259	4,277	4,254	4,242
Civilian Workyears (Straight time)	4,253	4,262	4,222	4,212
Military End Strength	36	46	46	46
Military Workyears	34	34	34	34

Civilian End Strength/Workyears

The civilian end strength and workyear numbers reflect Intelligent Target reductions beginning in FY 2006. Our budget includes a small number of SIPs each year of the budget period to facilitate efforts to balance workforce to workload.

Military End Strength/Workyears

Military workyears will remain stable over the budget period.

5. Capital Purchase Program (CPP)

($ In millions)

CPP	FY 2004	FY 2005	FY 2006	FY 2007
Equipment	$ 5.6	$ 7.5	$4.6	$6.0
ADP	$ 7.4	$ 9.6	$10.5	$10.4
Minor Construction	$ 2.0	$ 2.0	$ 2.8	$ 1.7
Software	$ 0.5	$0.5	$0.7	$0.7
Total CPP	**$15.4**	**$19.5**	**$18.6**	**$18.8**

CPP

The FY 2005 program is unchanged from the FY 2005 President's Budget submission. FY 2006 and FY 2007 reflect NUWC's program requirements.

6. Stabilized Rates

	FY 2004	FY 2005	FY 2006	FY 2007
Stabilized Rate	$82.64	$85.98	$87.37	$90.72
Billing Rate Change %		+4.0%	+1.6%	+3.8%
Composite Customer Rate Change		+2.7%	+1.8%	+2.9%

Stabilized Rate

The Center's FY 2006 stabilized billing rate will increase by 1.6% over the FY 2005 rate and includes adjustments for the pay raise and inflation. The composite customer rate change for FY 2006 is 1.8%.

7. Unit Cost

Unit Cost	FY 2004	FY 2005	FY 2006	FY 2007
Stabilized Cost ($M)	$470.9	$484.4	$486.3	$501.1
Direct Labor Hours (000)	5,715	5,639	5,593	5,577
Unit Cost	$82.38	$85.91	$86.94	$89.85

Unit Cost

Over the budget period Direct Labor hours decrease slightly while stabilized costs have increased which is primarily due to increased labor costs. The combination of these two factors is responsible for the increase in the Unit Cost over the budget period.

8. Cash

($ In millions)

Net Outlays	FY 2004	FY 2005	FY 2006	FY 2007
Collections	$1,028.3	$983.1	$1,015.0	$1,012.8
Disbursements	$1,001.9	$1,012.9	$1,035.5	$1,020.4
Net Outlays	($26.4)	$29.8	$20.5	$7.6

Net Outlays

Disbursements and Collections remain fairly constant over the budget years.

9. Performance Indicators

NUWC's outputs are scientific and engineering designs, developments, tests, evaluations, analyses, and fleet support in NUWC's assigned mission areas. The primary performance indicators are Direct Labor Hours, Unit Cost, Net and Accumulated Operating Results, which are found in various tables throughout the narrative.

FY 2006/FY2007 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
February 2005
REVENUE and EXPENSES
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	976.0	954.0	989.6	992.5
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	19.8	22.5	21.6	20.8
Other Income				
Total Income	995.8	976.5	1,011.2	1,013.3
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	1.8	2.2	2.0	2.1
Civilian Personnel	421.0	442.4	445.4	456.1
Travel and Transportation of Personnel	25.6	25.1	25.0	25.3
Material & Supplies (Internal Operations	78.8	81.2	86.5	87.8
Equipment	13.6	9.6	9.8	10.1
Other Purchases from NWCF	42.6	35.0	30.2	30.5
Transportation of Things	1.5	1.0	1.1	1.1
Depreciation - Capital	19.8	22.5	21.6	20.8
Printing and Reproduction	1.8	1.3	1.3	1.3
Advisory and Assistance Services	.0	.0	.0	.0
Rent, Communication & Utilities	15.9	18.5	18.6	18.1
Other Purchased Services	381.0	341.8	370.4	360.1
Total Expenses	1,003.5	980.5	1,011.9	1,013.2
Work in Process Adjustment	-5.5	.1	.1	.1
Comp Work for Activity Reten Adjustment	-.5	.0	.0	.0
Cost of Goods Sold	997.5	980.6	1,012.0	1,013.3
Operating Result	-1.7	-4.1	-.8	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-1.7	-4.1	-.8	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	4.9	.8	.0	.0

FY 2006/FY 2007 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2005
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	1,023	948	970	956
a. Orders from DoD Components	861	803	821	806
Department of the Navy	842	786	804	788
O & M, Navy	223	185	198	185
O & M, Marine Corps	0	0	0	0
O & M, Navy Reserve	1	2	2	2
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	15	16	16	17
Weapons Procurement, Navy	72	74	76	78
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	78	72	70	70
Other Procurement, Navy	195	185	187	181
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	258	252	255	256
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	0	0	0	0
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	8	5	5	5
Army Operation & Maintenance	0	0	0	0
Army Res, Dev, Test, Eval	6	4	4	4
Army Procurement	2	1	1	1
Army Other	0	0	0	0
Department of the Air Force	0	0	0	0
Air Force Operation & Maintenance	0	0	0	0
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	11	13	12	12
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	0	0	0	0
Res, Dev, Test & Eval Accounts	12	12	12	12
Procurement Accounts	0	1	1	1
Defense Emergency Relief Fund	-2	0	0	0
DOD Other	0	0	0	0
b. Orders from other WCF Activity Groups	88	82	87	87
c. Total DoD	949	886	908	893
d. Other Orders	74	62	62	62
Other Federal Agencies	1	1	1	1
Foreign Military Sales	41	39	38	39
Non Federal Agencies	32	22	22	22
2. Carry-In Orders	399	427	398	357
3. Total Gross Orders	1,423	1,375	1,368	1,312
a. Funded Carry-Over before Exclusions	427	398	357	299
b. Total Gross Sales	996	976	1,011	1,013

FY 2006/FY 2007 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2005
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
4. End of Year Work-In-Process (-)	-28	-28	-27	-27
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-89	-69	-59	-47
6. Net Funded Carryover	310	302	271	224

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

FY 2006 / FY 2007 BUDGET ESTIMATE
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2005
CHANGES IN THE COSTS OF OPERATION
(DOLLARS IN MILLIONS)

	TOTAL EXPENSES
FY 2004 Actual	1,002.9
FY 2005 President's Budget	916.1
Price Adjustments	
FY 2005 Pay Raise	
Civilian Personnel	5.4
Military Personnel	0.0
Annualization of FY 2004 pay raise	
Civilian Personnel	0.3
Military Personnel	0.0
Supply Management - fuel	0.0
Supply Management - non-fuel	0.0
NWCF price changes	0.0
General purchase inflation	2.5
Productivity Initiatives	
Savings from CPP	0.0
Other	-5.9
Program Changes	
Workload	61.1
Other (specify)	0.0
Other Changes	1.1
FY 2005 Current Estimate	980.6

FY 2006 / FY 2007 BUDGET ESTIMATE
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2005
CHANGES IN THE COSTS OF OPERATION
(DOLLARS IN MILLIONS)

	TOTAL EXPENSES
FY 2005 Current Estimate	980.6
Price Adjustments	
FY 2006 Pay Raise	
Civilian Personnel	6.4
Military Personnel	-0.1
Annualization of FY 2005 pay raise	
Civilian Personnel	2.7
Military Personnel	0.0
Supply Management - fuel	0.3
Supply Management - non-fuel	0.1
NWCF price changes	0.7
General purchase inflation	8.9
Productivity Initiatives	
Savings from CPP	-1.8
Other	-8.1
Intelligent Target Savings	-22.3
Program Changes	
Workload	46.7
Other (specify)	0.0
Other Changes	-2.2
FY 2006 Current Estimate	1,011.9

FY 2006 / FY 2007 BUDGET ESTIMATE
NAVY WORKING CAPITAL FUND
R&D: NAVAL UNDERSEA WARFARE CENTER
FEBRUARY 2005
CHANGES IN THE COSTS OF OPERATION
(DOLLARS IN MILLIONS)

	TOTAL EXPENSES
FY 2006 Current Estimate	1,011.9
Price Adjustments	
FY 2007 Pay Raise	
Civilian Personnel	6.6
Military Personnel	0.1
Annualization of FY 2006 pay raise	
Civilian Personnel	2.3
Military Personnel	0.0
Supply Management - fuel	-0.1
Supply Management - non-fuel	0.1
NWCF price changes	0.2
General purchase inflation	10.0
Productivity Initiatives	
Savings from CPP	-2.2
Other	-8.0
Program Changes	
Workload	-6.9
Other (specify)	0.0
Other Changes	-0.8
FY 2007 Current Estimate	1,013.2

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY2006 President's Budget
February 2005
($ in Millions)

LINE #	ITEM DESCRIPTION	FY04		FY05		FY06		FY07	
		QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST	QUANT	TOTAL COST
	1. Non ADP Equipment								
	a. Productivity Non-ADP Equip (Major)								
	Productivity Non-ADP Equip (Major) ($500K - $999K)	2	1.215	4	2.730	3	2.405	6	4.855
	Productivity Non-ADP Equipment (Minor)	8	1.996	13	4.795	5	1.940	2	.870
	b. Replacement Equip (Major)								
	Replacement Non-ADP Equip (Major) ($500K - $999K)								
	Replacement Non ADP Equipment (Minor)	3	.807						
	c. Environmental Equip (Major)								
	Environmental Non-ADP Equip (Major) ($500K - $999K)								
	Environmental Non ADP Equipment (Minor)	1	.240			1	.260	1	.260
	d. New Mission Equip (Major)								
	New Mission Non-ADP Equip (Major) ($500K - $999K)	1	.772						
	New Mission Non ADP Equipment (Minor)	4	.535						
	Total Non ADP Equipment	**19**	**5.565**	**17**	**7.525**	**9**	**4.605**	**9**	**5.985**

EXHIBIT 9A

Working Capital Fund Capital Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY2006 President's Budget
February 2005
($ in Millions)

LINE #	ITEM DESCRIPTION	FY04 QUANT	FY04 TOTAL COST	FY05 QUANT	FY05 TOTAL COST	FY06 QUANT	FY06 TOTAL COST	FY07 QUANT	FY07 TOTAL COST
	2. ADP & Telecommunications Equipment								
	a. ADP Computer & Telecom Support Equip (Major)								
L269	Common Product Development (Productivity)	1	1.020						
L270	Scientific Computational Resources Upgrade (Productivity)			1	1.300	1	1.284	1	1.265
L271	NW T&E Efficiency Thru Seamless WC Operations					1	1.200	1	2.000
L272	Deployment of "One WC" Capabilities for Forward Depl. TT&E					1	1.400	1	1.450
L273	Custom Engineering Solutions Initiative					1	1.150		
	ADP Computer & Telecom Support Equip (Major) ($500K - 999K)	3	1.661	3	2.375	4	3.339	6	4.615
	ADP Computer & Telecomm Support Equipment (Minor)	20	4.696	16	5.920	5	2.157	3	1.080
	Total ADP & Telecommunication Equipment	**24**	**7.377**	**20**	**9.595**	**13**	**10.530**	**12**	**10.410**
	3. Software								
	a. Software (Major)						.725		.725
	b. Software (Minor)		.512		.450				
	Total Software		**.512**		**.450**		**.725**		**.725**
	4. Minor Construction								
	Minor Construction (Major) ($500K - $999K)				.500		.565		.700
	Minor Construction (Minor)		1.980		1.470		2.225		.950
	Total Minor Construction		**1.980**		**1.970**		**2.790**		**1.650**
	Grand Total Capital Purchase Program		**15.434**		**19.540**		**18.650**		**18.770**
	Total Capital Outlays		**13.644**		**20.085**		**19.249**		**19.252**
	Total Capital Depreciation		**19.754**		**22.461**		**21.580**		**20.809**

EXHIBIT 9A

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description N/A Productivity Non ADP Equip (Major) Projects ($500K - $999K)		D. Activity Identification NUWC Division, NPT/KPT

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity Non ADP Major (500K – 999K)	2		1,215	4		2,730	3		2,405	6		4,855

Narrative Justification:

Project	**Location**	**FY 04**	**FY 05**	**FY 06**	**FY 07**
BG/ARG Sys. Dev. & Integration Lab	Keyport	740			
MILCON Collateral Equipment	Keyport	475			
Integrated Test, Training & Life Cycle Support Lab	Keyport		500		
Hawaii Detachment Relocation to Pearl Harbor	Keyport		550		
Littoral USW Test Bed	Newport		875		
Testing Facility Upgrades	Newport		805	675	865
USW Autonomous System Test Bed	Newport			805	925
Test Bed for Advance Network Sensor Systems	Newport			925	585
Autonomous UUV Test Bed	Newport				785
Undersea Transducer Materials Lab	Newport				745
COTS System Supportability	Keyport				950

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description N/A Productivity Non ADP Equipment (Minor)		D. Activity Identification NUWC Division, NPT/KPT

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity Non ADP Minor	8		1,996	13		4,795	5		1,940	2		870

Narrative Justification:

Projects Between $0K - $499K

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description N/A Environmental Non ADP Equipment (Minor)		D. Activity Identification NUWC Division, NPT/KPT

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Environmental Non ADP Minor	1		240				1		260	1		260

Narrative Justification:

Projects Between $0K - $499K

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description L270 Scientific Computational Resources Upgrade		D. Activity Identification NUWC Division, Newport

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Scientific Computational Resources Upgrade				1		1,300	1		1,284	1		1,265

Narrative Justification:

In order to provide the necessary scientific computer resources at the Naval Undersea Warfare Center, Division Newport, adequate systems must be acquired to meet the Research, Development, Test and Evaluation (RDT&E) needs. The Scientific Computational Resources Upgrade project enhances existing scientific computational engines or replaces systems that are no longer cost effective to operate. This project provides the visualization engines and repositories of DoD high performance computer systems for engineers and scientists to develop innovative undersea warfare solutions. These computational engines are a key component and requirement for many of the existing and proposed projects to be fully functional. Replacement of the obsolete computer equipment and the addition of these visualization engines will provide Division Newport with more reliable and more cost effective resources which will ensure that the technical areas have the capabilities they need to meet their requirements. Increased reliability will reduce maintenance costs, increase overall efficiency, and enhance compatibility internally and externally to the Division.

If this equipment is not acquired, NUWC can expect to incur loss of personnel productivity, decreased customer satisfaction, rapidly escalating maintenance costs, reduced services to the technical community, and technical obsolescence. Consequently, NUWC will be unable to provide the necessary corporate computer resources necessary to meet the current and future computational and display requirements of the RDT&E and business populations.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description L271 NW T&E Efficiency thru Seamless Warfare Center Operations		D. Activity Identification NUWC Division, Keyport

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
NW T&E Efficiency thru Seamless Warfare Center Operations							1		1,200	1		2,000

Narrative Justification:

To develop cross-center collaboration to more efficiently support Northwest platform and weapons signature measurements and associated operations. This is a joint Warfare Center proposal from NSWC Carderock and NUWC Keyport and addresses the CNO guidance to streamline our testing and evaluation processes through collaborative efforts among Navy and contractor entities. The CPP Investment is in common Data Acquisition Systems, and Analysis tools to enable analysts to move between organizations, analyzing tests utilizing common systems, tools, skills, and training.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description L272 Deployment of "One WC" Capabilities for Forward Deployed TT&E		D. Activity Identification NUWC Division, Keyport

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Deployment of "One WC" Capabilities for Forward Deployed TT&E							1		1,400	1		1,450

Narrative Justification:

Current support philosophy for the WESTPAC/Guam operational area is for a limited on-site infrastructure footprint with on-call technical support from CONUS. Test and Evaluation (T&E) events include the use of limited T&E systems that can support in-situ event and are fairly costly to accomplish and requires a large contingent of technical support personnel. Corrective maintenance actions beyond the limited on-site support personnel are typically flown in-theater which incurs delays and TDY costs. This is a joint Warfare Center proposal from NAVSEA Keyport (lead), NAVSEA Newport, NAVSEA Port Hueneme, and NAVSEA Carderock to improve the WESTPAC/Guam and Hawaii in-situ readiness support capabilities for Air, Surface, Submarine, and US Allies. This proposal complements the joint Warfare Center Virtual ISE concept which will provide a collaborative in-service engineering environment enabling distribution and analysis of the USW T&E data set. The following capabilities are critical to realizing this objective:

- Reconfigure existing portable and fixed T&E and Maintenance systems to enable cost effective CONUS type support for the FDNF
- Implement technologies and reach-back capability that enables forward deployed technical resources to be more effective and efficient

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description L273 Custom Engineering Solutions Initiative		D. Activity Identification NUWC Division, Keyport

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Custom Engineering Solutions Initiative							1		1,150			

Narrative Justification:

The Custom Engineered Solutions Initiative will maintain and enhance the ability to quickly provide hardware to the Fleet. This project provides Warfare Centers the latest technologies for laser repair, reverse engineering, and rapid prototyping to ensure spares are available to meet Fleet mission requirements. This will result in extensive cost avoidance by addressing obsolescence issues for replacement parts and developing advanced repair technologies to extend component lifecycles. Deliverables for the project tasks have very broad applicability and portability to all Warfare Centers.

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)		A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description N/A ADP & Telecommunications Equip (Major) Projects ($500K - $999K)	D. Activity Identification NUWC Division, NPT/KPT

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
ADP Projects Major ($500K - $999K)	3		1,661	3		2,375	4		3,339	6		4,615

Narrative Justification:

Project	Location	FY 04	FY 05	FY 06	FY 07
Scientific Comp Resources Upgrade	Newport	596			
P-381 RIDC Capital Equipment	Keyport	500			
USW Test Bed for Decision Support	Newport	565	900	964	765
Undersea Warfare Modeling & Simulation Support	Newport		600		
Common Product Development	Newport		875	925	945
National Material Obsolescence Mgmt. Collaboration	Keyport			700	
Virtual Fleet Support Initiative	Keyport			750	900
Undersea Network Test Bed	Newport				520
Virtual Battlespace Test Bed	Newport				575
Custom Fleet Support Initiative	Keyport				910

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description N/A ADP & Telecommunications Equip (Minor)		D. Activity Identification NUWC Division, NPT/KPT

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
ADP & Telecommunications Equip (Minor)	20		4,696	16		5,920	5		2,157	3		1,080

Narrative Justification:

Projects Between $0K - $499K

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)													A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005				C. Line No. & Item Description N/A Software (Major)									D. Activity Identification NUWC Division, NPT/KPT
	FY 2004			FY 2005			FY 2006			FY 2007			
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	
Software (Major)							1		725	1		725	

Narrative Justification:

	Location	FY06	FY07
WAF New Architecture	Newport	725	725

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description N/A Software (Minor)		D. Activity Identification NUWC Division, NPT/KPT

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Software (Minor)	1		512	1		450						

Narrative Justification:

Projects less than $500K

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)		A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description N/A Minor Construction, Major Projects (500K-999K)	D. Activity Identification NUWC Division, NPT/KPT

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Minor Construction						500			565			700

Narrative Justification:

Project	Location	FY 2005	FY 2006	FY 2007
Quality Life Infrastructure Improvements (Productivity)	Newport	500		
Building Safety and Access Improvement (Environmental)	Keyport		565	
AT/FP (Productivity	Newport			700

RESEARCH & DEVELOPMENT CAPITAL PURCHASES JUSTIFICATION ($ in Thousands)			A. Budget Submission FY2006 / FY 2007 Budget Estimates
B. Component/Business Area/Date DON/R&D/NUWC/February 2005	C. Line No. & Item Description N/A Minor Construction		D. Activity Identification NUWC Division, NPT/KPT

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Minor Construction			1,980			1,470			2,225			950

Narrative Justification:

Projects Between $0K –499K

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY2006 / FY 2007 Budget Estimates - February 2005
FY 2004
($ in Millions)

Item #	Approved Project	Original Request	Change	Revised Request	Explanation
	ADP and TELCOM				
L269	Common Product Development	1.200	-.180	1.020	Project Down Scoped
	ADP and TELCOM Major ($500K - $999K)	1.875	-.214	1.661	Projects Down Scoped
	ADP and TELCOM Minor	5.918	-1.222	4.696	4 Projects Canceled, 2 Reprogrammed to Software
	ADP and TELCOM Subtotal	**8.993**	**-1.616**	**7.377**	

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY2006 / FY 2007 Budget Estimates - February 2005
FY 2004
($ in Millions)

Item #	Approved Project	Original Request	Change	Revised Request	Explanation
	Non-ADP Equipment				
	Non-ADP Equipment Major ($500K - $999K)	2.165	-.178	1.987	Projects Down Scoped
	Misc Non-ADP Equipment Minor	5.090	-1.512	3.578	Six projects Cancelled
	Non-ADP Equipment Subtotal	**7.255**	**-1.690**	**5.565**	

Working Capital Fund Investment Summary
Department of the Navy
Research & Development
Naval Undersea Warfare Center
FY2006 / FY 2007 Budget Estimates - February 2005
FY 2004
($ in Millions)

	Approved Project	Original Request	Change	Revised Request	Explanation
	Software				
	Software Minor	.532	-0.020	.512	Minor
	Software Subtotal	.532	-0.020	.512	
Item #	**Minor Construction**				
	Misc Minor Construction	2.220	-.240	1.980	Projects were delayed to FY05
	Minor Construction Subtotal	2.220	-.240	1.980	
	Total NUWC FY04	**19.000**	**-3.566**	**15.434**	

Spawar Systems Center

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FY 2006/2007 BUDGET ESTIMATES
February 2005

ACTIVITY GROUP: RESEARCH AND DEVELOPMENT
SUB-ACTIVITY GROUP: SPAWAR SYSTEMS CENTERS

Activity Group Function:

The Space and Naval Warfare Systems Centers (SSC's) bring knowledge superiority to the warfighter. Its mission is to be the Navy's full spectrum research, development, test and evaluation, engineering, and fleet support centers for command, control, and communication systems, and ocean surveillance, and the integration of those systems which overarch multiplatforms. The Space and Naval Warfare Systems Command is the primary ForceNet systems command and the SSC's are SPAWAR's principal technical agent.

The SSC's are the C4ISR provider of choice for hundreds of customers throughout Navy and DoD, and play an increasing role in the support of related technologies for Homeland Security, the Federal Bureau of Investigation, Department of State, and other Federal agencies. As such, the SSC's must maintain innovative scientific and technical expertise, facilities, and the understanding of defense requirements to ensure that the Navy can develop, acquire, and maintain the systems needed to meet customer requirements at an acceptable price. The SSC's provide cradle-to-grave products and services, including:

- Warfare systems analysis.
- Plan and conduct effective technology programs.
- Cost conscious systems engineering and technical support to program managers in all phases of systems development and acquisition.
- Test and evaluation support including RDT&E and measurement facilities.
- Technical input to the development of operational tactics.
- Electronics material support (technical and management) for systems and equipment.
- Specialized technical support to the Fleet for quick-reaction requirements.

Activity Group Composition:

The SSC's are Echelon III activities under the Space and Naval Warfare Systems Command. This organizational structure facilitates the entire cycle of systems engineering from research and development through waterfront support. SSC San Diego has its headquarters in San Diego, CA, with detachments in Philadelphia, Pearl Harbor, Guam, and Japan. SSC Charleston has its headquarters in Charleston, SC, with detachments in Norfolk, Washington DC, Pensacola, and Jacksonville.

Workload:

	$ in Millions			
	FY 2004	FY 2005	FY 2006	FY 2007
Reimbursable Orders	$2,262.3	$2,072.5	$2,228.4	$2,125.6
Direct Labor Hours	7,535,574	7,379,708	7,379,424	7,357,152

Orders Received

The year-to-year fluctuation in new orders is the result of adjusting SSC estimates to customer workload projections and are based on SSC program manager discussions and planning efforts with major customers.

Direct Labor Hours

Direct labor hours remain relatively stable over the budget period and reflect the SSC's efforts to establish the correct balance of organic to contractor expertise to execute the mission. Higher FY 2004 direct labor hours are the result of better than expected retention levels and recruiting efforts.

Financial Profile:

	$ in Millions			
	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	$2,223.7	$2,149.5	$2,261.4	$2,181.4
Cost of Goods and Services	$2,223.2	$2,149.6	$2,275.9	$2,181.4
Operating Results	$0.5	-$0.1	-$14.5	$0.0
Extraordinary Expense	-$0.4	$0.0	$0.0	$0.0
Net Operating Results	$0.1	-$0.1	-$14.5	$0.0
Beginning AOR	$14.5	$14.6	$14.5	$0.0
Accumulated Operating Results	$14.6	$14.5	$0.0	$0.0

Revenue and Cost of Goods Sold

Changes from year to year follow from the changes in new orders, pricing changes, and other factors. There are no significant programmatic or operational changes included in the current estimates.

Operating Results

The estimated cumulative gain at the end of FY 2004 is primarily due to execution of more direct labor hours than were estimated in the FY 2005 President's Budget.

Peformance Indicators:

The SSC's outputs are scientific and engineering designs, developments, tests, evaluations, analyses, installations, and fleet support for systems in the SSC's mission areas. The measure for these outputs is the direct labor hour worked for a customer. Customers are charged a

predetermined stabilized billing rate per direct employee hour worked. The rate includes the salary and benefits costs of the performing employee (direct labor costs) and a share of the overhead costs of the SSC's, both general and administrative support and the unique production overhead costs of the performing employee's cost center. Non-labor, non-overhead costs, such as customer required material and equipment purchases, travel expenses, and contractual services, are charged to the customer on an actual cost reimbursable basis, and are excluded from the SSC's stabilized pricing structure. The SSC's use total stabilized cost per direct labor hour as their performance criterion. The composite stabilized rate, the stabilized rate change from year to year, composite rate changes, stabilized costs, workload, and unit costs are highlighted below. Changes from year to year reflect the impact of price changes and differences in direct labor hours, net of reductions related to efficiency initiatives.

Stabilized and Composite Rate Changes:

	FY 2005	FY 2006	FY 2007
Stabilized Rate	$83.26	$85.23	$88.44
Change from Prior Year	1.51%	2.37%	3.77%
Composite Rate Change	1.36%	2.10%	2.59%

Unit Costs:

	FY 2004	FY 2005	FY 2006	FY 2007
Total Stabilized Cost ($M)	629.6	631.9	642.6	648.3
Workload (DLHs)	7,535.574	7,379.708	7,379.424	7,357.152
Unit Cost (per DLH)	$83.54	$85.62	$87.09	$88.12

Staffing:

	FY 2004	FY 2005	FY 2006	FY 2007
Civilian End Strength	6,073	6,043	6,018	6,028
Civilian Work Years	5,908	5,889	5,867	5,877
Military End Strength	82	94	94	94
Military Work Years	78	76	75	75

Civilian Personnel

Civilian workyear levels are consistent across the fiscal years and reflect changes in workload as well as implementation of efficiencies from strategic sourcing savings in areas such as commercial activity studies and business process reengineering.

Military Personnel

Military end strength at the end of FY 2004 is lower than the budget years due to vacancies created by deployment of military personnel in support of Operation Iraqi Freedom and the Global War on Terrorism. In FY 2005 – FY 2007 military strengths are budgeted at normal operating levels.

Capital Purchase Program (CPP) Budget Authority:

	$ in Millions			
	FY 2004	FY 2005	FY 2006	FY 2007
Equipment, Non-ADP/Telecommunications	0.350	-	0.126	0.650
Equipment, ADPE/Telecommunications	1.861	3.689	1.691	1.856
Software Development	2.526	1.960	0.500	-
Minor Construction	3.821	3.497	6.988	6.054
Total	8.558	9.146	9.305	8.560

The SSC's investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. The items scheduled for purchase are necessary to meet daily R&D mission operating requirements, effectively manage R&D resources, and meet customers' requirements.

Economies and Efficiencies:
Cost estimates include savings from Commercial Activities (CA) studies, Business Process Reengineering (BPR) efforts, productivity improvements from capital purchase projects, and other workload efficiencies.

Cash:

	$ in Millions			
	FY 2004	FY 2005	FY 2006	FY 2007
Collections	2,313.5	2,206.6	2,351.2	2,258.7
Disbursements	2,259.6	2,270.2	2,363.3	2,259.4
Net Outlays	(54.0)	63.6	12.2	0.7

Changes in business volume and escalation factors contribute to the trend in collections and disbursements over the budget period.

FY 2006/2007 Budget Estimates
SPAWAR Systems Centers / TOTAL
REVENUE AND EXPENSES
AMOUNT IN MILLIONS
February 2005

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	2,215.4	2,140.3	2,251.9	2,171.8
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	8.3	9.1	9.5	9.6
Other Income				
Total Income	2,223.7	2,149.5	2,261.4	2,181.4
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	5.4	6.1	5.7	5.8
Civilian Personnel	586.1	608.8	617.3	634.1
Travel and Transportation of Personnel	44.7	43.2	43.3	44.0
Material & Supplies (Internal Operations	255.4	289.3	296.6	302.0
Equipment	85.2	102.9	105.5	107.6
Other Purchases from NWCF	55.6	58.9	54.0	54.6
Transportation of Things	6.5	6.1	6.2	6.4
Depreciation - Capital	8.3	9.1	9.5	9.6
Printing and Reproduction	.3	1.5	1.5	1.6
Advisory and Assistance Services	1.3	1.2	1.3	1.3
Rent, Communication & Utilities	22.3	28.2	28.5	29.1
Other Purchased Services	1,157.8	995.5	1,107.9	986.6
Total Expenses	2,229.0	2,150.9	2,277.3	2,182.7
Work in Process Adjustment	-5.7	-1.1	-1.1	-1.2
Comp Work for Activity Reten Adjustment	-.1	-.1	-.2	-.1
Cost of Goods Sold	2,223.2	2,149.6	2,275.9	2,181.4
Operating Result	.5	-.1	-14.5	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	-.4	.0	.0	.0
Net Operating Result	.1	-.1	-14.5	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	14.6	14.5	.0	.0

FY 2006/2007 Budget Estimates
SPAWAR Systems Centers / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS
February 2005

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	2,262	2,073	2,228	2,126
a. Orders from DoD Components	1,804	1,741	1,894	1,785
Department of the Navy	1,251	1,071	1,227	1,107
O & M, Navy	412	263	311	312
O & M, Marine Corps	9	9	9	9
O & M, Navy Reserve	4	7	4	4
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	3	5	5	5
Weapons Procurement, Navy	1	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	74	74	66	63
Other Procurement, Navy	484	509	613	494
Procurement, Marine Corps	16	13	14	14
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	239	182	197	197
Military Construction, Navy	1	1	1	1
Other Navy Appropriations	7	8	8	8
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	58	66	67	69
Army Operation & Maintenance	23	37	37	36
Army Res, Dev, Test, Eval	22	21	21	24
Army Procurement	8	9	9	9
Army Other	4	0	0	0
Department of the Air Force	94	92	90	90
Air Force Operation & Maintenance	23	23	23	24
Air Force Res, Dev, Test, Eval	27	26	25	26
Air Force Procurement	44	43	42	41
Air Force Other	0	0	0	0
DOD Appropriation Accounts	401	511	510	518
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	67	52	52	52
Res, Dev, Test & Eval Accounts	265	352	351	359
Procurement Accounts	42	80	79	77
Defense Emergency Relief Fund	2	0	0	0
DOD Other	25	27	28	29
b. Orders from other WCF Activity Groups	108	105	102	104
c. Total DoD	1,912	1,846	1,997	1,889
d. Other Orders	351	227	232	236
Other Federal Agencies	301	191	192	192
Foreign Military Sales	35	27	32	35
Non Federal Agencies	15	8	8	9
2. Carry-In Orders	1,062	1,101	1,024	991
3. Total Gross Orders	3,325	3,173	3,252	3,116
a. Funded Carry-Over before Exclusions	1,101	1,024	991	935
b. Total Gross Sales	2,224	2,149	2,261	2,181

FY 2006/2007 Budget Estimates
SPAWAR Systems Centers / TOTAL
SOURCE of REVENUE
February 2005

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
4. End of Year Work-In-Process (-)	-55	-58	-60	-61
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-307	-303	-312	-323
6. Net Funded Carryover	739	662	619	552

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

CHANGES IN THE COST OF OPERATIONS
SUB-ACTIVITY GROUP: SPAWAR/SPAWAR SYSTEMS CENTERS (SSC'S)
FISCAL YEAR 2006/2007 BUDGET ESTIMATES
(Dollars in Millions)

February 2005

	EXPENSES
FY 2004 Actuals	**2,229.0**
FY 2005 Estimate in the President's Budget:	**2,131.6**
Estimated Impact in FY 2005 of Actual FY 2004 Experience:	
Impact of beginning FY 2005 with greater On Board Civilian Personnel than were included in the FY 2005 President's Budget	1.5
Change in price growth that will result from FY 2004 execution	1.1
Pricing Adjustments	
Civilian Personnel	8.2
Productivity Initiatives and Other Efficiencies:	
Change in Strategic Sourcing savings	-1.7
Change in Capital Purchases Program savings	0.1
Other Efficiencies	-8.2
Program Changes:	
Change in direct labor hours	37.2
Change in reimbursable (non-stabilized) workload	-18.8
Change in Sustainment, Restoration and Modernization	1.2
Other changes	-1.3
FY 2005 Current Estimate	**2,150.9**

CHANGES IN THE COST OF OPERATIONS
SUB-ACTIVITY GROUP: SPAWAR/SPAWAR SYSTEMS CENTERS (SSC'S)
FISCAL YEAR 2006/2007 BUDGET ESTIMATES
(Dollars in Millions)

February 2005

	EXPENSES
FY 2005 Current Estimate	**2,150.9**
Price Changes:	
Annualization of Prior Year Pay Raises	5.7
FY 2006 Pay Raise	
Civilian Personnel	8.7
Military Personnel	0.2
Working Capital Fund Price Changes	1.2
General Purchase Inflation	27.8
Productivity Initiatives and Other Efficiencies:	
Change in Strategic Sourcing savings	-1.8
Change in Capital Purchases Program savings	-2.9
Other Efficiencies	-1.7
Program Changes:	
Workload changes, excluding inflation	89.6
Partial completion of Workforce Revitalization	-2.0
Other changes	1.6
FY 2006 Current Estimate	**2,277.3**

CHANGES IN THE COST OF OPERATIONS
SUB-ACTIVITY GROUP: SPAWAR/SPAWAR SYSTEMS CENTERS (SSC'S)
FISCAL YEAR 2006/2007 BUDGET ESTIMATES
(Dollars in Millions)

February 2005

	EXPENSES
FY 2006 Current Estimate	**2,277.3**
Price Changes:	
Annualization of Prior Year Pay Raises	3.7
FY 2007 Pay Raise	
Civilian Personnel	10.3
Military Personnel	0.1
Working Capital Fund Price Changes	0.7
General Purchase Inflation	32.7
Productivity Initiatives and Other Efficiencies:	
Change in Strategic Sourcing Savings	-1.4
Change in Capital Purchases Program savings	-0.7
Program Changes:	
Workload changes, excluding inflation	-136.8
Completion of Workforce Revitalization	-2.0
Other changes	-1.1
FY 2007 Current Estimate	**2,182.7**

Activity Group Capital Budget Summary

Department of the Navy

SPAWAR System Centers

Fiscal Year (FY) 2006 / FY 2007 Budget Estimates - February 2005

($ in Millions)

Line #	Item Description	FY 2004 Quant	FY 2004 Total Cost	FY 2005 Quant	FY 2005 Total Cost	FY 2006 Quant	FY 2006 Total Cost	FY 2007 Quant	FY 2007 Total Cost
	1. Non-ADP Equipment		**0.350**		**0.000**		**0.126**		**0.650**
L0001	(a) $500K to $999K		0.000		0.000		0.000		0.000
L0002	(b) $100K to $499K		0.350		0.000		0.126		0.650
	2. ADPE and telecommunications resources		**1.861**		**3.689**		**1.691**		**1.856**
L0003	(a) $500K to $999K		1.066		3.239		0.500		1.406
L0004	(b) $100K to $499K		0.795		0.450		1.191		0.450
	3. Software Development (>=$.100M and < $0.750M		**2.526**		**1.960**		**0.500**		**0.000**
L0008	(a) Miscellaneous		0.000		0.560		0.000		0.000
L0005	(b) Enterprise Resource Planning (ERP) San Diego		2.526		1.400		0.500		0.000
	4. Minor Construction (>= $.100M and < $.750M)		**3.821**		**3.497**		**6.988**		**6.054**
L0006	(a) $500K to $750K		3.821		3.247		4.955		4.994
L0007	(b) $100K to $499K		0.000		0.250		2.033		1.060
	Grand Total		**8.558**		**9.146**		**9.305**		**8.560**
	Total Capital Outlays		8.995		9.110		9.353		7.094
	Total Depeciation Expense		8.322		9.146		9.470		9.572

ACTIVITY GROUP CAPITAL PURCHASES (Fund-9B) JUSTIFICATION ($ in Thousands)	A. FY 2006 / FY 2007 Budget Estimates February 2005
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)	C. L0002 - Miscellaneous Non-ADP Equipment >$100 and <$500
D. SSC's	

	FY 2004			**FY 2005**			**FY 2006**			**FY 2007**		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment	1	350	350				1	126	126	2	325	650
TOTAL	1	350	350				1	126	126	2	325	650

Justification:

Equipment items are used at the SPAWAR System Centers (SSCs) to:
- expand the mobile facilities to meet current and projected growth in the USN Tactical Mobile and C4ISR Engineering Acquisition and Integration programs.
- provide filtering of commercial power during normal operations, load switching/balancing, and battery power backup during loss of commercial line power.

Non-ADP Equipment items include the following

FY 2004	Charleston	Rubb Building (Tactical Vehicular Facility)	$350K
FY 2006	Charleston	Pensacola Bldg Emergency Power 500kVA Uninterruptible Power Supply (UPS)	$126K
FY 2007	Charleston	Rubb Building (C4ISR Engineering Acquisition & Integration Facility)	$350K
FY 2007	Charleston	Navy Yard Bldg 196 Emergency Power 500kVA Uninterruptible Power Supply (UPS)	$300K

ACTIVITY GROUP CAPITAL PURCHASES (Fund-9B) JUSTIFICATION ($ in Thousands)	A. FY 2006 / FY 2007 Budget Estimates February 2005	
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)	C. L0003 - Miscellaneous ADP Equipment >$500 and <$1,000	D. SSC's

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment	2	533	1,066	5	648	3,239	1	500	500	2	703	1,406
TOTAL	2	533	1,066	5	648	3,239	1	500	500	2	703	1,406

Justification:

This investment provides the largest impact to the greatest number of people and projects supported by the SPAWAR Systems Centers (SSC's). At the core of all the highly technical and sophisticated research and development (R&D) conducted at the SSC's are equally technical and sophisticated computer systems. The SSC's make use of a wide variety of computers to accomplish the objectives of the R&D projects, to ensure the security of those projects, and to coordinate work within the claimancy, with sponsors, and with the fleet. The uniqueness and complexity of these projects requires equally unique and complex ADP support. In some cases, upgrades are required because manufacturers will not support obsolete operating systems/equipment. The items scheduled for purchase are necessary to meet daily R&D mission operating requirements, effectively manage R&D resources, and meet customers' C4ISR R&D requirements. This category provides the SSC's the means to procure ADP items used for multiple projects.

ADP Equipment items include the following:

FY 2004 Charleston	Upgrade Video Conferencing Capability	$566K
FY 2004 San Diego	Network Upgrade (Replace Overaged Equipment)	$500K
FY 2005 Charleston	Test Lab for Science & Technology (S&T) Network	$506K
FY 2005 Charleston	Task Force Web Compliance Effort w/Storage Area Network Software/Hardware (SANS) Storage Hardware	$534K
FY 2005 San Diego	Network Upgrade (Mandated Security Enhancements)	$500K
FY 2005 San Diego	Upgrade Security (Central Computing Station/ Intrusion Detection System)	$950K
FY 2005 San Diego	Upgrade Security (Access Control System)	$749K
FY 2006 San Diego	Network Upgraded to Internet Protocol Version 6	$500K
FY 2007 San Diego	Upgrade Security (Badging)	$900K
FY 2007 Charleston	Document Imaging Systems Replacement	$506K

ACTIVITY GROUP CAPITAL PURCHASES (Fund-9B) JUSTIFICATION ($ in Thousands)	A. FY 2006 / FY 2007 Budget Estimates February 2005	
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)	C. L0004 - Miscellaneous ADP Equipment >$100 and <$500	D. SSC's

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment	2	398	795	1	450	450	3	397	1,191	1	450	450
TOTAL	2	398	795	1	450	450	3	397	1,191	1	450	450

Justification:

The SSC's make use of a wide variety of computer equipment to accomplish the objectives of their R&D projects and ensure the security of those projects. In some cases, upgrades are required because manufacturers will not support obsolete systems/equipment. The items scheduled for purchase are necessary to meet daily R&D mission operating requirements, effectively manage R&D resources, and meet customers' C4ISR R&D requirements.

ADP Equipment items costing less than $500K include the following:

FY 2004 San Diego	Signal Analyzer Test Stations Upgrade	$450K
FY 2004 San Diego	Security Systems - Remote Sites	$345K
FY 2005 San Diego	Database Engine Upgrade	$450K
FY 2006 Charleston	Network Centric/ForceNet Development & Certification Environment	$491K
FY 2006 San Diego	Database Engine Upgrade	$450K
FY 2006 San Diego	Integrated Library System (ILS)	$250K
FY 2007 San Diego	Database Engine Upgrade	$450K

ACTIVITY GROUP CAPITAL PURCHASES (Fund-9B) JUSTIFICATION ($ in Thousands)	A. FY 2006 / FY 2007 Budget Estimates February 2005	
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)	C. L0005 - ERP Systems Software Development	D. SSC's

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment	1	250	250									
Installation	1	400	400									
Testing	1	800	800									
Design	1	1,076	1,076	2	700	1,400	1	500	500			
TOTAL	4	2,526	2,526	2	700	1,400	1	500	500			

Justification:

Required follow-on work for Project Cabrillo will be accomplished as follows:

FY 2004: Resolve known deficiencies (issues with the purchasing business processes, including Contract Structure, Goods Receipt & Acceptance, and Invoice Management capability for Enterprise Buyer Professional); address interoperability issues (Credit Card business processes and Defense Travel System (DTS) interface); provide PKI interoperability. Provide for system interoperability and integration with the Navy's merged ERP effort.

FY 2005: Develop archiving capability in SAP, which is the book of record; and transition to DoD mandated Wide Area Work Flow (WAWF) as a mandatory payment requirement.

FY 2006: Develop new interfaces for existing legacy applications not supported by Converged-ERP.

ACTIVITY GROUP CAPITAL PURCHASES (Fund-9B) JUSTIFICATION ($ in Thousands)	A. FY 2006 / FY 2007 Budget Estimates February 2005	
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)	C. L0006 - Miscellaneous Minor Construction >$500 and <$750	D. SSC's

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Design Construction Site Preparation	6	637	3,821	5	649	3,247	7	708	4,955	7	713	4,994
TOTAL	6	637	3,821	5	649	3,247	7	708	4,955	7	713	4,994

Justification:

Minor construction is used at the SSC's to:
- modify existing spaces and construct new facilities to provide suitable space to test and design new equipment (often in a protected environment) for the forces afloat.
- improve existing security measures and provide increased security through new initiatives.
- reduce operating expense by building or improving government owned space so that leased space and high maintenance spaces may be vacated and energy conservation can be achieved.
- modify existing spaces to bring facilities up to current building, safety and environmental code.

FY 2004	Charleston	Tactical Vehicular Project Facility	$500K
FY 2004	San Diego	Trailer Replacement (Seaside)	$742K
FY 2004	San Diego	EHF SATCOM Facility	$749K
FY 2004	San Diego	Optic Radio Facility	$745K
FY 2004	San Diego	Transport Test & Integration Complex	$500K
FY 2004	San Diego	Fencing, Lighting, Barriers (Pierside)	$585K
FY 2005	Charleston	Engineering Support Facility	$749K
FY 2005	San Diego	Crash Resistant Barrier	$500K
FY 2005	San Diego	OT1 Environmental Controls	$500K
FY 2005	San Diego	2nd Story Bldg 624 Seaside	$749K
FY 2005	San Diego	Electromagnetics & Advanced Technical Divsion Bldg in Model Range	$749K
FY 2006	Charleston	SATCOM Facility	$749K
FY 2006	Charleston	Electronic & Communications Integration Facility	$749K
FY 2006	San Diego	Code 270 ISR Lab Bldg	$749K
FY 2006	San Diego	San Clemente Island Dive Locker Complex	$710K
FY 2006	San Diego	Trailer Replacement (Tide Pool)	$749K
FY 2006	San Diego	Trailer Replacement (Seaside)	$749K
FY 2006	San Diego	Renovate Mt. Soledad Complex	$500K
FY 2007	Charleston	Communication Security Material System/Special Security Office	$749K
FY 2007	Charleston	Material Mgmt Operations Support Area	$749K
FY 2007	San Diego	Code 280 Communications Lab	$749K
FY 2007	San Diego	JPSC2 Surveillance System Expansion	$749K
FY 2007	San Diego	T1/T2 Trailer Replacement	$749K
FY 2007	San Diego	2nd Story Bldg 588	$500K
FY 2007	San Diego	Robotics Test Facility	$749K

ACTIVITY GROUP CAPITAL PURCHASES (Fund-9B) JUSTIFICATION ($ in Thousands)	A. FY 2006 / FY 2007 Budget Estimates February 2005	
B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)	C. L0007 - Miscellaneous Minor Construction >$100 and <$500	D. SSC's

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Design Construction Site Preparation				1	250	250	6	339	2,033	4	265	1,060
TOTAL				1	250	250	6	339	2,033	4	265	1,060

Justification:

Minor construction is used at the SSC's to:
- modify existing spaces and construct new facilities to provide suitable space to test and design new equipment (often in a protected environment) for the forces afloat
- modify existing spaces and construct new facilities to provide suitable space to provide the highest quality of humane care and maintenance of the marine mammals assigned to the US Navy
- improve existing security measures and provide increased security through new initiatives

FY 2005	San Diego	Fencing & Lighting of Tidepool Compound	$250K
FY 2006	Charleston	Code 80 Bldg V53 Modification	$420K
FY 2006	San Diego	Parking Lots & Lights	$400K
FY 2006	San Diego	Parking Lots & Lights	$250K
FY 2006	San Diego	Hydraulic Vehicle Barriers - Woodward Road Gate	$200K
FY 2006	San Diego	Hydraulic Vehicle Barriers - Old Town Campuss Gate	$350K
FY 2006	San Diego	Marine Mammal Surgical Center	$413K
FY 2007	San Diego	Security Upgrade OTC Layout Area	$360K
FY 2007	San Diego	Hydraulic Vehicle Barriers - Electron Dr Gate	$200K
FY 2007	San Diego	Hydraulic Vehicle Barriers - Mills Street Gate	$250K
FY 2007	San Diego	Fencing Building 15	$250K

ACTIVITY GROUP CAPITAL PURCHASES (Fund-9B) JUSTIFICATION ($ in Thousands)	A. FY 2006 / FY 2007 Budget Estimates February 2005

B. Navy / Research and Development / Space and Naval Warfare Systems Centers (SSC's)	C. L0008 - Miscellaneous Software Development	D. SSC's

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Equipment												
Installation												
Testing												
Design				1	560	560						
TOTAL				1	560	560						

Justification:

Authority will be used to transition to the Standard Procuement System (SPS), a DoD-wide system.

CAPITAL BUDGET EXECUTION

ACTIVITY GROUP: RESEARCH AND DEVELOPMENT / SPAWAR SYSTEMS CENTER
FY 2006 / FY 2007 BUDGET ESTIMATES
PROJECTS IN THE FY 2005 PRESIDENT'S BUDGET
(Dollars in Millions)
February 2005

FY 2005	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Equip. (Non-ADPE)	1.498	(1.498)	0.000	0.000	0.000	
Equip. (ADPE)	2.499	1.190	3.689	3.689	0.000	
Software Development	0.000	1.960	1.960	1.960	0.000	
Minor Construction	3.148	0.349	3.497	3.497	0.000	
Total FY05	7.145	2.001	9.146	9.146	0.000	
Non-ADP Equipment	**1.498**	**(1.498)**	**0.000**	**0.000**	**0.000**	Security system reclassified as ADPE
ADPE and telecommunications resources	**2.499**	**1.190**	**3.689**	**3.689**	**0.000**	Realignment of security system formerly classified as equipment
Software Development >= $.100M	**0.000**	**1.960**	**1.960**	**1.960**	**0.000**	New requirements: develop archiving capability and transition to Standard Procurement System (SPS) and Wide Area Workflow (WAWF)
Minor Construction (>= $.100M and < $.750M)	**3.148**	**0.349**	**3.497**	**3.497**	**0.000**	Additional testing space for Unmanned Robotics Program and security measures for Tidepool Compound

Naval Research Laboratory

NAVY WORKING CAPITAL FUND NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT/NAVAL RESEARCH LABORATORY
Fiscal Year (FY) 2006/2007 BUDGET ESTIMATE
February 2005

Activity Group Function

The Naval Research Laboratory (NRL) operates as the Navy's full-spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems and ocean, atmospheric, and space sciences and related technologies. In fulfillment of this mission, NRL:

a. Initiates and conducts broad scientific research of a basic and long-range nature in scientific areas of interest to the Navy.

b. Conducts exploratory and advanced technological development deriving from or appropriate to the scientific program areas.

c. Within areas of technological expertise, develops prototype systems applicable to specific projects.

d. Assumes responsibility as the Navy's principal R&D activity in areas of unique professional competence upon designation from appropriate Navy or DoD authority.

e. Performs scientific research and development for other Navy activities and, where specifically qualified, for other agencies of the Department of Defense and, in defense-related efforts, for other Government agencies.

f. Serves as the lead Navy activity for space technology and space systems development and support.

g. Serves as the lead Navy activity for mapping, charting, and geodesy (MC&G) research and development for the National Imagery and Mapping Agency.

NRL, the Navy's single, integrated corporate laboratory, provides the Navy with a broad foundation of in-house expertise from scientific through advanced development activity. Specific leadership responsibilities are assigned in the following areas:

a. Primary in-house research in the physical, engineering, space, and environmental sciences.

b. Broadly based exploratory and advanced development program in response to identified and anticipated Navy and Marine Corps needs.

c. Broad multidisciplinary support to the Naval Warfare Centers.

d. Space and space systems technology development and support.

Activity Group Composition

In addition to its Washington, D.C. campus of about 131 acres and 85 main buildings, NRL maintains 14 other research sites, including a vessel for fire research and a Flight Support Detachment. The many diverse scientific and technological research and support facilities include the large facility located at the Stennis Space Center in Bay St. Louis, Mississippi; a facility at the Naval Support Activity, Monterey Bay Monterey, California; the Chesapeake Bay Detachment in Maryland; and additional sites located in Maryland, Virginia, Alabama, and Florida.

The Flight Support Detachment, located aboard the Patuxent River Naval Air Station in Lexington Park, Maryland, operates and maintains five uniquely configured P-3 Orion turboprop aircraft as airborne research platforms for worldwide scientific research operations.

The Chesapeake Bay Detachment occupies a 157-acre site near Chesapeake Beach, Maryland, and provides facilities and support services for research in radar, electronic warfare, optical devices, materials, communications, and fire research. Because of its location high above the Chesapeake Bay on the western shore, unique experiments can be performed in conjunction with the Tilghman Island site 16 km across the bay.

The NRL Stennis Space Center (NRL-SSC) is a tenant activity at NASA's Stennis Space Center. Other Navy tenants at the Stennis Space Center include the Naval Meteorology and Oceanography Command and the Naval Oceanographic Office, who are major operational users of the oceanographic and atmospheric research and development performed by the NRL. This unique concentration of operational and research oceanographies makes NRL-SSC the center of naval oceanography and the largest such grouping in the Western world.

The Marine Meteorology Division at Monterey, California, a tenant activity of the Naval Support Activity, Monterey Bay, is co-located with the Fleet Numerical Meteorology and Oceanography Center to support development of numerical atmospheric prediction systems and related user products. This co-location allows easy access to a large vector classified supercomputer mainframe, providing real time as well as archived global atmospheric and oceanographic databases for research at Monterey and at other NRL locations.

	(Dollars in Millions)			
Financial Summary	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**
Revenue	591.8	618.2	634.2	651.5
Cost of Goods Sold	598.6	624.7	632.7	649.2
Operating Results	-6.8	-6.5	1.5	2.3
CPP Surcharges	-3.6	-3.3	-2.8	-2.3
Extraordinary Expense	3.8	0.0	0.0	0.0
Previous Year AOR Balance	17.7	11.1	1.3	0.0
Accumulated Operating Results	11.1	1.3	0.0	0.0

The favorable Accumulated Operating Results (AOR) reflect additional economies and efficiencies effected throughout NRL. The FY 2006 rate is established to achieve an end-of-year AOR of zero.

	(Dollars in Millions)			
Funding	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**
Reimbursable Orders	588.2	618.0	634.3	651.5

Major NRL customers include the Office of Naval Research, the Naval Sea Systems Command, the Naval Air Systems Command, the Space and Naval Warfare Systems Command, the Missile Defense Agency, the Defense Advanced Research Projects Agency, Naval Warfare Centers, the Army, the Air Force, other Navy and Department of Defense customers, the Department of Energy, and the National Aeronautics and Space Administration.

	(Dollars in Millions)			
Cost	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**
Direct Costs	464.7	489.4	498.9	511.6
Indirect Costs	132.9	135.3	133.8	137.6
Total Costs	597.6	624.7	632.7	649.2

Direct and indirect costs are relatively steady throughout the budget years. Realignment of guard services and fire protection support to the Commander, Naval Installations contributes to the decline in indirect between FY 2005 and FY 2006. Growth in costs between FY 2006 and FY 2007 is primarily the result of pay raise and general inflation escalation rates.

	(Dollars in Millions)			
Capital Purchase Program (CPP)*	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**
Equipment-Non ADPE/TELECOM	12.8	13.1	13.2	13.0
ADPE/Telecommunications/Equipment/ Software	2.5	2.3	2.1	2.3
Software Development	0.0	0.0	0.0	0.0
Minor Construction	1.9	1.9	2.0	2.0
TOTAL	17.2	17.3	17.3	17.3

* FY 2004 data reflects actual obligations and approved carryover

This CPP plan provides an investment level that allows NRL to acquire needed technology to maintain a state-of-the-art facility to fulfill science and technology mission areas supporting the DoN, DoD, and related customer programs.

Civilian Personnel	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**
FTE	2,473	2,511	2,511	2,511
End-Strength	2,549	2,618	2,618	2,618

Civilian strength levels, measured by both end strength and full-time equivalents, reflect a steady workforce.

Military Personnel	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**
FTE	77	82	82	82
End-Strength	72	70	68	68

Military personnel levels remain fairly constant throughout the budget period.

Workload, Direct Labor Hours	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**
Current Submission	3,035,675	3,081,448	3,067,512	3,067,512

A conservative and steady workforce profile is projected for FY 2005 through FY 2007 given the relatively consistent customer funding plans.

Customer Rate Changes	**FY 2005**	**FY 2006**	**FY 2007**
Stabilized Customer Rate	$105.41	$110.48	$113.91
Stabilized Rate Change		+4.81%	+3.11%
Composite Customer Rate Change		+3.40%	+2.60%

The Stabilized Customer Billing Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the benefiting/requiring customer. The Composite Customer Rate Change incorporates both the stabilized costs and the reimbursable costs. The FY 2006 rate change increase from the previous year is primarily due to inflation, net of overhead savings.

Performance Indicators

Unit Cost	**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**
	$106.02	$107.64	$109.10	$111.89

The primary performance indicator is unit cost. The unit cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in unit cost for FY 2004, FY 2005,

FY 2006 and FY 2007 primarily reflects increases for annual inflation/price changes from year to year offset by overhead savings. Other performance indicators are direct labor hours and NOR performance, discussed above.

Cash

	FY 2004	FY 2005	FY 2006	FY 2007
Disbursements	580.3	626.2	634.3	650.0
Collections	552.3	617.9	632.9	651.5
Net Outlays	28.0	8.3	1.4	-1.5

Changes in business volume and escalation factors contribute to the growth in collections and disbursements from year to year.

FY 2006/2007 Budget Estimates
REVENUE and EXPENSES
AMOUNT IN MILLIONS
Naval Research Laboratory / TOTAL
February 2005

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	574.5	600.9	616.9	634.2
Surcharges	3.6	3.3	2.8	2.3
Depreciation excluding Major Constructio	13.7	14.0	14.5	15.0
Other Income				
Total Income	591.8	618.2	634.2	651.5
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	3.4	3.4	3.2	3.2
Civilian Personnel	258.4	269.0	275.2	281.8
Travel and Transportation of Personnel	9.0	9.0	9.1	9.3
Material & Supplies (Internal Operations	37.1	36.5	37.4	38.1
Equipment	22.2	23.9	24.4	24.9
Other Purchases from NWCF	12.7	10.8	11.1	11.2
Transportation of Things	1.6	1.2	1.2	1.2
Depreciation - Capital	13.7	14.0	14.5	15.0
Printing and Reproduction	.2	.3	.3	.3
Advisory and Assistance Services	.0	.0	.0	.0
Rent, Communication & Utilities	17.7	17.4	17.8	18.1
Other Purchased Services	221.5	239.2	238.5	245.9
Total Expenses	597.6	624.7	632.7	649.2
Work in Process Adjustment	1.0	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	598.6	624.7	632.7	649.2
Operating Result	-6.8	-6.5	1.5	2.3
Less Surcharges	-3.6	-3.3	-2.8	-2.3
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	3.6	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	-6.6	-9.8	-1.3	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	11.1	1.3	.0	.0

FY 2006/2007 Budget Estimates
SOURCE OF REVENUE
AMOUNT IN MILLIONS
Naval Research Laboratory / TOTAL
February 2005

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	588	618	634	651
a. Orders from DoD Components	463	501	512	529
Department of the Navy	305	340	348	362
O & M, Navy	23	27	27	28
O & M, Marine Corps	0	0	0	0
O & M, Navy Reserve	0	0	0	0
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	1	0	0	0
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	2	3	3	3
Other Procurement, Navy	4	3	3	4
Procurement, Marine Corps	1	1	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	274	305	314	327
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	0	0	0	0
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	6	5	5	5
Army Operation & Maintenance	0	1	1	1
Army Res, Dev, Test, Eval	6	4	4	4
Army Procurement	0	0	0	0
Army Other	0	0	0	0
Department of the Air Force	59	69	71	73
Air Force Operation & Maintenance	4	4	4	4
Air Force Res, Dev, Test, Eval	32	39	41	42
Air Force Procurement	22	25	26	27
Air Force Other	0	0	0	0
DOD Appropriation Accounts	92	87	87	89
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	2	1	1	1
Res, Dev, Test & Eval Accounts	83	81	84	85
Procurement Accounts	7	3	1	2
Defense Emergency Relief Fund	0	0	0	0
DOD Other	1	1	1	1
b. Orders from other WCF Activity Groups	11	11	11	11
c. Total DoD	474	511	523	540
d. Other Orders	114	107	112	112
Other Federal Agencies	103	98	102	102
Foreign Military Sales	1	1	1	1
Non Federal Agencies	10	7	8	8
2. Carry-In Orders	183	180	179	180
3. Total Gross Orders	772	798	814	831
a. Funded Carry-Over before Exclusions	180	179	180	180
b. Total Gross Sales	592	618	634	651

FY 2006/2007 Budget Estimates
SOURCE OF REVENUE
AMOUNT IN MILLIONS
Naval Research Laboratory / TOTAL

February 2005

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
4. End of Year Work-In-Process (-)	-1	-1	-1	-1
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-59	-52	-49	-43
6. Net Funded Carryover	120	127	130	136

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

Changes in the Cost of Operation
Activity Group: Research & Development
Sub-Activity Group: Naval Research Laboratory
Fiscal Year (FY) 2006 / FY 2007 Budget Estimates
Date: February 2005
(Dollars in Millions)

	Expenses
FY 2004 Actual:	**597.6**
FY 2005 Estimate in FY 2005 President's Budget:	**608.0**
Pricing Adjustments:	
Civilian Personnel	3.6
Program Changes:	
Workload Changes	20.3
Revised Depreciation	0.5
Revised Defense Finance and Accounting Service Cost	-0.1
DFAS Mid-Range Financial Improvement	-0.1
Revised Overhead Non-Labor	-3.9
Productivity Initiatives	
Other Efficiencies	-3.6
FY 2005 Current Estimate:	**624.7**
Pricing Adjustments:	
Civilian Personnel Pay Raise	
Impact of FY 2006 Pay Raise	4.7
Annualization of Prior Year Pay Raise	2.5
Military Personnel Pay Raise	
Impact of FY 2006 Pay Raise	0.1
Annualization of Prior Year Pay Raise	0.0
One Less Paid Day	-1.0
General Purchase Inflation	6.6
Program Changes:	
Additional Depreciation Cost	0.5
Lower Military Labor Cost	-0.3
Higher Fuel Cost	0.1
Revised DFAS Cost	0.2
Realignment of Combatting Terror/Guard Services and Fire Protection to Commander, Naval Installations	-4.8
Productivity Initiatives	
Other Efficiencies	-0.7
FY 2006 Current Estimate:	**632.7**
Pricing Adjustments:	
Civilian Personnel Pay Raise	
Impact of FY 2007 Pay Raise	4.9
Annualization of Prior Year Pay Raise	1.7
Military Personnel Pay Raise	
Impact of FY 2007 Pay Raise	0.1
Annualization of Prior Year Pay Raise	0.0
One Less Paid Day	0.0
General Purchase Inflation	6.9
Program Changes:	
Additional Depreciation Cost	0.5
Workload Changes	2.4
DFAS Rate Change	0.0
FY 2007 Current Estimate:	**649.2**

Fiscal Year (FY) 2006 / FY 2007 Budget Estimates
Activity Group: Research & Development
Sub Activity Group: Naval Research Laboratory
Date: February 2005
(Dollars in Millions)

Line No.	Item Description	FY 2004 Quant	FY 2004 Total Cost	FY 2005 Quant	FY 2005 Total Cost	FY 2006 Quant	FY 2006 Total Cost	FY 2007 Quant	FY 2007 Total Cost
1001	**Total Non-ADP Equipment (=$1M)**	**2**	**2.750**	**0**	**0.000**	**0**	**0.000**	**2**	**2.675**
2001	**Total Non-ADP Equipment ($500K-$999K)**	**3**	**2.246**	**4**	**2.710**	**4**	**2.540**	**0**	**0.000**
3001	**Total Non-ADP Equipment (<$500K)**	**35**	**7.808**	**39**	**10.364**	**36**	**10.610**	**31**	**10.330**
4001	**Total ADP Equipment (=$1M)**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
5001	**Total ADP Equipment ($500K-$999K)**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**1**	**0.500**
6001	**Total ADP Equipment (<$500K)**	**10**	**2.551**	**8**	**2.376**	**9**	**2.150**	**6**	**1.795**
7001	**Total Software Development**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
8001	**Total Minor Construction (=$500K <$1M)**	**2**	**1.284**	**3**	**1.850**	**2**	**1.500**	**2**	**1.500**
9001	**Total Minor Construction (<$500K)**	**2**	**0.566**	**0**	**0.000**	**2**	**0.500**	**2**	**0.500**
	TOTAL CAPITAL PURCHASE PROGRAM	**54**	**17.205**	**54**	**17.300**	**53**	**17.300**	**44**	**17.300**
	Total Capital Outlays		**16.886**		**17.000**		**17.000**		**17.000**
	Total Depreciation Expense		**13.730**		**14.000**		**14.500**		**15.000**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)		A. Budget Submission FY 2006 / FY 2007 BUDGET ESTIMATES
B. Component/Activity Group/Date Department of the Navy Research and Development February 2005	C. Line No. & Item Description 1001. 43 Gigabit/sec Transmission Analyzer	D. Activity Identification Naval Research Laboratory Washington, DC 20375

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	**Quan**	**Unit Cost**	**Total Cost**	**Quan**	**Unit Cost**	**Total Cost**	**Quan**	**Unit Cost**	**Total Cost**	**Quan**	**Unit Cost**	**Total Cost**
Non-ADP Equipment (≥$1M)										**1**	**1,100**	**1,100**

Narrative Justification.

This equipment will provide a unique DoD research capability to test the fidelity of Fiber-Optic (FO) digital communications systems. Future threats to SONET-based optical communication networks can be analyzed and addressed. SONET is a Synchronous Optical NETwork that allows data streams of different formats to be combined onto a single high-speed FO synchronous data stream. Transitioning from a 10 to 40 Gigabit per second (Gb/s) testing capability will provide a new and expanded R&D capability. Recent developments in phase encoding modulation formats have shown reduced susceptibility to cross-phase-modulation crosstalk. Together with advanced forward-error-correction techniques, recent experiments have successfully demonstrated 40 Gb/s transmission over Trans-Atlantic distances without the need for polarization-mode-dispersion compensation. This test equipment will allow NRL to examine FO systems and identify critical DOD specific needs and vulnerabilities to 40 Gb/s.

Need/Requirement/Objective Statement: Maximum bit rates for present operational scenarios are 2.4 Gb/s (near term) and 10 Gb/s (in 3 years) with systems using various intensity modulation formats. However, recent progress in phase encoded signaling formats have enabled long haul data transmission at rates up to 40 Gb/s. Economics will drive the deployment of 40 Gb/s systems in terms of transport cost-per-bit over 10 Gb/s systems. Due to the large commercial technology investment over the last 3 years, it now appears that development of 40 Gb/s systems is forthcoming. NRL is in a unique position being the only DoD laboratory with the expertise to address the security aspects of future 40 Gb/s systems. A number of R&D issues unique to the DoD's mission remain including: testing/understanding the effects of propagation nonlinearities, their impact on fiber type, and evaluation of the new phase-encoded modulation formats. This test equipment is critical to NRL's ability to determine the loss in signal fidelity as a function of transmission impairments - some of these impairments appear only as data rates exceed 20 Gb/s. This equipment will be used in the NRL recirculating loop testbed to expand the measurement capabilities to 40 Gb/s and allow for the investigation of propagation impairments, various signaling formats; quantify and investigate issues related to fiber nonlinearities; and to study the security aspects of higher bit rate systems.

Workload Projections: NRL's workload in SONET-based optical communications R&D is expected to increase over the next four years given that NRL continues to provide a leadership role in custom solutions for advanced communication systems.

Alternative(s): - Status Quo: NRL presently has testing capabilities only to 15 Gb/s. Without this equipment, custom measurement solutions will have to be designed and developed which would to too labor intensive to be practical. This acquisition is the only viable alternative to providing the capability to test OC-768 FO transmission systems. OC-768 is an optical carrier (OC) system running at a data rate 768 times faster than the base SONET rate of 51.83 Mb/s.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)		A. Budget Submission **FY 2006 / FY 2007 BUDGET ESTIMATES**
B. Component/Activity Group/Date Department of the Navy Research and Development February 2005	C. Line No. & Item Description 2001. Total Non-ADP (≥$500K<$1M)	D. Activity Identification Naval Research Laboratory Washington, DC 20375

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Non-ADP (≥$500K<$1M)	3		2,246	4		2,710	4		2,540			

Narrative Justification:

FY 2004
Long Range Current Measurement System (LRCM) $709,990
UAV Payload Testbed $932,990
X-Band Reflector and Dual S/X Band Feed $603,065

FY 2005
Directed Energy Effects Test Facility $600,000
Railgun Energy Storage Bank $850,000
Spacecraft RF Subsystem Design & Test Instrumentation Upgrade $750,000
X-Band Satellite Receiving System $510,000

FY 2006
Laser Ranging, Detection, & Imaging System (LRD) $720,000
Millimeter Wave 110 GHz Network Analyzer $520,000
Propulsion Test Station $600,000
X-band Ground System Hardware $700,000

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)		A. Budget Submission FY 2006 / FY 2007 BUDGET ESTIMATES
B. Component/Activity Group/Date Department of the Navy Research and Development February 2005	C. Line No. & Item Description 1001. Common Data Link	D. Activity Identification Naval Research Laboratory Washington, DC 20375

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	**Quan**	**Unit Cost**	**Total Cost**	**Quan**	**Unit Cost**	**Total Cost**	**Quan**	**Unit Cost**	**Total Cost**	**Quan**	**Unit Cost**	**Total Cost**
Non-ADP Equipment (≥$1M)										**1**	**1,575**	**1,575**

Narrative Justification:

This investment is to acquire a Common Data Link antenna with X-Band capabilities. As support to military operations by DoD's space systems have become pervasive in current warfighting doctrine, and is being incorporated more so for future operations. The technologies for interoperability, redundancy and security are being developed for incorporation into these space systems by NRL with pathfinder programs such as TacSat. Also, battlespace characterization technologies being developed by the research divisions of NRL, such as hyperspectral remote sensing, require significantly higher bandwidths for transmitting the battlescene to the warfighter. These technologies are being developed and demonstrated by NRL experimental satellites, and will incorporate X-band downlinks to satisfy the demand for higher data rates and more bandwidth. The antenna will provide command, telemetry, and housekeeping functions for future spacecraft being developed by NRL and other DoD laboratories which incorporate the X-band and CDL format. Future programs require a Common Data Link (CDL) to achieve a standard means of communications with airborne and space assets, thus providing interoperability and redundancy. X-band and CDL will provide this interoperability and the capability to handle high data rates. CDL is a full duplex, jam resistant spread spectrum, point-to-point digital microwave communications link. A very beneficial approach to developing a redundant path as well as a simultaneous X-band operational capability, is to acquire a CDL. The CDL provides interoperability with other DOD assets. In addition, the CDL provides NRL with the redundancy of a second X-band antenna along with its' associated data path consisting of downconverter, receiver, bit sync and FEP. When complete, NRL will have CDL capability; one multi feed (L/S and X band) antenna; one X-band only antenna; and all the LNA's down converters, receivers, bit synchronizers and front end processor for the X band path.

The two alternatives to purchasing the X-band feed and associated data path components.are not acceptable. They are: (1) doing nothing, and thus losing the capabilities of NRL for future X-band satellite support and, (2) lease services from an X-band provider. Because, most DOD programs require encrypted space-to-ground links, this is not considered a viable alternative.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)		A. Budget Submission **FY 2006 / FY 2007 BUDGET ESTIMATES**
B. Component/Activity Group/Date Department of the Navy Research and Development February 2005	C. Line No. & Item Description 3001. Total Non-ADP (<$500K)	D. Activity Identification Naval Research Laboratory Washington, DC 20375

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Non-ADP (<$500K)	35		7,808	39		10,364	36		10,610	31		10,330

Narrative Justification:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)		A. Budget Submission **FY 2006 / FY 2007 BUDGET ESTIMATES**
B. Component/Activity Group/Date Department of the Navy Research and Development February 2005	C. Line No. & Item Description 5001. Total ADP (≥$500K<$1M)	D. Activity Identification Naval Research Laboratory Washington, DC 20375

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total ADP (≥$500K<$1M)										1		500

Narrative Justification:

FY 2007
Shared Memory Computing System $500,000

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)		A. Budget Submission **FY 2006 / FY 2007 BUDGET ESTIMATES**
B. Component/Activity Group/Date Department of the Navy Research and Development February 2005	C. Line No. & Item Description 6001. Total ADP (<$500K)	D. Activity Identification Naval Research Laboratory Washington, DC 20375

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total ADP (<$500K)	10		2,551	8		2,376	9		2,150	6		1,795

Narrative Justification:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)		A. Budget Submission **FY 2006 / FY 2007 BUDGET ESTIMATES**
B. Component/Activity Group/Date Department of the Navy Research and Development February 2005	C. Line No. & Item Description 8001. Total Minor Construction (≥$500K<$1M)	D. Activity Identification Naval Research Laboratory Washington, DC 20375

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Minor Construction (≥$500K<$1M)	2		1,284	3		1,850	2		1,500	2		1,500

Narrative Justification:

FY 2004
Communications Distribution Modernization $534,000
Photonics Technology Facility $750,000

FY 2005
Enclose Warehouse Structure for Technical Information Services $500,000
Midway Research Center Perimeter Fence $600,000
Renovate Acoustic Tank Area $750,000

FY 2006
Chemistry Facility Modernization $750,000
Optical Physics Facility Modifications $750,000

FY 2007
Hazardous Materials Minimization Center $750,000
Space Systems Technology Facility $750,000

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)		A. Budget Submission **FY 2006 / FY 2007 BUDGET ESTIMATES**
B. Component/Activity Group/Date Department of the Navy Research and Development February 2005	C. Line No. & Item Description 9001. Total Minor Construction (<$500K)	D. Activity Identification Naval Research Laboratory Washington, DC 20375

	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost	Quan	Unit Cost	Total Cost
Total Minor Construction (<$500K)	2		566				2		500	2		500

Narrative Justification:

CAPITAL BUDGET EXECUTION
Department of the Navy - Navy Working Capital Fund
Activity Group: RESEARCH AND DEVELOPMENT/Sub Activity Group: NAVAL RESEARCH LABORATORY

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PROJECTS IN THE FY 2005 PRESIDENT'S BUDGET

				(Dollars in Millions)		
FY	**Approved Project**	**Reprogs**	**Approved Proj Cost**	**Current Proj Cost**	**Asset/ Deficiency**	**Explanation/ Reason for Change**
	Equipment except ADPE and TELECOM					
2005	Equipment except ADPE and TELECOM (=$500K <$1M)	-0.775	3.485	2.710	0.775	1/
2005	Equipment except ADPE and TELECOM (<$500K)	2.669	7.695	10.364	-2.669	1/
2005	Near Field Antenna Test Facility (>= $1M)	-1.900	1.900	0.000	1.900	1/
	Total Equipment except ADPE and TELECOM	-0.006	13.080	13.074	0.006	
	Equipment - ADPE and TELECOM					
2005	Equipment - ADPE (=$500K <$1M)	0.000	0.000	0.000	0.000	
2005	Equipment - ADPE (<$500K)	0.006	2.370	2.376	-0.006	1/
	Total Equipment - ADPE and TELECOM	0.006	2.370	2.376	-0.006	
	Software Development					
2005	Software Development (<$500K)		0.000	0.000		
	Total - Software Development		0.000	0.000		
	Minor Construction					
2005	Minor Construction (=$500K <$1M)	0.000	1.850	1.850	0.000	
2005	Minor Construction (<$500K)	0.000	0.000	0.000	0.000	
	Total - Minor Construction	0.000	1.850	1.850	0.000	
	Total FY 2005 Capital Purchase Program	0.000	17.300	17.300	0.000	

1/ Realigned allocations to adequately fund projects with higher priorities.

Military Sealift Command

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General Descriptions of Business Area: The Military Sealift Command (MSC) acts as the single manager-operating agency for sealift services. MSC operates as a Working Capital Fund (WCF) in two separate capacities. This submission addresses MSC's Navy mission funded by the Navy Working Capital Fund (NWCF), providing support to the Fleet Commanders (FLTCOMs) and other DOD activities by providing unique vessels and programs. The second mission, providing sealift support for DOD cargoes in peacetime, is accomplished through the Transportation Working Capital Fund (TWCF) under the auspices of US Transportation Command (TRANSCOM). Ship availability for MSC customers is the metric for evaluating mission performance in the sealift transportation business area.

Outputs and Customers through the NWCF: MSC supports the FLTCOMs for Pacific and Atlantic Fleets (COMPACFLT and COMLANTFLT/CFFC), Naval Sea Systems Command (NAVSEA), Space and Naval Warfare Systems Command (SPAWAR), Strategic Systems Programs (DIRSSP), the US Air Force and the National Defense Sealift Fund (NDSF) with unique vessels and programs. The three programs budgeted through the Navy Working Capital Fund (NWCF) are:

1. Naval Fleet Auxiliary Force (NFAF): Provides support utilizing civilian mariner manned non-combatant ships for material support, ocean going tugs, and contracted Harbor Tugs.

2. Special Mission Ships (SMS): Provides unique seagoing platforms and operation of Navy Command Ships.

3. Afloat Propositioning Force - Navy (APF-N): Deploys advance materiel for strategic lifts for the Marine Expeditionary Forces.

Budget Highlights: The FY 2006 and FY 2007 estimates are based on the MSC FY 2006 POM estimates and incorporate the approved pricing and program adjustments. FY 2005 cost estimate reflects a reduction of $67M related to fuel price increase and offset for anticipated supplemental funding. The current display portrays an artificial reduction in costs vice adjustment to either revenue or AOR. The result is an under-representation of costs and, if supplemental is not received, a negative AOR that will be worse than current estimates.

Changes by Program from President's Budget (PB):

NFAF:
FY 2004 PB to FY 2004 Actual: USNS Santa Barbara was activated in Reduced Operating Status (ROS-15).

FY 2005 PB to FY 2005 CE: USNS Humphreys will be reactivated in ROS-15 status. MSC also is increasing the number of overhauls and incorporating increased OPTEMPO.

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FY 2004 CE to FY 2005 CE: USNS Bridge will be operating for a full year; one T-AFS 8 class ship goes from FOS to ROS-30.

FY 2005 CE to FY 2006 PB: The first two of eleven new construction T-AKEs (USNS Lewis & Clark and Sacagawea) will be delivered over to MSC in FY 2006. Two former Navy ARS vessels (USNS Grapple and USNS Grasp) will be turned over to MSC in FY 2006. Additionally, one T-AFS 8 class ship will be layed up in FY 2006 and one T-AO transitions from ROS-30 to FOS.

FY 2006 PB to FY 2007 PB: Two additional ARS vessels (USNS Salvor and USNS Safeguard) will be delivered to MSC in FY 2007. Three additional T-AKEs will be delivered over to MSC in FY 2007. Also, one ocean going tug is layed up at the end of FY 2006 and a T-AO transitions from ROS-30 to full year FOS operation.

SMS:

FY 2004 PB to FY 2004 Actual: The SMS fleet remained stable except for the addition of the Command Ship USS Coronado that is treated as a reimbursable. The augments to revenue and expense are due primarily to the addition of the USS Coronado. The USS Mount Whitney also came on board late in the year.

FY 2005 PB to FY 2005 CE: The USNS Capable goes out of service from the PB to CE. Further, USS Coronado was added to the inventory in FY 2004 and will remain through FY 2005 as a reimbursable. Current budget also reflects costs for USS Mount Whitney on a reimbursable basis.

FY 2004 CE TO FY 2005 CE: The SMS fleet remains stable throughout FY 2005 with the exception of USNS Capable which will go out of service at the end of FY 2004 and the addition of the USS Mount Whitney. Augments to direct expenses in FY 2005 are primarily due to planned overhauls and dry docks on the USNS Observation Island and USNS Zeus.

FY 2005 CE to FY 2006 PB: The SMS Program remains relatively stable. Partial augments to direct expenses in FY 2006 CE are due to two more major yard periods scheduled. Offsetting this augment is the removal of USS Coronado from the fleet inventory. Additionally, four oceanographic ships are in ROS for part of the year.

FY 2006 PB to FY 2007 PB: The SMS fleet undergoes a reduction with the return of the contractor-owned and contractor-operated ships Kellie and Dolores Chouest to their contractor. Revenue and expense are reduced accordingly. Additionally, two oceanographic ships remain in ROS for part of the year.

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APF-N:

FY 2004 PB to FY 2004 Actual and FY 2005 PB to FY 2005 CE: The program's workload is static. There are increases in Maintenance and Repair (M&R) due to higher shipyard costs and expanded scope of work; overtime expenses resulting from new Standard Training and Certification for Watchstanding requirements, and higher costs in commercial ports.

FY 2004 CE to FY 2005 CE: Costs increased due primarily to capital hire amortization schedule, operating hire, and other port/canal charges. Other increases include Maintenance and Repair (higher shipyard costs and expanded scope of work).

FY 2005 CE to FY 2006 PB: The program's workload is static. However, costs decreased due primarily to capital hire payments ceasing after January 2006 based on buyout of the Maritime Prepositioning Ships (MPS) vessels.

FY 2006 PB to FY 2007 PB: The program's workload is static. There is no Capital payment based on the FY 2006 MPS buyout.

Force Protection:

After 11 September 2001 MSC dramatically increased Force Protection (FP) efforts. This was due to the introduction of appropriated funding in support of FP and increased OPTEMPO (i.e., Supplemental Funding in support of the Global War on Terrorism (GWOT) and Operation Iraqi Freedom (OIF)). FY 2003 saw the beginning of the Shipboard Security Module project, the initiation of the embarked mariner program with armed combatants onboard ships in high risk areas, FP at non-Navy ports and the purchase of FP equipment for use by MSC mariners.

New peacetime FP costs associated with MSC ships are incorporated into MSC rate structure starting in FY 2006.

ANALYSIS OF COST OF OPERATIONS (statistical):

FY 2005 increase of $203.7M is due mainly to activation of USNS Humphreys and change in operating status for the USNS Bridge, Command Ships – e.g. USS Mount Whitney, and wage parity for CIVMARS.

FY 2006 reflects an increase due mainly to activating 2 of 4 T-ARS Ships offset by change in status for several ships in the NFAF and SMS programs and the artificially low FY 2005 cost related to the display of the requested supplemental to fund fuel price increases.

FY 2007 costs decrease due to Kellie Chouest and Carolyn Chouest Ships leaving inventory offset by approved escalation.

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Table One: COST ($ in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
DIRECT COST	1,628.9	1,797.1	1,848.2	1,833.3
COST OF G&A	148.3	183.8	184.7	188.9
TOTAL COST	1,777.2	1,980.9	2,032.9	2,022.2

REVENUE ANALYSIS:

FY 2005 revenue is higher than approved due to workload increases resulting from the Command Ship assignments (e.g., USS Mount Whitney, USS Coronado)and activation of USNS Humphreys.

FY 2006 revenue increases due primarily to activation of T-AKE 1 and 2 Ships.

FY 2007 revenue reflects attainment of zero AOR.

Table Two: REVENUE

	FY 2004	FY 2005	FY 2006	FY 2007
REVENUE	1,792.4	1,950.7	2,023.4	2,022.2

ANALYSIS OF AOR/NOR:

The FY 2004 Approved President Budget reflected a NOR of $4.2M vice actual of $15.2M.

The FY 2005 Approved President Budget reflected a NOR of $-28.7M vice the current estimate of $-30.2M.

The FY 2006 and FY 2007 rates were computed to result in a zero AOR.

Table Three: AOR/NOR ($ in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
BEGINNING AOR	24.5	39.7	9.5	0
REFUND				
NET OP RESULT	15.2	(30.2)	(9.5)	0
ENDING AOR	39.7	9.5	0	0

UNIT COST ANALYSIS: MSC operates under three distinct unit cost goals - one for each of the programs. All programs have cost/per day as their unit cost basis (costs include only per diem expenses in their annual operating budget (AOB) as per OSD guidelines.) Ship mix – e.g. harbor tugs and T-AOEs – impacts unit cost levels. Changes in all years are primarily a function of approved escalation, CIVMAR salaries, ship mix, and M&R.

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Table Four: UNIT COST

	FY 2004	FY 2005	FY 2006	FY 2007
NFAF	38,303	42,424	49,181	50,871
SMS	23,269	25,166	26,053	28,854
APF-N	69,772	82,127	74,376	61,289

WORKLOAD INDICATORS: The NFAF program decreases over the President's Budget for FY 2005 due mainly to reduced tug support requirements. Increases for both FY 2006 and FY 2007 are due to activation of T-AKE ships and T-ARS Ships. Decrease in SMS program from FY 2006 to FY 2007 is due mainly to Delores Chouest and Kellie Chouest Ships leaving inventory. APF-N workload is stable for FY 2005 - FY 2007.

Table Five – WORKLOAD

	FY 2004	FY 2005	FY 2006	FY 2007
PER DIEM SHIP DAYS				
NFAF	23,126	23,725	24,609	25,429
SMS	8,032	7,665	7,665	6,935
APF-N	6,322	6,205	6,205	6,205

HOW WORKLOAD LEVELS ARE OBTAINED: Budgeted workload estimates are provided directly by each funding sponsor. Operational requirements are received directly from the sponsor by message or other direct communication for each of these dedicated ships.

CUSTOMER RATE PERCENTAGE CHANGES: FY 2005 rates reflect the President’s budget approved program. Rates for FY 2006 and FY 2007 were developed to attain the required zero AOR.

Table Six - CUSTOMER RATE CHANGES

	FY 2004	FY 2005	FY 2006	FY 2007
NFAF	1.7%	5.0%	10.5%	6.2%
SMS	-6.1%	11.2%	21.9%	-4.1%
APF-N	-4.2%	10.0%	-3.7%	-20.4%

MANPOWER TRENDS:

Afloat: Increases due primarily to T-AKE and T-ARS Ships coming on line

Ashore: Endstrength is level for years FY 2005 – FY 2007. This represents small decreases due to transformation considerations.

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Table Seven: Manpower by Major Program

End strength	FY 2004	FY 2005	FY 2006	FY 2007
NFAF	3,756	4,127	4,686	5,173
SMS	368	257	72	72
APF-N	4	4	4	4
OH	813	963	963	963
TOTAL	4,941	5,351	5,725	6,212

ANALYSIS OF FINANCIAL CONDITIONS: The FY 2005 NOR reflects a loss of $30.2M vice loss of $28.7M forecast in the President's Budget. FY 2006 NOR of $-9.5M reflects requirement to attain zero AOR. FY 2007 reflects zero NOR and AOR.

Table Eight: Financial Condition
($000)

	FY 2004	FY 2005	FY 2006	FY 2007
REVENUE	1,792.4	1,950.7	2,023.4	2,022.2
EXPENSE	1,777.2	1,980.9	2,032.9	2,022.2
NOR	15.2	(30.2)	(9.5)	0
REFUNDS				
PASSTHROUGH				
AOR	39.7	9.5	0	0

OVERHEAD TRENDS/ANALYSIS:

These costs relate to MSC Ashore personnel. Costs for both FY 2004 and FY 2005 are lower than President's budget due to revised estimates for depreciation, delay in move of COMSCLANT Personnel in Norfolk and, lower salary costs as MSC goes through initial phase of transformation efforts. Costs for FY 2006 and FY 2007 are essentially in line with POM 06. The current submission reflects fully loaded hourly rates of $50, $53, $54, and $56 respectively based on GS/GM costs contained in MSC Civilian Personnel exhibits.

Table Nine: Manpower and Overhead Costs ($ in millions)

ENDSTRENGTH	FY 2004	FY 2005	FY 2006	FY 2007
Civilians	813	963	963	963
Military	173	187	187	187
Ashore Costs	148.3	183.8	184.7	188.9

Capital Purchase Program (CPP):

Information Technology (IT/ADP) efforts represent the predominant share of CPP costs. These efforts include migration to a paperless environment; secure storage of engineering materials, ADPE for Shipboard local area networks (LANs) and systems development efforts – e.g. mandated travel system, financial management (FMS), etc.

MSC also has a new CPP requirement associated with peacetime FP efforts. This effort which starts in FY 2006 supports the Shipboard Security Module (SSM.)

Table Ten: CPP Costs ($ in millions)

	FY 2004	FY 2005	FY 2006	FY 2007
Capital Investment				
Equipment			12.0	13.3
ADPE Hardware	5.2	7.6	6.8	7.0
Development	7.4	7.4	8.8	8.4
Minor Construction	0.0	.2	.4	.4
Total	12.6	15.2	28.0	29.1

PERFORMANCE MEASURES:

Program Performance is measured by "ship availability days," which measures days against plan that ships are actually available to perform the function for which they were intended. Any change in ship operation such as FOS to ROS, transitioning ships between coasts, or changing ship status (e.g., from R0S-15, ROS-30 or ROS-45) are coordinated with the respective MSC customer.

All obligation, expense, revenue, disbursement and collection data is captured and recorded in MSC's financial system by program. Data is recorded at the ship and expenditure level and is rolled up and accumulated to include all ships supported by each Navy sponsor. All sponsor data is then rolled up to reflect the accumulated revenue, expense, and other USSGL account data at the Navy level. MSC has two separate reporting responsibilities; therefore USTRANSCOM data is also identified based on common user ships and is separately captured and reported.

MSC has a corporate plan, a strategic plan, and business and support plans. MSC's vision is a 10-year review. The strategic plan is a five-year look ahead that outlines Mission, Vision, Operating Environment, Workforce Attributes, and Long Term Goals and Strategies. The corporate plan focuses on the strategic issues that will affect MSC's mission effectiveness over the next one to five years and includes revised MSC Command priorities and updated strategic

initiatives. MSC is following the CNO's lead and intends to transform the MSC force into a 21st century organization. The corporate plan also is aligned vertically with the JCS "Joint Vision 2020" with regard to focused logistics - specifically with respect to "conceptual innovation…the combination of new *things* with new *ways* to carry out tasks." To support the Navy's "global striking power", MSC strategic initiatives promote "network-centric operations"-Navy and Marine Corp Intranet (NMCI) and other Command, Control, Communication and Computer Systems initiatives. MSC initiatives also leverage the "mobility and security of our ships" and "sea-basing" as a secure foundation from which to project expeditionary warfare while minimizing the requirement to stage vulnerable forces and supplies ashore. MSC business plans and support plans are intended to be one-year execution documents.

Termination Liability:

Historically, the Military Sealift Command (MSC) has entered into long-term (up to 59 months) charter ships contracts without budgetary authority to finance the contingent liability if customers cancel charter ship services. The ASN(RD&A) granted a temporary class deviation from DFARS 232.701, contract funding requirements to allow MSC to incrementally fund fixed price contracts crossing fiscal years when using working capital funds . Several attempts to obtain statutory authority for contract authority prior to expiration of the deviation failed.

This budget submission reflects the permanent financing mechanism for termination liability. The annual value of termination and/or cancellation fees for the MSC Navy sealift portion is financed from the NWCF cash balance and the MSC U.S. Transportation Command sealift portion is financed from the Air Force Working Capital (AFWCF) cash balance. An amount in addition to the seven-day cash balance is included in the NWCF and AFWCF cash balances to finance the contingent liability.

This approach is based on the DOD FMR Vol. 2A, par. 010222 and Vol. 11B, par. 110102, guidance that requires customers to reimburse providers for costs incurred on a cancelled or reduced order for work or services. Any termination or cancellation costs will be paid initially by MSC pending reimbursement from customer funds at which point the MSC cash balances will be restored. This is in accordance with the Statement of Federal Financial Accounting Standards (SFFAS) and the Department of Defense (DoD) Financial Management Regulations (FMR), which require recognition of an actual liability.

REVENUE and EXPENSES
AMOUNT IN MILLIONS
MSC / TOTAL

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	1,787.1	1,938.5	2,012.5	2,009.1
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	5.4	12.2	10.9	13.1
Other Income				
Total Income	1,792.4	1,950.7	2,023.4	2,022.2
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	29.5	30.7	29.9	32.2
Civilian Personnel	446.4	483.9	544.8	592.4
Travel and Transportation of Personnel	20.0	28.1	25.7	28.1
Material & Supplies (Internal Operations	203.9	252.7	280.6	286.1
Equipment	64.8	52.5	84.1	86.5
Other Purchases from NWCF	19.6	24.7	26.4	26.9
Transportation of Things	3.8	3.6	4.0	4.4
Depreciation - Capital	5.4	12.2	10.9	13.1
Printing and Reproduction	.6	.6	.6	.6
Advisory and Assistance Services	2.4	2.5	2.6	2.6
Rent, Communication & Utilities	505.6	560.6	502.9	384.9
Other Purchased Services	475.3	528.7	520.3	564.4
Total Expenses	1,777.2	1,980.9	2,032.9	2,022.2
Work in Process Adjustment	.0	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	1,777.2	1,980.9	2,032.9	2,022.2
Operating Result	15.2	-30.2	-9.5	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	15.2	-30.2	-9.5	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	39.7	9.5	.0	.0

MSC / TOTAL
SOURCE of REVENUE
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	1,765	1,951	2,023	2,022
a. Orders from DoD Components	1,754	1,945	2,017	2,016
Department of the Navy	1,690	1,910	1,982	1,980
O & M, Navy	1,194	1,335	1,444	1,541
O & M, Marine Corps	15	0	0	0
O & M, Navy Reserve	0	0	0	0
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	0	0	0	0
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	0	0	0	0
Other Procurement, Navy	15	38	0	0
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	1	0	0	0
Military Construction, Navy	0	0	0	0
Other Navy Appropriations	465	537	538	439
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	5	0	0	0
Army Operation & Maintenance	4	0	0	0
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	1	0	0	0
Department of the Air Force	27	34	35	36
Air Force Operation & Maintenance	27	34	35	36
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	31	0	0	0
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	5	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0	0
Procurement Accounts	0	0	0	0
Defense Emergency Relief Fund	26	0	0	0
DOD Other	0	0	0	0
b. Orders from other WCF Activity Groups	7	6	6	6
c. Total DoD	1,762	1,951	2,023	2,022
d. Other Orders	3	0	0	0
Other Federal Agencies	3	0	0	0
Foreign Military Sales	0	0	0	0
Non Federal Agencies	0	0	0	0
2. Carry-In Orders	158	131	131	131
3. Total Gross Orders	1,923	2,082	2,154	2,153
a. Funded Carry-Over before Exclusions	131	131	131	131
b. Total Gross Sales	1,792	1,951	2,023	2,022
4. End of Year Work-In-Process (-)	0	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-1	-1	-1	-1
6. Net Funded Carryover	129	129	129	129

Note: Line 4 (End of Year Work-In-Process) Is adjusted for Non-DoD, BRAC & FMS and Institutional MRTFB

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Changes in the Costs of Operation
Military Sealift Command/Transportation
(Dollars in Millions)
Congressional Submission

	Total Expenses
FY 2004 Actual	1,777.2
FY 2005 Estimate in President's Budget:	1,968.1
Pricing Adjustments:	
a. FY 2004 Pay Raise	
(1) Civilian Personnel	0.0
(2) Military Personnel	0.0
b. Annualization of Prior Year Pay Raises	
(1) Civilian Personnel	0.0
(2) Military Personnel	0.0
c. Fuel	0.0
d. Supplies	0.0
e. General Purchase Inflation	0.0
Productivity Initiatives & Other Efficiencies:	
a.	
Program Changes (list) as appropriate	
a. DLRs	0.0
b. Manning	0.0
c. Depot Maintenance	0.0
d. Commercial Augmentation	0.0
e. Military Augmentation	0.0
f. Rent/Utilities	0.0
g. Supplies	0.0
t. Travel	0.0
i. Depreciation	0.0
j. Communication	0.0
k. ADP Services	0.0
l. Other	0.0
Decrease in NFAF ship days - e.g. harbor tugs, SD tugs	-15.2
Increase for Pearl Harbor Reimb	4.2
USNS Capable deactivated	-5.7
Increase for SMS charter hire and reimbursables - e.g. CORONADO, HSV, MT WHITNEY	58.0
Decrease in APF-N M&R	-6.0
Increase for APF-N fuel and port charges	5.3
Reduction for Afloat Reim	-26.6
DFAS Adjustment	-1.2
Other Changes:	
a. General & Administrative	

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Changes in the Costs of Operation
Military Sealift Command/Transportation
(Dollars in Millions)
Congressional Submission

	Total Expenses
FY 2005 Current Estimate:	1,980.9
Pricing Adjustments:	
a. FY 2006 Pay Raise	
(1) Civilian Personnel	4.4
(2) Military Personnel	1.0
b. Annualization of Prior Year Pay Raises	
(1) Civilian Personnel	8.2
(2) Military Personnel	0.0
c. Fuel	21.8
d. Supplies	3.3
e. DLRs	
f. General Purchase Inflation	22.2
Productivity Initiatives & Other Efficiencies:	
a.	0.0
Program Changes:	
a. DLRs	0.0
b. Manning	0.0
c. Depot Maintenance	0.0
d. Commercial Augmentation	0.0
e. Military Augmentation	0.0
f. Flying Hour Change	0.0
g. Other	
Increase in SMS M&R/Charter Hire	4.7
Decrease in SMS reimb associated with CORONADO	-31.8
Increase in NFAF M&R	16.9
Fuel Price Increase	49.9
Additional activations - e.g. GRAPPEL, SACAGAWEA, LEWIS & CLARK - offset by mitigation issues	43.3
Civmar salary	18.1
Increase for APF-N equip and M&R	10.7
Decrease for APF-N fuel and charter hire	-55.2
Decrease in Afloat Reimb	-58.9
Other Changes:	
a. Depreciation	-1.4
b. General & Administrative	-5.2
FY 2006 Estimate:	2,032.9

Fiscal Year (FY) 2006/FY 2007 Budget Estimates
Changes in the Costs of Operation
Military Sealift Command/Transportation
(Dollars in Millions)
Congressional Submission

	Total Expenses
Pricing Adjustments:	
a. FY 2007 Pay Raise	
(1) Civilian Personnel	4.6
(2) Military Personnel	1.0
b. Annualization of Prior Year Pay Raises	
(1) Civilian Personnel	6.1
(2) Military Personnel	0.0
c. Fuel	-11.5
d. Supplies	1.5
e. DLRs	0.0
f. General Purchase Inflation	22.0
Productivity Initiatives & Other Efficiencies:	
a.	0.0
Program Changes:	
a. DLRs	0.0
b. Manning	0.0
c. Depot Maintenance	0.0
d. Commercial Augmentation	0.0
e. Military Augmentation	0.0
f. Flying Hour Change	0.0
g. Other	
Force Protection (FP) Reimbursables	-3.0
SMS: ROS and MT WHITNEY	1.0
Decrease in Capital Hire For APF-N	-93.6
Decrease in APF-N lease/charter offset by M&R	-3.2
Deactivation of KELLIE and DOLORES CHOUEST	-8.7
KAISER change to FOS	23.9
NFAF activations/Fuel - e.g, T-AKEs, T-ARS	49.4
Other Changes:	
a. Depreciation	2.2
b. General & Administrative	-2.4
FY 2007 Estimate:	2,022.2

Business Area Capital Investment Summary
Component: Military Sealift Command
Business Area: Transportation
Date: Congressional Submission
($ in Millions)

Line Number	Item Description	FY 2004 Qty	FY 2004 Total Cost	FY 2005 Qty	FY 2005 Total Cost	FY 2006 Qty	FY 2006 Total Cost	FY 2007 Qty	FY 2007 Total Cost
	Equipment								
	Replacement								
	Productivity								
C001	New Mission						12.0		13.3
	Environmental Compliance								
	Sub-total	0	0.0	0	0.0	0	12.0	0	13.3
	ADPE & Telecomm								
	Computer Hardware (Production)								
C002	LAN		5.2		7.1		6.3		6.5
	Computer Software (Operating)				0.5		0.5		0.5
	Telecommunications								
	Other Communications and Telecommunications Support Equipment								
	Sub-total	0	5.2	0	7.6	0	6.8	0	7.0
	Software Development		7.4		7.4		8.8		8.4
C003	Systems		5.2		5.4		5.3		5.4
C004	APM		2.2		2.0		3.5		3.0
C005	Minor Construction		0.0		0.2		0.4		0.4
	Total	0	12.6	0	15.2	0	28.0	0	29.1
	Related Information								
	Outlays								
	Equipment						2.4		7.6
	ADPE		3.6		6.3		7.7		6.7
	Software		7.5		7.1		9.2		9.0
	Minor Construction		0.0		0.2		0.1		0.4
	Total		11.1		13.6		19.4		23.7
	Depreciation								
	Equipment						0.2		1.0
	ADPE		2.5		6.8		5.0		5.0
	Software		2.8		5.3		5.6		7.2
	Minor Construction		0.1		0.1		0.1		0.1
	Total		5.4		12.2		10.9		13.3

Note: The above total for FY 2004 ($12.6M) refers to obligation vice authority ($13.1M)

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
Fiscal year (FY) 2006 / FY 2007 Budget Estimates

B. Component/Business Area/Date	**C. Line No. & Item Description**	**D. Activity Identification**
Military Sealift Command/Transportation/ January 2005	C001 Force Protection	

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**
Shipboard Security Module (SSM)									12,000			13,300
Total	0		0	0		0	0		12,000	0		13,300

Narrative Justification:

SSM will provide MSC mariners wih an integrated security system to augment their limited manpower by detecting and monitoring shipboard intrusions. The system will be stand-alone without any connection to the existing shipboard Local Area Network (LAN.) The system is intended to be operational in all conditions: at port, at sea, and in both low and high threat conditions.

SSM installation will be accomplished during scheduled availablility periods; these periods are and have been affected by increased OPTEMPO in support of OIF and GWOT. The preference would be to install on ships most frequently in harms way, however, scheduling is based purely on availability.

The quantity shown above refers to the number of ships that will have the SSM installed during the respective year at an overall average of approx. $900K per ship. The SSM includes the following:

- Closed Circuit TV
- Intrusion Detection System
- Audible Warning System
- Hull Perimeter Lighting

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
Fiscal year (FY) 2006 / FY 2007 Budget Estimates

B. Component/Business Area/Date	**C. Line No. & Item Description**	**D. Activity Identification**
Military Sealift Command/Transportation/ January 2005	C002 LAN	

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**
ADPE - Afloat		Varies	5,198		Varies	6,893		Varies	5,700		Varies	5,700
ADPE - Ashore						200			626			850
Software - Ashore						470			470			450
Total	0		5,198	0		7,563	0		6,796	0		7,000

Narrative Justification:

The above represents MSC requirements to implement unclassified and classified LANS at all ships, offices, area command, and headquarters world-wide. Equipment includes servers, routers, modem pools, printers, firewall, etc. Increase for FY 2005 support the installation of Public Key Infrastructure (PKI,) Remote Administration Application Servers, and Exchange 2000. Additionally, funding will provide the ability to integrate with MSC Financial Management System (FMS,) replicate data shoreside, and facilitate web enablement in accordance with Taks Force Web (TFW) directives.

MSC requires equipment and software to maintain backup sites - i.e. Mission Continuity Plan (MCP.) The refresh requirements are not covered by NMCI or Base Level Infrastructure Implementation (BLII) plans.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
Fiscal year (FY) 2006 / FY 2007 Budget Estimates

B. Component/Business Area/Date	**C. Line No. & Item Description**	**D. Activity Identification**
Military Sealift Command/Transportation/ January 2005	C003 Systems	

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**
Information Systems/Dev			1,984			2,150			3,242			3,242
Procure to Pay Initiative			3,242			3,242			2,081			2,123
Total	0		5,226	0		5,392	0		5,323	0		5,365

Narrative Justification:

Development
All systems operate on existing MSC or Defense Mega Center (DMC) computers. All funds are for system design, product integration, acceptance testing, implementation, and documentation.

Various modules integrate existing worldwide procurement system with developing/deploying financial system; this ensures validation of accounting data at time of origination, and tracking of both procurement and funds control from obligation through payment.

Includes funding required to implement DOD mandated travel system and integrate it with the Command financial management system as well as the paperless environment.

Information Systems
This will enable Web systems to operate all MSC Ashore and Afloat operations. Funding supports system design, product integration, acceptance testing implementation, and documentation.

Procure to Pay Initiative
This initiative will provide for cross functional requirements and continuing development of enhancement and upgrades to MSC business systems. Supports the introduction of additional modules required to provide a total automated procure to pay solution for MSC. It also will support the development of interfaces required with external systems - e.g. DOD wide implementation of the End -to-End procurement process.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
Fiscal year (FY) 2006 / FY 2007 Budget Estimates

B. Component/Business Area/Date	**C. Line No. & Item Description**	**D. Activity Identification**
Military Sealift Command/Transportation/ January 2005	C004 HRMS	

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**
Development			2,200			2,000			3,500			3,000
Total	0		2,200	0		2,000	0		3,500	0		3,000

Narrative Justification:

MSC HRMS (Human Resources Management System)

MSC has consolidated its civmar personnel functions at the Afloat Personnel Management Center (APMC.) This funding will satisfy the requirement to migrate to a paperless environment - i.e. total automation of the AP process, automated workflow and documentation management utilizing Oracle Human Resource (HR) and Payroll. Implementation of HR also will provide the ability to integrate with MSC's corporate data environment.

Note: CIVMAR personnel functions are not handled by the DOD Modern Defense Civilian Payroll Data System (DCPDS.)

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

A. Budget Submission
Fiscal year (FY) 2006 / FY 2007 Budget Estimates

B. Component/Business Area/Date	**C. Line No. & Item Description**	**D. Activity Identification**
Military Sealift Command/Transportation/ January 2005	C005 Minor Construction	

	FY 2004			FY 2005			FY 2006			FY 2007		
ELEMENTS OF COST	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**
Minor Construction												
Sitework					Varies	246		Varies	200			
Paving/Surfacing/ Etc								Varies	100		Varies	200
Electrical/ Material/Labor								Varies	100		Varies	200
Total	0		0	0		246	0		400	0		400

Narrative Justification:

The above covers requirements associated with the move of MSC personnel in the Norfolk Area. Renovation of three buildings will allow MSCLANT to consolidate in the Tidewater area.

Component: Military Sealift Command
Activity Group: Transportation
FY 2006 Planning Budget
($ in Millions)

FY	Approved Projects	PB Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
04	Equipment except ADPE & Telcomm	$0.0		$0.0	$0.0	$0.0	
	ADPE & Telecomm						
	LAN	$5.3	-$0.1	$5.2	$5.2	$0.0	Norfolk move delayed; actual experience
	Software Development						
	Systems/Lan	$7.4		$7.4	$7.4	$0.0	
	Minor Construction	$0.4	-$0.4	$0.0	$0.0	$0.0	Norfolk move delayed
	TOTAL FY 2004	$13.1	-$0.5	$12.6	$12.6	$0.0	
05	Equipment except ADPE & Telcomm	$0.0		$0.0	$0.0	$0.0	
	ADPE & Telecomm						
	LAN	$7.6		$7.6	$7.6	$0.0	
	Software Development						
	Systems/Lan	$7.4		$7.4	$7.4	$0.0	
	Minor Construction	$0.2		$0.2	$0.2	$0.0	
	TOTAL FY 2005	$15.2	$0.0	$15.2	$15.2	$0.0	

Public Works Centers

Fiscal Year (FY) 2006/2007 Budget Estimates
Navy Working Capital Fund
Base Support/Navy Public Works Centers
February 2005

ACTIVITY GROUP FUNCTION: The mission of the Public Works Centers (PWCs) is to provide Navy, DoD, and other Federal clients with quality public works support and services.

The Navy Public Works Centers provide utilities services, facilities maintenance, transportation support, engineering services, environmental services, and shore facilities planning support required by afloat and ashore operating forces and other activities.

ACTIVITY GROUP TRANSFORMATION:
Beginning in FY 2006, the Navy Facilities Engineering Command (NAVFAC) will reshape its worldwide organization by establishing Facilities Engineering Commands (FECs) to single-up accountability to Regional Commanders for support and drive significant efficiencies and savings.

The FECs will enable the Navy to integrate independent Public Works Departments (PWDs) with Navy Public Works Centers (PWCs) into a single public works delivery model.

In coordination with Commander, Navy Installations (CNI), NAVFAC has developed an implementation plan to stand up all FECs by FY2006 and to begin integrating the existing 60 independent PWDs into the FECs through the NWCF. Phase I will begin with integration of 28 PWDs in FY2006. Phase II will address the remaining 32 independent PWDs in FY2008.

CURRENT ACTIVITY GROUP COMPOSITION:

ACTIVITY *(Formerly called PWCs)	LOCATION
NAVFEC Midwest	Great Lakes, Illinois
NAVFEC Marianas	Agana, Guam, Marianas Islands
NAVFEC Southeast	Jacksonville, Florida
NAVFEC Mid-Lant	Norfolk, Virginia
NAVFEC Hawaii	Pearl Harbor, Hawaii
NAVFEC Southwest	San Diego, California
NAVFEC Washington	Washington, D.C.
NAVFEC Far East	Yokosuka, Japan

TABLE ONE - Financial Profile

$ in Millions	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	1,518.7	1,637.4	1,998.7	2,060.4
Cost of Goods Sold	1,497.0	1,635.2	2,002.4	2,060.4
Net Operating Results	+21.6	+2.2	-3.6	0.0
Accum. Operating Results	+1.4	+3.6	0.0	0.0

ACTIVITY GROUP FY2004 PERFORMANCE:

In FY 2004, the PWC's continued to provide best value and high quality products and services to the fleets and ashore-based naval activities.

Fiscal year 2004 operational challenges included the integration of ten individual Public Works Departments into the PWCs. In addition, the Centers continued efforts to implement a workforce reshaping plan to meet right-sizing objectives and meet established net operating result targets.

TABLE TWO – Workload

	MEASURE	FY 2004	FY 2005	FY 2006	FY 2007
UTILITY SERVICES					
Electricity	MWH	4,429,345	5,596,255	6,165,003	5,947,841
Potable Water	KGAL	19,403,759	24,345,976	24,508,525	24,182,248
Salt Water	KGAL	7,043,844	8,849,260	9,440,526	9,776,432
Steam	MBTU	6,901,088	8,797,652	9,560,151	10,193,058
Sewage	KGAL	12,211,644	17,282,918	15,186,985	15,642,513
Natural Gas	MBTU	1,511,881	2,888,855	2,096,457	2,128,219
Compressed Air	KCF	7,724,370	10,356,668	9,856,492	9,621,987
SANITATION SERVICES					
Refuse Coll & Disposal	CUYD	1,996,463	1,909,753	1,699,522	1,702,991
Pest Control	HOURS	49,932	48,529	47,995	48,003
Haz Waste I	GAL	515,070	427,027	417,836	416,662
Haz Waste II	LBS	10,661,509	11,521,499	12,087,830	12,115,187
Industrial Waste	KGAL	85,036	60,920	62,454	62,249
Environmental Eng	HOUR	202,285	170,107	171,638	170,839
Environmental Lab	TEST	232,226	81,637	83,724	83,717
TRANSPORTATION SERVICES					
Equipment Rental	HOURS	26,576,705	25,208,910	29,523,877	26,905,644
Vehicle Ops	HOURS	655,821	686,112	739,335	617,019
Vehicle Maintenance	SRO	49,764	59,059	49,882	46,758
MAINTENANCE & REPAIR					
Specifics	JOBS	2,414	152,059	100,466	100,269
Minors	ITEMS	15,840	14,354	21,913	19,430
Emergency	CHITS	83,700	102,590	115,450	116,434
Service	CHITS	178,459	324,329	334,143	334,437
Recurring	ITEMS	125,866	124,297	124,949	129,371
Engineering Support		104,090	319,434	281,892	244,969

TABLE THREE -Unit Costs

(DOLLARS)	MEASURE	FY 2004	FY 2005	FY 2006	FY 2007
UTILITY SERVICES					
Electricity	MWH	91.50	87.52	100.47	106.28
Potable Water	KGAL	3.69	3.37	4.34	4.45
Salt Water	KGAL	.67	.66	.78	.77
Steam	MBTU	18.92	18.03	21.54	20.85
Sewage	KGAL	4.98	4.21	5.76	5.89
Natural Gas	MBTU	9.05	5.07	8.98	9.20
Compressed Air	KCF	1.40	1.07	1.57	1.61
SANITATION SERVICES					
Refuse Coll & Disposal	CUYD	6.77	6.66	7.52	7.77
Pest Control	HOURS	43.68	48.28	50.52	51.75
Haz Waste I	GAL	4.54	5.28	5.49	5.52
Haz Waste Ii	LBS	.95	1.09	.96	.95
Indust Waste	KGAL	101.10	114.82	107.51	116.95
Enviromental Eng	HOUR	74.55	87.17	86.33	89.48
Enviromental Lab	TEST	23.21	55.28	60.33	61.88
TRANSPORTATION SERVICES					
Equip Rental	HOURS	3.07	3.79	3.95	3.97
Vehicle Ops	HOURS	40.08	43.17	46.84	44.39
Vehicle Maintenance	SRO	99.37	105.79	168.00	141.94
MAINTENANCE & REPAIR					
Specifics	JOBS	49,472.81	733.13	1,249.41	1,264.33
Minors	ITEMS	5,393.54	5,208.63	4,262.52	4,715.81
Emergency	CHITS	254.00	246.45	229.33	230.16
Service	CHITS	262.23	162.45	190.31	192.27
Recurring	ITEMS	1,037.76	981.76	1,030.05	1,021.93
Engineering Support		519.07	217.66	259.07	288.99

COMMERCIAL ACTIVITY AND FUNCTIONAL ANALYSIS STUDIES:

The PWCs continue to strive for efficiencies to improve and streamline work processes. Due to the revision of OMB Circular A-76 and the postponement of several studies, the PWCs are completing reviews of all core direct functions, which include maintenance, transportation, utilities, environmental and engineering functions. A total of approximately 7,200 positions have been reviewed via A-76 studies as of the end of FY 2004. Future CA competitions are being developed as part of the Navy CA strategy following the new A-76 circular.

RATE CHANGES/UNIT COST:

TABLE FOUR - Rate Changes

(Percentages)	FY 2004	FY 2005	FY 2006	FY 2007
East Coast and Great Lakes:				
Utilities and Sanitation	+10.5	-5.0	+3.7	+3.1
Other Services	-1.1	+2.4	+1.8	+2.4
Composite	+4.1	-0.9	+2.8	+2.8
West Coast and Pacific:				
Utilities and Sanitation	-23.4	-1.3	+4.0	+5.0
Other Services	+1.7	+0.8	+1.7	+0.5
Composite	-12.0	-0.4	+3.1	+3.3

PERFORMANCE INDICATORS:

The primary performance indicator is unit cost for Navy Public Works Centers. Although unit cost as presented in Table Four above remains the primary efficiency measure, other key corporate performance measures include net operating results (as stated above), and timeliness, workforce safety and client satisfaction.

Timeliness indicators are most important in the area of maintenance of real property and are reported quarterly.

	FY 2004	FY 2005	FY 2006	FY 2007
Emergency Work Response (hrs)	4.0	4.0	4.0	4.0
Specific Work Client (percent)	100.0	100.0	100.0	100.0
Minor Work Turnaround (days)	30	30	30	30

Workforce Safety goal is for lost time accidents to decrease.

	FY 2004	FY 2005	FY 2006	FY 2007
Reduction in Workforce Safety Incidents (percent)	3.0	3.0	3.0	3.0

Client Satisfaction is measured using a standard client survey given annually using a five point scale.

	FY 2004	FY 2005	FY 2006	FY 2007
Overall Client Satisfaction	4.0	4.0	4.0	4.0

CIVILIAN AND MILITARY PERSONNEL – Personnel resources are considered one of the most valuable assets to the Public Works organization. With the establishment of the CNI on

1 October 2003, ten Public Works Departments from other Navy Working Capital Fund activities (NAWC, NSWC, and NRL) were integrated into the PWCs.

Beginning in FY2006, Phase I of the Navy Shore Establishment Alignment initiative will transition additional personnel and requirements from CNI Public Works Departments to the NWCF Public Works Centers. In addition, some PWC military personnel are being transferred from the NWCF PWCs to the regions.

Along with the transition of CNI alignments, the NWCF Public Works Management team continues to focus on the optimal mix and quantity of personnel required to ensure the effectiveness in providing quality products and service to our customers.

TABLE FIVE - Personnel

	FY 2004	FY 2005	FY 2006	FY 2007
Civilian End Strength	8,082	7,837	9,124	9,053
Civilian Full Time Equivalents (FTE)	8,229	7,805	9,096	9,024
Military End Strength	105	105	79	79
Military FTE	105	105	79	79

TABLE SIX - Capital Budget Authority

(Dollars in Millions)	FY 2004	FY 2005	FY 2006	FY 2007
Equipment-Non ADPE/ TELECOM >500K	2.6	4.6	5.3	3.3
Equipment-Non ADPE/ TELECOM <500K	6.1	6.7	6.3	7.7
ADPE/TELECOM Equip.	0.0	0.0	0.7	0.0
Software Development	3.1	0.7	0.0	0.0
Minor Construction	7.0	6.8	6.1	6.0
Total	18.8	18.8	18.4	17.0

CASH POSITION

TABLE SEVEN - Net Outlays

($ in Millions)	FY 2004	FY 2005	FY 2006	FY 2007
Collections	1,555.2	1,587.9	2,168.4	2,168.1
Disbursements	1,564.1	1,566.5	2,173.6	2,164.5
Net Outlays	8.9	-17.7	5.2	-3.6

SUMMARY

The PWCs strive to be efficient & effective organizations providing high quality products and services to the Fleets and ashore-based activities. Sound business practices are the core for decisions that promote innovation and continuous improvements of products and services. It is our objective for mission accomplishment to reduce total cost for services, increase productivity, improve quality/client satisfaction, and provide a safe and productive work environment.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
AMOUNT IN MILLIONS
FISCAL YEAR FY 2006/2007 BUDGET ESTIMATE
FEBRUARY 2005
PWC / TOTAL

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	1,501.3	1,617.2	1,978.2	2,041.5
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	17.3	20.2	20.6	18.9
Other Income				
Total Income	1,518.7	1,637.4	1,998.7	2,060.4
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	10.0	9.9	7.1	7.2
Civilian Personnel	532.6	502.8	605.5	610.7
Travel and Transportation of Personnel	4.4	3.8	6.8	6.7
Material & Supplies (Internal Operations	149.7	166.9	247.8	258.6
Equipment	23.6	22.9	32.9	30.4
Other Purchases from NWCF	23.0	13.4	15.1	15.5
Transportation of Things	.2	.2	.4	.4
Depreciation - Capital	17.3	20.2	20.6	18.9
Printing and Reproduction	.5	.7	.8	.7
Advisory and Assistance Services	10.7	2.8	.9	.9
Rent, Communication & Utilities	501.5	557.8	689.6	700.6
Other Purchased Services	223.4	333.7	374.9	409.8
Total Expenses	1,497.0	1,635.2	2,002.4	2,060.4
Work in Process Adjustment	.0	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	1,497.0	1,635.2	2,002.4	2,060.4
Operating Result	21.6	2.2	-3.6	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	21.6	2.2	-3.6	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	1.4	3.6	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
PWC / TOTAL
SOURCE of REVENUE
FISCAL YEAR FY 2006/2007 BUDGET ESTIMATE
FEBRUARY 2005
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	1,512	1,666	1,958	2,060
a. Orders from DoD Components	1,190	1,220	1,370	1,461
Department of the Navy	1,058	1,051	1,162	1,252
O & M, Navy	903	924	975	1,062
O & M, Marine Corps	41	38	66	67
O & M, Navy Reserve	3	5	7	8
O & M, Marine Corp Reserve	1	2	3	3
Aircraft Procurement, Navy	6	2	5	4
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	0	3	4	4
Other Procurement, Navy	15	2	1	1
Procurement, Marine Corps	0	0	0	0
Family Housing, Navy/MC	80	71	94	97
Research, Dev., Test, & Eval., Navy	4	1	1	1
Military Construction, Navy	4	3	5	5
Other Navy Appropriations	1	0	0	0
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	12	17	21	21
Army Operation & Maintenance	6	11	14	14
Army Res, Dev, Test, Eval	1	0	0	0
Army Procurement	0	0	0	0
Army Other	6	6	7	7
Department of the Air Force	29	32	35	34
Air Force Operation & Maintenance	22	30	34	33
Air Force Res, Dev, Test, Eval	0	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	7	1	1	1
DOD Appropriation Accounts	91	121	152	153
Base Closure & Realignment	0	0	0	0
Operation & Maintenance Accounts	41	71	74	75
Res, Dev, Test & Eval Accounts	0	2	2	2
Procurement Accounts	1	1	1	1
Defense Emergency Relief Fund	0	0	0	0
DOD Other	49	47	76	75
b. Orders from other WCF Activity Groups	225	364	476	488
c. Total DoD	1,415	1,584	1,846	1,949
d. Other Orders	96	82	112	111
Other Federal Agencies	8	4	6	6
Foreign Military Sales	0	0	0	0
Non Federal Agencies	88	78	106	105
2. Carry-In Orders	195	188	217	177
3. Total Gross Orders	1,707	1,854	2,175	2,237
a. Funded Carry-Over before Exclusions	188	217	177	176
b. Total Gross Sales	1,519	1,637	1,999	2,060
4. End of Year Work-In-Process (-)	0	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-21	-7	-9	-7
6. Net Funded Carryover	167	210	168	169

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Base Support Services
Fiscal year (FY) 2006/FY2007 Budget Estimates
February 2005
(Dollars in Millions)

			Total Cost
1.	**FY 2004**	**Actuals**	1497.0
2.	**FY 2005**	**President's Budget:**	1672.8
3.		**Pricing Adjustments:**	
		a. FY 2005 Pay raise	
		(1) Civilian Personnel	5.1
		(2) Military Personnel	0.0
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	1.4
		(2) Military Personnel	0.0
		c. General Inflation	0.0
4.		**Program Changes:**	
		a. Workload Changes	
		(1) Direct Labor	-55.9
		(2) Direct Materiel & Supplies	-12.5
		(3) Contract/Other Purchases	10.3
5.		**Other Changes**	
		a. Indirect Labor	0.6
		b. VERA/VSIP	2.8
		c. Indirect Materiel	-1.9
		d. Depreciation	-0.1
		e. Contract Services	22.8
		f. Other	-10.2
6.	**FY 2005**	**Current Estimate:**	**1635.2**
7.		**Pricing Adjustments:**	
		a. FY 2006 Pay raise	
		(1) Civilian Personnel	8.3
		(2) Military Personnel	0.4
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	2.8
		(2) Military Personnel	0.0
		c. General Inflation	35.8
8.		**Program Changes:**	
		a. Workload Changes	
		(1) Direct Labor	64.4
		(2) Direct Material & Supplies	71.1
		(3) Contract Services	138.3
		(4) Other Purchases	-2.5

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Base Support Services
Fiscal year (FY) 2006/FY2007 Budget Estimates
February 2005
(Dollars in Millions)

			Total Cost
9.		**Other Changes**	
		a. Indirect Labor	20.8
		b. VERA/VSIP	-2.2
		c. Indirect Material	3.4
		d. Depreciation	0.4
		e. Contract Services	19.2
		f. Other	7.0
10.	**FY 2006**	**Current Estimate**	**2002.4**
11.		**Pricing Adjustments:**	
		a. FY 2007 Pay Raise	
		(1) Civilian Personnel	8.2
		(2) Military Personnel	0.0
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	2.7
		(2) Military Personnel	0.0
		c. General Inflation	23.0
12.		**Program Changes:**	
		a. Workload Changes	
		(1) Direct Labor	-2.2
		(2) Direct Material & Supplies	8.1
		(3) Contract Services	19.7
		(4) Other Purchases	-0.6
		Depreciation	
13.		**Other Changes**	
		a. Indirect Labor	-3.7
		b. VERA/VSIP	-1.8
		c. Direct Material-fuel	
		d. Indirect Material	-0.2
		e. Depreciation	-0.7
		f. Contract Services	4.5
		g. Other	1.0
14.	**FY 2007**	**Current Estimate**	**2060.4**

Navy Working Capital Fund Capital Investment Summary
Component: Department of Navy
Base Support - PWC
FY 2006/ FY 2007 Budget Submission
(Dollars in Millions)

Line No.	Item Description	FY2004 Quantity	FY2004 Total Cost	FY2005 Quantity	FY2005 Total Cost	FY2006 Quantity	FY2006 Total Cost	FY2007 Quantity	FY2007 Total Cost
	Non-ADP Equipment (>$500K)								
	Replacement (List)								
L01	ECC 8217 CRANE TRUCK	1	0.583	0	0.000	0	0.000	0	0.000
L02	ECC 8219 CRANE TRUCK	1	1.007	0	0.000	4	2.500	0	0.000
L03	ECC 8242 CRANE TRUCK	0	0.000	0	0.000	1	0.800	0	0.000
L04	ECC 8246 CRANE TRUCK	0	0.000	1	0.925	0	0.000	3	1.611
L05	ECC 8249 CRANE TRUCK	1	0.982	4	2.893	2	1.148	1	0.800
L06	ECC 8253 CRANE TRUCK	0	0.000	1	0.800	1	0.900	1	0.863
	Productivity								
	New Mission								
	Environmental Compliance								
	Total Non-ADP Equipment (>$500K)	**3**	**2.572**	**6**	**4.618**	**8**	**5.348**	**5**	**3.274**
L07	**Total Non-ADP Equipment (>$100K<$500K)**	33	6.141	32	6.676	30	6.347	40	7.683
	Grand Total Non-ADP Equipment	**36**	**8.713**	**38**	**11.294**	**38**	**11.695**	**45**	**10.957**
	ADP Equipment & Telecommunications (>$500K) (List)								
L08	**Total ADP Equipment & Telecommunications (>$500K)**	**0**	**0.000**	**0**	**0.000**	**1**	**0.648**	**0**	**0.000**
	Total ADP Equipment & Telecommunications (>$100K<$500K)	0	0.000	0	0.000	0	0.000	0	0.000
	Grand Total ADP Equipment & Telecommunications	**0**	**0.000**	**0**	**0.000**	**1**	**0.648**	**0**	**0.000**
	Software Development (>$500K) (List)								
L09	DWAS	1	2.445	1	0.672	0	0.000	0	0.000
L10	BIMS	1	0.608	0	0.000	0	0.000	0	0.000
	Total Software Development (>$500K)	**2**	**3.053**	**1**	**0.672**	**0**	**0.000**	**0**	**0.000**
	Total Software Development (>$100K<$500K)	0	0.000	0	0.000	0	0.000	0	0.000
	Grand Total Software Development	**2**	**3.053**	**1**	**0.672**	**0**	**0.000**	**0**	**0.000**
L11	**Total Minor Construction (>$100K<$500K)**	18	**7.021**	16	**6.796**	14	**6.070**	12	**6.019**
	Total Capital Purchase Program	**56**	**18.787**	**55**	**18.762**	**53**	**18.413**	**57**	**16.976**
	Total Capital Outlays		16.276		18.544		19.277		18.294
	Total depreciation Expense (DOIBIS DBC 4950)		17.327		20.200		20.556		18.861

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. FY 2006/FY 2007 Budget Estimates
February 2005													
B. Department of the Navy/Base Support				C. L01 ECC 8217 CRANE TRUCK				D. Public Works Centers					
	FY2004			FY 2005			FY 2006			FY2007			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Non-ADP Equipment (>$500K) Replacement	1	583.00	583	0	0.00	0	0	0.00	0	0	0.00	0	

Narrative Justification:

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. FY 2006/FY 2007 Budget Estimates
B. Department of the Navy/Base Support				C. L02 ECC 8219 CRANE TRUCK						D. Public Works Centers			
	FY2004			FY 2005			FY 2006			FY2007			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Non-ADP Equipment (>$500K) Replacement	1	982.00	982	0	0.00	0	4	625.00	2,500	0	0.00	0	

Narrative Justification:

FY06: Norfolk
Crane replacement is proposed for 2 overaged cranes at PWC Norfolk, which are primarily used for waterfront support operations at the Naval Station, Norfolk Naval Amphibious Base, Little Creek and Naval Weapons Stations at Yorktown VA and Earle, NJ.
Workload for this type crane consists of various maintenance and public works support handling evolutions.
The cranes being replaced are 16 and 17 years old, with a life expectancy of 10 years. To maintain a level of reliability and safety, PWC Norfolk needs to replace these units. Preinvestment analysis shows that maintenance costs will reduce by up to 50% when replaced with new cranes.
Lease cost for the required crane with this capacity is over $250K on an annual basis and over $1M for rental on an as needed basis (charged directly to the customer). Due to the high cost of leasing, the most cost effective method of providing this critical service is to purchase replacements.

FY06: Jacksonville
Crane replacement is proposed for 2 overaged cranes at PWC Jacksonville which services various Navy customers in the Mayport area. In addition there are specific Mayport facilities which require a replacement crane whose specifications meet NS Mayport engineering evaluations mandating a updated crane with a 30 foot set back from the pier walls. This requirement reduces the usage of the current asset and hinders the cross decking as well as outborad antenna work and overall mission capability. Commercial leasing rates are over 50% higher with additional cost for delivery and pickup and dead time charges. By replacing the aging crane the PWC will be able to save significant annual lease and maintenance costs to the Navy.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. FY 2006/FY 2007 Budget Estimates
B. Department of the Navy/Base Support				C. L03 ECC 8242 CRANE TRUCK						D. Public Works Centers			
	FY2004			FY 2005			FY 2006			FY2007			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Non-ADP Equipment (>$500K) Replacement	0	0.00	0	0	0.00	0	1	800.00	800	0	0.00	0	

Narrative Justification:

FY06: Norfolk
The proposed crane replacement is for an overaged crane at PWC Norfolk, which is exclusively to support public works requirements at NAS, Oceana. This crane's mission is critical due to the nature of NAS workload and the need to respond quickly to requirements.. Excessive age and deterioration precludes cost effective repair of this crane. In addition, the terrain surrounding the airfield precludes the use of any other type equipment. The requested crane procurement will replace the current asset which is 35 years old with a life expectancy of 10 years. Leasing this asset when available locally would cost the PWC a potential $1 million a year on an as needed basis and over $250K on an annual lease. Currently this asset is reaching critical replacement since downtimes have begun to affect operation and costs.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)										A. FY 2006/FY 2007 Budget Estimates		
B. Department of the Navy/Base Support				C. L04 ECC 8246 CRANE TRUCK						D. Public Works Centers		
	FY2004			FY 2005			FY 2006			FY2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>$500K) Replacement	0	0.00	0	1	925.00	925	0	0.00	0	3	537.00	1,611

Narrative Justification:

FY05/07: Norfolk
The requested crane replacements are for assets at PWC Norfolk, which are primarily used for waterfront support operations at several Commands which include Naval Station, Norfolk Naval Amphibious Base, Little Creek and Naval Weapons Stations at Yorktown VA and Earle, NJ.
Workload for these type of cranes consists of various maintenance and public works evolutions.
The cranes being replaced are all 16 to 17 years old, with a life expectancy of 10 years. To maintain a level of reliability and safety, these assets need to be replaced. PWC options are to buy these cranes or lease locally. Preinvestment analysis shows that maintenance costs will reduce by up to 50% if we replace the cranes with new Navy owned asset.
Lease cost for the required crane with this capacity is over $250K on an annual basis and over $1M for rental on an as needed basis (charged directly to the customer). Due to the high cost of leasing, the most cost effective method to the Navy is through purchase replacement.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												A. FY 2006/FY 2007 Budget Estimates
B. Department of the Navy/Base Support				C. L05 ECC 8249 CRANE TRUCK						D. Public Works Centers		
	FY2004			FY 2005			FY 2006			FY2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADP Equipment (>$500K) Productivity	1	1007.00	1,007	4	723.25	2,893	2	574.00	1,148	1	800.00	800

Narrative Justification:

FY05: Norfolk

The proposed replacement (1 in 05) is for a crane at PWC Norfolk, used primarily for waterfront support operations at the Naval Station Norfolk, Little Creek Naval Amphibious Base, and Naval Weapons Stations at Yorktown VA and Earle, NJ.. Workload for this type of crane consist of various maintenance and public works lift handling evolutions. The crane being replaced in FY05 is 17 years old and is 7 years beyond it's 10 year life. To maintain a level of reliability and safety, the PWC will need to replace this unit. PWC options are to buy a new crane or lease locally. Preinvestment analysis shows that maintenance cost will be reduced by up to 50% when replaced . Lease cost for the required crane with its specifications cost over $250K on an annual basis and over $1M for rental on an as needed basis if the PWC asset is not available. Due to the high cost of leasing, the most effective method of providing this critical service is to purchase a replacement.

FY05/07: Jacksonville

Crane replacements (1 in 05 &1 in 07) are proposed for overaged cranes (FY05&07) at PWC Jacksonville which services various Navy customers in the Mayport area. In addition, there are specific Mayport facilities which require a replacement crane since specifications must meet NS Mayport engineering evaluations mandating a updated crane with a 30' set back from pier walls. This requirement reduces the usage of the current asset and hinders the cross decking as well as outborad antenna work and overall mission capability. Commercial leasing rates are over 50% higher with additional cost for delivery and pickup and dead time charges. By replacing these aging cranes the PWC will be able to avoid over $200K in annual lease and breakdown maintenance costs to the Navy.

FY05/06:Pearl Harbor

Crane replacements (1 in 05 & 1 in 06) are proposed for overaged cranes at PWC Pearl Harbor which perform public works support to Fleet customers. Commercial rentals are 26% over current PWC rates with additional costs for delivery/pick up. Additional time involved to arrange for delivery and return results in higher expenses and dead time being charged to the navy customer. Current equipment is in a excessive cycle of breakdown maintenance which exceeds $125K annually and has resulted in 1,597 downtime hours in FY2003.

FY05/06:San Diego

Crane replacements (1 in 05 & 1 in 06) are proposed for overaged cranes at PWC San Diego which provide a wide range of Fleet and construction, maintenance, and utilities support requirements. The proposed crane replaces a crane that is overaged and beyond economical repair. Replacement will reduce workload delays and equipment downtimes which have resulted in lost revenue. Also both assets are difficult to get parts for and as a result has become operationally inefficient and accelerate annual maintenance cost. Alternative leases accelerate cost to the customer at projected rates which exceed $300K annually.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. FY 2006/FY 2007 Budget Estimates
B. Department of the Navy/Base Support				C. L06 ECC 8253 CRANE TRUCK						D. Public Works Centers			
	FY2004			FY 2005			FY 2006			FY2007			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Non-ADP Equipment (>$500K) Productivity	0	0.00	0	1	800.00	800	1	900.00	900	1	863.00	863	

Narrative Justification:

FY05 / FY06:San Diego
The proposed crane replacements (1 in 05 & 1 in 06) are proposed for overaged cranes at PWC San Diego which provide a wide range of Fleet and repair, construction, maintenance, and utilities support requirements. The proposed cranes replace cranes that are overaged and beyond economical repair. Replacement will reduce workload delays and equipment downtimes which have resulted in lost revenue. Also the current assets are difficult to get parts for and as a result will contribute to excessive downtimes and accelerated maintenance cost. Alternative leases accelerate cost to customers in the San Diego area at a projected rate can exceed $300K annually. This cost increase is passed on directly to Navy customers.

FY07: Jacksonville
Crane replacement is proposed for overaged crane at PWC Jacksonville which services various Navy customers in the Jacksonville service area. In addition there are specific facilities which require a replacement crane whose specifications meet engineering evaluations mandating a updated crane with a 30 foot set back from pier walls. This requirement reduces the usage of the current asset and hinders the cross decking as well as outborad antenna work and overall mission capability. Commercial leasing rates are over 50% higher with additional cost for delivery and pickup and dead time charges. By replacing the aging crane the PWC will be able to save significant annual lease and maintenance costs to the Navy.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)										A. FY 2006/FY 2007 Budget Estimates		
B. Department of the Navy/Base Support				C. L07 Non-ADP Equipment (>$100K<$500K)						D. Public Works Centers		
	FY2004			FY 2005			FY 2006			FY2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
Non-ADP Equipment (>$100K<$500K)	33	186.09	6,141	32	208.63	6,676	30	211.57	6,347	40	192.08	7,683

Narrative Justification:

All the equipment listed below met their replacement (age/hours) criteria set forth in NAVFAC P-300. Excessive maintenance costs of aged equipment impacts timeliness and cost to our customers. High demand and urgent requirements from customer often times require use of commercial rentals that can go as high as three times the cost of PWC owned equipment. Equipment requested in this category also include environmental plant equipment in support of Federal and State compliance and monitoring requirements.
FY05/06/07 requirements by Center are as follows:

PWC	FY05 QTY	DESCRIPTION	FY06 QTY	DESCRIPTION	FY07 QTY	DESCRIPTION
YOKOSUKA						
	1	TRUCK TANK GEN PURPOSE 2K>3K G	1	DUMP TRK W/SNOW PLOW 50000GVW	1	10TON STAKE TRK
	3	AIRCRAFT REFUELER 5000GAL&UP	2	BUCKET TRUCK	2	BUCKET TRUCK
	1	ARIAL PLATFORM MANLIFT	2	AIRCRAFT REFUELER 5000GAL&UP	3	FUEL TANK TRK 2K GAL
	1	20-50TON CRANE	2	AIRFIELD SWEEPER	2	AIRCRAFT REFUELER 5kG&UP
	2	CRANE TRUCK MTD HYD 4X4 5-35T	1	CRANE 15 TON&UP	1	GRADER, ROAD DIESEL
			1	CRANE 12-35 TON	1	FRONT END LOADER 4X4
					1	ROTARY SWEEPER
					1	CRANE 12-35 TON
GREAT LAKES						
	1	TRACTOR, CRAWLER, I.E. DOZER	1	TRACTOR, CRAWLER, I.E. DOZER	1	TRACTOR, CRAWLER, DOZER
	1	COMPACTOR, TRASH	1	HOIST AND CARRY		
	1	EXCAVATOR, TRACK				
JACKSONVILLE						
	1	TRUCK, AVGAS/JET FUEL, 5000 GAL			1	CRANE, WHL MTD4X4 12-35 T
NORFOLK						
	1	TRUCK CBL HANDLING/SHIP/ SHORE	1	TRUCK BATTERY TRANSPORTER	2	TRK CABLE HANDLING
	1	TRUCK TRACTOR 25 TON	1	TRUCK TRACTOR 15 TON	3	TRK TRCTOR 4X2 DED 2000GVW
	1	TRUCK REEL HANDLING/TENSNG	1	TRUCK TRACTOR 25 TON	1	TRK, TIRE SERVICING
	1	TRUCK TANK FUEL 5000 GAL & UP	1	TRUCK MAINTENANCE AERIAL	2	TRUCK MAINTENANCE P & L
	1	SEMITRAILER TANK 6000 GAL&UP	1	TRUCK TANK AVGAS/JETFUEL 5000 G&UP	1	TRUCK WRECKER ROLLBACK
	2	MHE SWINGMASTER SIDELOADER	1	TRACTOR WHEEL IND DED 90 HP	1	TRUCK REEL HANDLG/TENSNG
	1	LOADER SCOOP WHEEL MOUNTED	1	PLATFORM MAINTENANCE L	2	TRUCK TANK FUEL 5000 G & UP
	1	TRUCK REFUSE COLLECTION	1	TRUCK MAT HNDLG HOIST/HAUL 45 CY	2	MHE SWINGMASTR SIDELDER
	2	TRUCK MAT HNDLG HOST/HAUL	2	CRANE TRUCK MTD HYD DED 20-50 TON	1	LOADER SCOOP WHEEL MTD
			2	CRANE RT 35-40K. L	4	PLATFORM MAINTENANCE
					1	TRUCK MAT HNDLG HOST/HAL
					1	CRANE RT 35-40K.
PEARL HARBOR						
	1	SEWER BASIN CLEANER	1	CRANE HYT 15 TON	1	CRANE 60 TON TRK
	1	PLATFORM MAINTENANCE, 90 FT	1	CRANE HYT 40 TON	1	TRUCK BASKET 65 FT
	1	TRUCK, MAINTENANCE POLE/LINE	1	TRUCK BASKET 90 FT		
	1	SCREENING PLANT	1	GAS CHROMATOGRAPH		
	1	ION CHROMATOGRAPH				
SAN DIEGO						
	1	CRANE TRUCK 4X4 MTD 30 TON	1	CRANE TRUCK MTD 4X4 90 TON	1	CRANE TRUCK MTD 30 TON
	1	TRUCK CONTAINER ROLL-OFF	1	CRANE TRUCK MTD (HYD) 51 TON	1	FRONT LOAD REFUSE TRUCK
	1	TRUCK CONTAINER ROLL-OFF	1	TRUCK CONTAINER ROLL-OFF	1	CHAIN/HAUL TRUCK
	1	ABRASIVE BLAST CLEANING EQUIP	1	FRONT LOAD REFUSE TRUCK		
			1	CHAIN/HAUL TRUCK		

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. FY 2006/FY 2007 Budget Estimates
B. Department of the Navy/Base Support				C. L08 ADP Equipment & Telecommunications (>$500K)						D. Public Works Centers			
	FY2004			FY 2005			FY 2006			FY2007			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
ADP Equipment & Telecommunications (>$500K)	0	0.00	0	0	0.00	0	1	648.00	648	0	0.00	0	

Narrative Justification:

The Public Works Support Division, NAVFACENGCOM PWFSO, provides management guidance and support to Navy Public Works activities. The Defense Working Capital Accounting System (DWAS) is an accounting system that the Defense Finance and Accounting Service (DFAS) provided as a replacement for the Public Works Centers Management Information System's PWCMIS Financial Module. DWAS is a data entry accounting system centrally run on a mainframe and operated and managed by the DFAS. All of the financial data required by DWAS cannot be input on line but required input from various financial feeders. These systems that were previously locals but have been adopted by the Corporation because of the need to standardize system interfacing to DWAS. Specific systems included in this category are:

1. Labor Management Support Information System (formerly known as A-05/Z-05) that supports labor reconciliation and interface needs of PWC production,
2. Micro Data Entry Program (MDEP) that provide simple front-end program for batch entry of data and, insome data preparation/consolidation into DWAS.
3. Electronic Information Transfer System (EITS) that provides for the capability to electronically accept and transfer information on funding document.

These 3 systems currently or will be running on file servers located at every PWCs and this CPP Project is for the consolidation of all three systems to one single platform thereby consolidating servers from a minimum of 8 servers to 1 single platform. This will reduce the cost of operation to the Navy.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. FY 2006/FY 2007 Budget Estimates
B. Department of the Navy/Base Support				C. L09 DWAS						D. Public Works Centers			
	FY2004			FY 2005			FY 2006			FY2007			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development (>$500K)	1	2445.00	2,445	1	672.00	672	0	0.00	0	0	0.00	0	

Narrative Justification:

The Defense Working Capital Accounting System (DWAS) is a data entry accounting system that satisfies the Chief Financial Officers' Act by producing a transaction-driven Standard General Ledger. It was intended for low transaction, on line input, but has been modified to accept PWC data through various batch interfaces. This project consists of software development, design, configuration, interfaces, coding, and installation of software and hardware as well testing to ensure full functionality.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. FY 2006/FY 2007 Budget Estimates
B. Department of the Navy/Base Support				C. L10 BIMS						D. Public Works Centers			
	FY2004			FY 2005			FY 2006			FY2007			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Software Development (>$500K)	1	608.00	608	0	0.00	0	0	0.00	0	0	0.00	0	

Narrative Justification:

Business Information Management System (BIMS) is a data storage and retrieval system providing PWC customers and managers with business information. This project consists of software development, design, configuration, interfaces, coding, and installation of software and hardware as well testing to ensure full functionality.

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. FY 2006/FY 2007 Budget Estimates
B. Department of the Navy/Base Support				C. L11 Minor Construction (>$100K<$750K)						D. Public Works Centers			
	FY2004			FY 2005			FY 2006			FY2007			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Minor Construction (>$100K<$750K)	18	390.06	7,021	16	424.75	6,796	14	433.57	6,070	12	501.58	6,019	

Narrative Justification:

The following PWC Minor Construction requirements represent PWC facilities requirements for a full range of transportation, utilities, environmental and storage requirements.

PWC	FY05 PROJECT DESCRIPTION	($000)	FY06 PROJECT DESCRIPTION	($000)	FY07 PROJECT DESCRIPTION	($000)
GUAM						
	INSTALL 16" WATER MAIN, N.H.	150	INSTALL 16" WATERLINE, BARG RESERVOIR	395	CONVERT 4.16KV TO 13.8KV, NAV STAT	463
	INSTALL EMERG GEN& PUMPS ST	375	INSTALL 12" WATERLINE, NCTS	390	REPLACE 8" WATER LINE WITH 12" N.FGYN	400
	INSTALL 16" WATERLINE, NCTS	420	CONVERT 4.16 KVA TO 13.8 KVA DIST, GSY	450		
NORFOLK						
	CONSTRUCT FUEL STATION	400	OILY WASTE SURGE TANK & LINE BERM	530	RECYCLING/SOLID WASTE FACILITY	655
	CONSTRUCT BERM TANKS T-2C&D	610	CONSTRUCT OFFICE COMPLEX, BLDG P-65	450		
PEARL HARBOR						
	CONSTUCT SUBSTATION, MOLA.	350	CONSTRUCT EMERGENCY GENERATOR	250	INSTALL NEW SCADA SYSTEM	750
	CONSTR SUBSTATION, MAKAL CRT	450	INSTALL AUTOM GATE CNTR	500	CONSTRUCT EMERGENCY GENERATOR SC	250
	CONSTR EMERG GEN	250	INSTALL AND EXPAND 8" WATERLINE	300	INSTALL AND EXPAND 8" WATERLINE	500
	CONSTR DISPATCHER/OPER OFF.	250	INSTALL REMOTE METER, MAKALAPA	303	INSTALL EXPAND GATE VALVES	500
	CONSTR CRANE OPER'S, RIGRS OFF	300				
SAN DIEGO						
	CONSTR EXPAND EMS/DDC Bdg 11	499	CONSTR EXPND EMS/DDC Miramar	601	CONSTR EXPND EMS/DDC San Diego	265
	CONSTR EXPAND EMS/DDC Bldg 544	499	CONSTR EXPND EMS/DDC (NAB) Coroando	458	CONSTR EXPND EMS/DDC Miramar	355
	CONSTR EXPAND EMS/DDC Bldg 14 / 615	496	CONSTR EXPND EMS/DDC (NASNI) Coronado	490	CONSTR EXPND EMS/DDC Coronado	746
	CONSTR EXPAND EMS/DDC Bldg 116	498	CONSTR EXPND EMS/DDC San Diego	498	CONSTR EXPND EMS/DDC (NS) San Diego	522
	CONSTR EXPAND EMS/DDC Bldg 792/793	499	CONSTR EXPND EMS/DDC (NMC) San Diego	455	CONSTR EXPND EMS/DDC (NMC) San Diego	613
	ABRASIVE BLAST CLEANING FACILITY	750				

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVY PUBLIC WORKS CENTERS
FY 2004 ACTUALS
PWC
PROJECTS ON THE FY 2004 PRESIDENT'S BUDGET
(Dollars in Millions)

FY	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	ASSET/ DEFICIENCY	JUSTIFICATION
2004	**Equipment except ADPE and TELCOM**	8.930	0.000	8.930	8.713	0.217	
	Equipment - ADPE and TELCOM	0.000	0.000	0.000	0.000	0.000	
	Software Development	3.053	0.000	3.053	3.053	0.000	
	Minor Construction	7.080	0.000	7.080	7.021	0.059	
	TOTAL FY 2004	19.063	0.000	19.063	18.787	0.276	

	CESE	**PWC**	**QNTY**	**($000)**	
	TRUCK LOADER WHEEL MOUNTED	NORFOLK	-1	-110	Cancellation of truck wheel loader to fund pricing requirement for FY04 crane purchase.
	CRANE TRUCK MTD 2-ENG PRT	NORFOLK	0	110	Crane vendor price increase.
	MHE SWINGMASTER SIDELOADER 8K	NORFOLK	0	21	Vendor price change.
	TRUCK MAINTENANCE POLE/LINE	NORFOLK	0	-12	Vendor price change.
	TRUCK REEL HANDLING/TENSIONING	NORFOLK	-1	-192	Cancelled no longer required. Alternative solution to meet requirements applied.
	TRUCK CABLE HANDLING SHIP TO SHORE	NORFOLK	1	195	Urgent equipment changes to meet workload requirements
	TRUCK TANK REFUELER/DEFUELER	NORFOLK	0	-4	Vendor price change.
	PLATFORM MAINTENANCE	NORFOLK	0	-7	Vendor price change.
	TRUCK MATERIAL HANDLING HOIST FORKLIFT	NORFOLK	0	14	Vendor price change.
	MHE SWINGMASTER SIDELOADER	NORFOLK	-1	-154	Cancelled no longer required. Alternative solution to meet requirements applied.
	TRUCK MATERIAL HANDLING HOIST HAUL	NORFOLK	0	-19	Vendor price change.
	CRANE, WHEEL MOUNTED, SWING CAB,4X4, 51 TON AND UP	JACKSONVILLE	-1	-824	Urgent equipment changes to meet workload requirements
	CRANE TRUCK 4X4 70 TON AND UP	JACKSONVILLE	1	445	Urgent equipment changes to meet workload requirements
	TRUCK STREET SWEEPER	JACKSONVILLE	2	379	Revised crane specifications based on Fleet support requirements and equipment failures.
	CRANE TRUCK MTD (HYD) 51 TON & UP	YOKOSUKA	0	82	Cost increase due to Yen fluctuation
	TRUCK TRACTOR 4X2/6X2 32000GVW	YOKOSUKA	0	-2	Vendor price change.
	TRUCK TANK AVGAS/JETFUEL 5000 GAL & UP	YOKOSUKA	0	-35	Vendor price change.
	CLEANER VACUUM SELF-PROPELLED AIRFIELD	YOKOSUKA	0	10	Vendor price change.
	PLATFORM MAINTENANCE	YOKOSUKA	0	-39	Vendor price change.
	CRANE WHL MTD HYD BOOM 4X4 5-35 TON	YOKOSUKA	0	-16	Revised cost due to Yen fluctuation and vendor price change
		SUBTOTAL ALL CESE	0	-158	
	INDUSTRIAL PLANT EQUIPMENT (IPE)				
	CC700 SHREDDER - CANCELLED	NORFOLK	-1	-180	Cancelled no longer required. Alternative solution to meet requirements applied.
	CODE 600 SALT WATER PUMPS	NORFOLK	0	80	Vendor price change.
	ICP MASS SPECTROMETER	PEARL HARBOR	1	159	Urgent replacement of environmental equipment to meet customer workload.
	BRAKE PRESS	YOKOSUKA	0	-118	Lower price due to revised operating requirements.
		SUBTOTAL	0	-59	
		SUBTOTAL ALL EQUIPMENT	1	-217	
	MINOR CONSTRUCTION				
	INSTALL EMERGENCY GENERATOR	GUAM	0	-44	Revised materials and labor costs
	REPLACE FUEL STATION X-30	PEARL HARBOR	-1	-226	Cancelled no longer required.
	CONSTRUCT ALTERNATE FUEL STATION	NORFOLK	1	211	Delayed to FY 2004 to address priority facilities health and safety gas leaks and sprinkler requirements.
		SUBTOTAL	-	(59)	
		PWC TOTAL ALL	1	(276)	

Exhibit Fund-9c Capital Budget Execution

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVY PUBLIC WORKS CENTERS
FY 2005 BUDGET ESTIMATE

PROJECTS ON THE FY 2004 PRESIDENT'S BUDGET
(Dollars in Millions)

FY	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJ COST	CURRENT PROJ COST	ASSET/ DEFICIENCY	JUSTIFICATION
2005	**Equipment except ADPE and TELCOM**	10.669	0.000	10.669	11.294	-0.625	
	Equipment - ADPE and TELCOM	0.000	0.000	0.000	0.000	0.000	
	Software Development	0.672	0.000	0.672	0.672	0.000	
	Minor Construction	5.900	0.000	5.900	6.796	-0.896	
	TOTAL FY 2004	17.241	0.000	17.241	18.762	-1.521	

CESE	**PWC**	**QNTY**	**($000)**	
CLEANER BASIN/MANHOLE VAC/HYD TRUCK MTD	GREAT LAKES	-1	-200	Cancelled no longer required.
TRACTOR, CRAWLER, I.E. DOZER (EC 4851)	GREAT LAKES	1	450	CESE requirements resulting from consolidation of PWD Crane Ind. into PWC Great Lakes.
COMPACTOR, TRASH	GREAT LAKES	1	250	CESE requirements resulting from consolidation of PWD Crane Ind. into PWC Great Lakes.
EXCAVATOR, TRACK (EC 4350)	GREAT LAKES	1	250	CESE requirements resulting from consolidation of PWD Crane Ind. into PWC Great Lakes.
CRANE TRUCK MTD (HYD) 51 TON & UP	JACKSONVILLE	0	275	Unanticipated revision to specifications required to meet customer worload.
TRUCK TANK AVGAS/JETFUEL 5000 GAL & UP	JACKSONVILLE	-1	-311	Cancelled no longer required.
PLATFORM MAINTENANCE	JACKSONVILLE	-1	-142	Cancelled no longer required.
TRUCK TANK AVGAS/JETFUEL 5000 GAL & UP	JACKSONVILLE	1	133	Unanticipated priority replacement due to accelerated deterioration and breakdown.
CLEANER, VACUUM, AIRFIELD RUNWAY	PENSACOLA DETACHMENT	-1	-165	Cancelled no longer required.
CLEANER, BASIN/MANHOLE, VAC/HYD, TRUCK	PENSACOLA DETACHMENT	-1	-175	Cancelled no longer required.
TRUCK MAINTENANCE POLE & LINE DED	NORFOLK	-1	-161	Cancelled no longer required.
TRUCK REEL HANDLING/TENSIONING POWERED	NORFOLK	0	45	Vendor price change
MHE SWINGMASTER SIDELOADER 8K	NORFOLK	0	10	Vendor price change
LOADER SCOOP WHEEL MOUNTED 4X4	NORFOLK	-1	-144	Reduce quantity requirement due to unanticipated priority replacement requirements.
TRACTOR WHEEL IND DED 90 HP	NORFOLK	-1	-107	Cancel requirement due to unanticipated priority replacements.
CLEANER VACUUM SELF-PROPELLED AIRFIELD	NORFOLK	-1	-179	Cancel requirement due to unanticipated priority replacements.
PLATFORM MAINTENANCE	NORFOLK	-1	-232	Cancel requirement due to unanticipated priority replacements.
TRUCK REFUSE COLLECT COMP SIDE/REAR LOAD	NORFOLK	-1	-184	Cancel requirement due to unanticipated priority replacements.
TRUCK MAT HNDLG HOIST/HAUL TO 45 CU YD M	NORFOLK	1	181	Unanticipated replacement due to revised workload priorities.
TRUCK REFUSE COLLECTION M	NORFOLK	1	171	Unanticipated replacement due to revised workload priorities.
CRANE TRUCK MTD 2-ENG PRT	NORFOLK	-1	-500	Cancel requirement due to unanticipated priority replacements.
CRANE TRUCK MTD HYD DED 51 TON & UP	NORFOLK	0	175	Vendor price change
CRANE TRUCK MTD 2-ENG PRT	NORFOLK	1	925	Unanticipated priority replacement due to accelerated deterioration and breakdown.
TRUCK CABLE HANDLING/SHIP TO SHORE	NORFOLK	1	180	Unanticipated replacement due to revised workload priorities.
TRUCK TRACTOR 25 TON	NORFOLK	1	103	Unanticipated replacement due to revised workload priorities.
TRUCK TANK HAZARDOUS WASTE	PEARL HARBOR	-1	-200	Cancelled no longer required.
TRUCK CONTAINER ROLL-OFF	SAN DIEGO	0	37	Vendor price change
TRUCK CONTAINER ROLL-OFF	SAN DIEGO	1	171	Unanticipated replacement due to revised workload priorities.
SWEEPER STREET S-P PICKUP	YOKOSUKA	-1	-120	Cancel requirement due to unanticipated priority replacements.
TRUCK TRACTOR 4X2/6X2 32000 GVW	YOKOSUKA	-1	-122	Cancel requirement due to unanticipated priority replacements.
TRUCK TRACTOR 4X2/6X2 32000GVW	YOKOSUKA	-1	-121	Cancel requirement due to unanticipated priority replacements.
TRUCK TRACTOR 4X2/6X2 32000GVW	YOKOSUKA	-1	-137	Cancel requirement due to unanticipated priority replacements.
TRUCK TRACTOR 4X2/6X2 32000GVW	YOKOSUKA	-1	-116	Cancel requirement due to unanticipated priority replacements.
TRUCK OVRHD MAINT AERIAL SERV PLTFM	YOKOSUKA	0	10	Vendor price change
TRUCK TANK GEN PURPOSE 2000-2999GAL	YOKOSUKA	-2	-233	Cancel requirement due to unanticipated priority replacements.
TRUCK TANK AVGAS/JETFUEL 5000GAL&UP	YOKOSUKA	1	185	Unanticipated priority replacement due to accelerated deterioration and breakdown.
LOADRER SCOOP WHL MTD	YOKOSUKA	-1	-116	Cancelled no longer required.
CRANE WHL MTD SWING CAB 4X4 15 TON & UP	YOKOSUKA	0	140	Revised specifications due to workload priorities.
CRANE 20-50 TON	YOKOSUKA	0	239	Revised specifications due to workload priorities.
ARIAL PLATFORM MANLIFT	YOKOSUKA	2	360	Unanticipated priority replacement due to accelerated deterioration and breakdown.
	SUBTOTAL	-8	625	
MINOR CONSTRUCTION				
CONSTRUCT OFFICE COMPLEX, BLDG. P-65	NORFOLK	-1	-450	Cancel requirement to fund unanticipated environmental changes in scope to Craney Island berm project
BERM, CRANEY ISLAND TANKS T-2C & T-2D	NORFOLK	0	350	Unanticipated increases in scope due to environmental requirements.
ABRASIVE BLAST CLEANING UNIT FACILITY	SAN DIEGO	1	750	Unanticipated environmental priority replacement requirements.
CONSTRUCT EMERGENCY GENERATOR SB-014	PEARL HARBOR	1	246	Unanticipated compliance requirements due to State of Hawaii DOH regulation for prevention of sewage overflow
	SUBTOTAL ALL MC	0	896	
	PWC TOTAL ALL	-8	1,521	

Exhibit Fund-9c Capital Budget Execution

Naval Facilities
Engineering Service Center

Fiscal Year FY 2006/2007 Budget Estimates
Navy Working Capital Fund
Base Support/NFESC
February 2005

ACTIVITY GROUP FUNCTION AND TECHNICAL CAPABILITIES

NFESC Mission Statement

The Naval Facilities Engineering Service Center (NFESC) is a Navy-wide technical center, delivering quality products and services in:

- Energy and Utilities
- Amphibious and Expeditionary Systems
- Environment
- Shore, Ocean, and Waterfront Facilities

As a member of the Navy Facilities Engineering Command (NAVFAC) team, we provide worldwide support to the Navy, Marine Corps, and other DoD agencies. We provide solutions to problems through engineering, design, construction, consultation, test and evaluation, technology demonstration/implementation, and program management support. We leverage technology to enhance our clients' effectiveness and efficiency. We use existing technology where we can, identify and adapt breakthrough technology when appropriate, and perform technology development when required.

The NFESC is the principal Navy provider of specialized engineering services and products for shore and offshore facilities, energy and utilities, environmental support and amphibious and expeditionary systems. The work performed by NFESC is accomplished by mobilizing the proper expertise mix of personnel and other resources from these technology areas to address customer requirements. NFESC is a critical part of the overall NAVFAC's Strategic Plan. NFESC provides a synergism of its expertise and practical field experience for the solution of field activity and fleet needs. We support a very broad range of Navy and Marine Corps customers and focus on delivering quality products and services. Program execution is funded by many appropriations, but primarily from O&MN, R&D, WCF and other DOD Accounts.

The Energy and Utilities area of expertise is responsible for the Navy's shore Establishment's Energy program. Efforts focus on energy conservation systems, energy data management, energy technology transfer, energy and utilities management, utilities control systems, utility systems engineering, and thermal and power plant engineering.

The Amphibious and Expeditionary area of expertise is responsible for developing and providing support and enhancement of Naval Construction Battalion and Marine Corps advanced base

construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer system, expedient facilities, and logistics engineering.

The Environmental area of expertise is responsible for planning, reviewing, and analyzing Navy wide functions, and assembling and deploying customized technology to meet the environmental requirements of the Naval Shore Establishment. Efforts focus on environmental restoration, waste management, environmental compliance, environmental data management, environmental technology transfer, pollution prevention, indoor air management, and oil spill program.

The Ocean facilities department area of expertise is responsible for developing, implementing, and improving the Navy's capabilities for the design, construction, maintenance, and repair of fixed ocean facilities. Efforts focus on marine geotechniques, anchor systems, ocean structures, ocean construction, undersea warfare, underwater cable facilities, hyperbaric facilities, mooring systems, magnetic silencing facilities, underwater inspection, ocean construction equipment inventory, coastal facilities, and pipeline integrity assessment.

The Shore Facilities area of expertise is responsible for providing innovative engineering solutions, designs, technological tools and field services to best support a viable Naval Shore Establishment. Efforts focus on waterfront facilities, aviation facilities, physical security, ordnance facilities, materials and coatings, computer aided design, facilities life cycle management, base survivability electronics thermal and power plant engineering.

FINANCIAL PROFILE

TABLE ONE - Financial Profile

$ in Millions	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	84.3	86.6	89.1	88.9
Cost of Goods Sold	84.3	85.7	88.4	88.9
Net Operating Results	0.0	1.0	0.7	0.0
Accum. Operating Results	-1.7	-0.7	0.0	0.0

Revenue and costs of goods sold increase in FY 2006 due to the increase in Environmental and Energy Programs. Revenue and cost of goods sold remain relatively level between FY 2006 and FY 2007 due to expected customer workload requirements. The NFESC continues to experience steady workload in Logistics Information Systems (LIS), Anti-Terrorism Force Protection (ATFP), Un-interruptible Power Supplies (UPS), the Integrated Undersea Surveillance Program (IUSP), and is the program center of expertise for Critical Shore Facilities Systems.

WORKLOAD (Direct Labor Hours)

(Thousands)	FY 2004	FY 2005	FY 2006	FY 2007
Direct Labor Hours	530.8	532.2	529.1	529.0

Direct labor hours increased beginning in FY 2004 from the FY 2005 President's Budget due to growth in the Geothermal, Amphibious, Environmental, Utilities, Shore, and Ocean Programs. Based upon customer requirements direct labor hours workload remains stable from FY 2004 through FY 2007.

END STRENGTH/FULL TIME EQUIVALENT

	FY 2004	FY 2005	FY 2006	FY 2007
Civilian End Strength	389	406	406	406
Civilian Full Time Equivalents (FTE)	386	402	402	402
Military End Strength	3	3	3	3
Military FTE	3	3	3	3

End Strength and Workyears remain stable based upon workload requirements.

PERFORMANCE INDICATORS

The primary performance indicator is unit cost. Unit Cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in unit cost for FY 2006 and FY 2007 primarily reflects increases for annual inflation/price changes from year to year offset by overhead savings.

	FY 2004	FY 2005	FY 2006	FY 2007
Unit Cost	$83.96	$86.14	$87.72	$90.15
Productivity Ratio	79.2%	77.6%	77.7%	77.7%

The Productivity Ratio remains relatively stable throughout the fiscal years.

STABILIZED RATES

	FY 2004	FY 2005	FY 2006	FY 2007
Stabilized Rates	$81.06	$87.20	$88.22	$90.94
Stabilized Rate Change	+1.5%	+7.6%	+1.2%	+3.1%

	FY 2006	FY 2007
Composite Rate Change to Navy Customers	+1.6%	+2.6%

CAPITAL PURCHASE PROGRAM (CPP)

There are no Capital Purchase Program requirements for FY 2004 through FY 2007.

CASH POSITION

TABLE TWO - Net Outlays

($ in Millions)	FY 2004	FY 2005	FY 2006	FY 2007
Collections	67.2	96.8	89.2	89.6
Disbursements	92.8	83.6	86.3	85.7
Net Outlays	+25.6	-13.2	-2.9	-3.9

FY 2004 and FY 2005 disbursements reflect prior year transfers based on historical trends.

CUSTOMER EVALUATION

NFESC uses a Customer Request Evaluation Form (CREF) to measure customer satisfaction. Projects referred through the Activity Liaison Officer (ALNO) program are then evaluated by the system. Based on a rating scale A-F, NFESC has received a customer rating of "A" since the CREF was implemented.

INDUSTRIAL BUDGET INFORMATION SYSTEM
REVENUE and EXPENSES
FISCAL YEAR FY 2006/2007 BUDGET ESTIMATE
FEBRUARY 2005
AMOUNT IN MILLIONS
NFESC / TOTAL

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
Revenue:				
Gross Sales				
Operations	84.1	86.6	89.0	88.8
Surcharges	.0	.0	.0	.0
Depreciation excluding Major Constructio	.2	.1	.1	.1
Other Income				
Total Income	84.3	86.6	89.1	88.9
Expenses				
Cost of Materiel Sold from Inventory				
Salaries and Wages:				
Military Personnel	.3	.3	.3	.3
Civilian Personnel	38.7	41.0	41.7	42.5
Travel and Transportation of Personnel	3.7	3.4	3.7	3.6
Material & Supplies (Internal Operations	3.1	1.9	1.9	1.9
Equipment	.9	.9	.9	.9
Other Purchases from NWCF	2.8	5.1	5.8	5.9
Transportation of Things	.5	.2	.3	.3
Depreciation - Capital	.2	.1	.1	.1
Printing and Reproduction	.1	.3	.3	.3
Advisory and Assistance Services	.0	.0	.0	.0
Rent, Communication & Utilities	.6	.9	1.0	1.0
Other Purchased Services	33.4	31.6	32.6	32.3
Total Expenses	84.4	85.7	88.4	88.9
Work in Process Adjustment	.0	.0	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0	.0
Cost of Goods Sold	84.4	85.7	88.4	88.9
Operating Result	.0	1.0	.7	.0
Less Surcharges	.0	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0	.0
Net Operating Result	.0	1.0	.7	.0
Other Changes Affecting AOR	.0	.0	.0	.0
Accumulated Operating Result	-1.7	-.7	.0	.0

INDUSTRIAL BUDGET INFORMATION SYSTEM
NFESC / TOTAL
SOURCE of REVENUE
FISCAL YEAR FY 2006/2007 BUDGET ESTIMATE
FEBRUARY 2005
AMOUNT IN MILLIONS

	FY 2004 CON	FY 2005 CON	FY 2006 CON	FY 2007 CON
1. New Orders	76	83	74	89
a. Orders from DoD Components	61	52	47	55
Department of the Navy	47	40	42	37
O & M, Navy	23	19	22	18
O & M, Marine Corps	3	1	1	1
O & M, Navy Reserve	0	0	0	0
O & M, Marine Corp Reserve	0	0	0	0
Aircraft Procurement, Navy	0	0	0	0
Weapons Procurement, Navy	0	0	0	0
Ammunition Procurement, Navy/MC	0	0	0	0
Shipbuilding & Conversion, Navy	0	2	0	0
Other Procurement, Navy	5	1	1	1
Procurement, Marine Corps	2	0	0	0
Family Housing, Navy/MC	0	0	0	0
Research, Dev., Test, & Eval., Navy	13	16	17	17
Military Construction, Navy	1	0	0	0
Other Navy Appropriations	0	0	1	0
Other Marine Corps Appropriations	0	0	0	0
Department of the Army	2	0	0	1
Army Operation & Maintenance	1	0	0	0
Army Res, Dev, Test, Eval	0	0	0	0
Army Procurement	0	0	0	0
Army Other	1	0	0	0
Department of the Air Force	1	1	0	1
Air Force Operation & Maintenance	0	0	0	0
Air Force Res, Dev, Test, Eval	1	0	0	0
Air Force Procurement	0	0	0	0
Air Force Other	0	0	0	0
DOD Appropriation Accounts	10	11	5	17
Base Closure & Realignment	2	0	0	0
Operation & Maintenance Accounts	1	0	0	0
Res, Dev, Test & Eval Accounts	5	5	1	7
Procurement Accounts	1	0	0	2
Defense Emergency Relief Fund	0	0	0	0
DOD Other	1	6	3	8
b. Orders from other WCF Activity Groups	12	27	20	19
c. Total DoD	73	79	67	75
d. Other Orders	3	4	7	14
Other Federal Agencies	1	2	6	12
Foreign Military Sales	0	2	1	1
Non Federal Agencies	2	0	0	1
2. Carry-In Orders	35	27	24	9
3. Total Gross Orders	111	110	98	97
a. Funded Carry-Over before Exclusions	27	24	9	9
b. Total Gross Sales	84	87	89	89
4. End of Year Work-In-Process (-)	0	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-1	-1	0	1
6. Net Funded Carryover	26	22	9	9

Note: Line 4 (End of Year Work-In-Process)
Is adjusted for Non-DoD, BRAC & FMS
and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
NFESC
Fiscal Year FY 2006 / FY2007 Budget Estimates
February 2005
(Dollars in Millions)

			Total Cost
1.	**FY 2004**	**Actuals**	84.4
2.	**FY 2005**	**President's Budget:**	58.0
3.		**Pricing Adjustments:**	
		a. FY 2005 Pay raise	
		(1) Civilian Personnel	0.6
		(2) Military Personnel	0.0
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.2
		(2) Military Personnel	0.0
		c. General Inflation	0.0
4.		**Program Changes:**	
		a. Workload Changes	
		(1) Direct Labor	3.6
		(2) Direct Materiel & Supplies	0.3
		(3) Contract/Other Purchases	19.4
5.		**Other Changes**	
		a. Indirect Labor	3.3
		b. VERA/VSIP	0.1
		c. Indirect Materiel	0.1
		d. Depreciation	-0.2
		e. Contract Services	0.0
		f. Other	0.3
6.	**FY 2005**	**Current Estimate:**	**85.7**
7.		**Pricing Adjustments:**	
		a. FY 2006 Pay raise	
		(1) Civilian Personnel	0.6
		(2) Military Personnel	0.0
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.2
		(2) Military Personnel	0.0
		c. General Inflation	0.6
8.		**Program Changes:**	
		a. Workload Changes	
		(1) Direct Labor	-0.4
		(2) Direct Material & Supplies	0.0
		(3) Contract Services	0.9
		(4) Other Purchases	0.0
9.		**Other Changes**	
		a. Indirect Labor	0.0
		b. VERA/VSIP	0.1
		c. Contract Services	0.4
		d. Other	0.3
10.	**FY 2006**	**Current Estimate**	**88.4**
11.		**Pricing Adjustments:**	
		a. FY 2007 Pay Raise	
		(1) Civilian Personnel	0.5
		(2) Military Personnel	0.0
		b. Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.3
		(2) Military Personnel	0.0
		c. General Inflation	0.6

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
NFESC
Fiscal Year FY 2006 / FY2007 Budget Estimates
February 2005
(Dollars in Millions)

			Total Cost
12.		**Program Changes:**	
		a. Workload Changes	
		(1) Direct Labor	0.0
		(2) Direct Material & Supplies	0.0
		(3) Contract Services	-0.9
		(4) Other Purchases	0.0
13.		**Other Changes**	0.0
14.	**FY 2007**	**Current Estimate**	**88.9**

Navy Working Capital Fund Capital Investment Summary
Component: Department of Navy
Base Support - NFESC

FY 2006/ FY 2007 Budget Estimates
(Dollars in Millions)

February 2005

Line No.	Item Description	FY2004 Quantity	FY2004 Total Cost	FY2005 Quantity	FY2005 Total Cost	FY2006 Quantity	FY2006 Total Cost	FY2007 Quantity	FY2007 Total Cost
	Non-ADP Equipment (>$500K)								
	Replacement (List)								
	Productivity								
	New Mission								
	Environmental Compliance								
	Total Non-ADP Equipment (>$500K)	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
L07	**Total Non-ADP Equipment (>$100K<$500K)**	0	0.000	0	0.000	0	0.000	0	0.000
	Grand Total Non-ADP Equipment	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
	ADP Equipment & Telecommunications (>$500K) (List)								
		0	0.000	0	0.000	0	0.000	0	0.000
	Total ADP Equipment & Telecommunications (>$500K)	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
L08	**Total ADP Equipment & Telecommunications (>$100K<$500K)**	0	0.000	0	0.000	0	0.000	0	0.000
	Grand Total ADP Equipment & Telecommunications	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
	Software Development (>$500K) (List)								
	Total Software Development (>$500K)	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
	Total Software Development (>$100K<$500K)	0	0.000	0	0.000	0	0.000	0	0.000
	Grand Total Software Development	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
L11	**Total Minor Construction (>$100K<$500K)**	0	**0.000**	0	**0.000**	0	**0.000**	0	**0.000**
	Total Capital Purchase Program	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**	**0**	**0.000**
	Total Capital Outlays		0.000		0.000		0.000		0.000
	Total depreciation Expense (DOIBIS DBC 4950)		0.234		0.086		0.000		0.000

Exhibit Fund-9a Capital Investment and Financing Summary

Supply Management, Navy/Marine Corps

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
ACTIVITY GROUP: SUPPLY MANAGEMENT- NAVY
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES – FEBRUARY 2005

Activity Group Functions:

The Navy Working Capital Fund Supply Management (NWCF-SM) Activity Group performs inventory management functions that result in the sale of aviation and shipboard components, fuel, ships store stock and general use consumables to a wide variety of customers. Major customers include Fleet and Marine Corps forces, Department of the Navy (DON) shore activities, Army, Air Force, Defense Agencies, other government agencies and foreign governments. Costs related to supplying this material to the customer are recouped through stabilized rates that include recovery elements such as inventory management, contract management, receipt and issue of Department managed material and the depreciation of capital assets.

Activity Group Composition:

Operations for the following activities are funded in this Activity Group:
Naval Inventory Control Point, Mechanicsburg/Philadelphia, PA
Commander, Fleet and Industrial Support Centers (COMFISC):
- Fleet and Industrial Supply Center, San Diego, CA
- Fleet and Industrial Supply Center, Jacksonville, FL
- Fleet and Industrial Supply Center, Norfolk, VA
- Fleet and Industrial Supply Center, Pearl Harbor, HI
- Fleet and Industrial Supply Center, Puget Sound, WA
- Fleet and Industrial Supply Center, Yokosuka, JP
- Fleet and Industrial Supply Center, Sigonella, IT (FY 2005)

Navy Supply Information Systems Activity, Mechanicsburg, PA

Executive Summary / Significant Changes in Activity Group:

The Naval Supply Systems Command (NAVSUP) provides U.S. Naval forces with quality supplies and services. A principal source of readiness for U.S. Naval forces, NAVSUP's diverse workforce delivers logistics programs in the areas of supply operations, contracting, resale, fuel, transportation, security assistance, conventional ordnance, food service and other quality of life programs.

Cash and Pricing

As a primary consideration in this budget, NAVSUP attempts to carefully balance Navy cash with the Chief of Naval Operations' priorities of current and future readiness. Net outlays through the end of FY 2005 are consistent with FY 2005 President's Budget projections. FY 2006 portrays positive cash forecast, and FY 2007 projections reflect a cash neutral position. FY 2004 - 2007 net outlays (disbursements minus collections) are projected to be +$288.2M, +$68.7M, -$36.3M and +$8.3M, respectively. These projections include a direct appropriation for inventory augmentation.

Highlights

This budget submission reflects Navy's pursuit of cost mitigation strategies through the Material Cost Reduction (MCR) initiative. The goal of MCR is to develop risk-assessed alternatives in material inventory management.

Naval Aviation Depot (NADEP) component repair Annual Price Change (APC) of 12.43% and the pass-back balancing NWCF-SM APC have been built into FY 2006 prices.

Navy implemented a successful National Inventory Management Strategy (NIMS) prototype at Naval Station Ingleside in May 2003. Follow-on sites scheduled in FY 2005 are Naval Air Station (NAS) Whidbey Island (June 2005) and NAS North Island (July 2005).

This budget submission reflects a planned industrial support partnership between Naval Aviation Depot (NADEP) Jacksonville, FL and Cherry Point, NC with Fleet and Industrial Support Center (FISC) Jacksonville, FL.

FY 2005 is the last year NAVSUP will play a role in Navy fuels management. A transfer of fuel accountability from NWCF-Supply Management to the DWCF (DLA/DESC) was completed in FY 2004. As a result, this President's Budget submission reflects minimal obligation authority to support residual fuel billings in FY 2005. NAVSUP requires no further FY 2006/FY 2007 obligation authority for fuels management.

Initial Outfitting functions previously accomplished by Naval Sea Systems Command (NAVSEA) Technical Operating Budget (TOB) Puget Sound were successfully transferred to NAVICP Mechanicsburg in FY 2004.

Summary

Today's readiness levels reflect the investments made over the past several years and continue to provide the CNO a range of options presentable to the Department of Defense and the President for the successful prosecution of the Global War on Terrorism (GWOT) and other contingencies around the world. Supply system health is a critical part of the overall logistics support spectrum. Full support of NWCF and full funding of customer accounts is the best way to mitigate readiness risk and continue to build on our success. This budget takes into consideration operational tempo (OPTEMPO) resulting from continuing operations in Afghanistan and Iraq. NAVSUP continues to closely monitor operations from the perspective of ensuring material availability and adequately reflecting anticipated sales.

Transformation efforts continued to better structure and align the organization to accomplish its purpose of delivering combat capability to operating forces through cost-wise logistics while providing savings to support the Navy's Sea Enterprise objectives.

Congress did not approve Navy's proposal to capitalize aircraft engines into the working capital fund. Consequently, FY 2005 obligation authority for this initiative is not included in this budget.

The budget submitted maintains NWCF-SM at a funding level that meets the Navy's readiness requirements in FY 2005 and FY 2006. Every effort was made to validate this requirement to manage known risks while remaining mindful of fiscal limitations.

Material Cost and Rates:

Description	FY 2004	FY 2005	FY 2006	FY 2007
Purchase Inflation	1.3%	1.3%	2.0%	2.1%
Customer Rate Changes	6.1%	2.4%	7.7%	0.3%
Composite Cost Recovery Rate	17.1%	17.0%	16.4%	15.4%
Cost of Material Sold ($ Millions)	3,734.851	3,803.228	4,028.199	4,134.904

Financial Profile:

(Dollars in Millions)

Description	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	5,719.275	5,788.841	6,287.492	6,377.852
Expenses	5,687.028	5,753.819	6,357.800	6,390.286
Capital Surcharge	4.494	-24.688	-18.186	-12.434
Other Changes Affecting NOR	0.0	-49.100	-31.970	0.0
Net Operating Result	27.753	10.610	-84.092	0.0
Other Changes Affecting AOR				
Accumulated Operating Result	73.482	84.092	0.0	0.0

Revenue: FY 2004 revenue reflects end-of-year actuals…includes BP28 FISC ashore and afloat sales decrease. Downward trend in revenue reverses in FY 2005…driven by anticipated FISC/NADEP industrial partnership sales increases through FY 2007.

Expense: Expenses are consistent with the revenue trend.

Other Changes Affecting NOR: FY 2005 and FY 2006 include FY 2003 and FY 2004 end-of-year NOR benefit, respectively.

Obligation Authority:

(Dollars in Millions)

Obligations	FY 2004	FY 2005	FY 2006	FY 2007
Wholesale	3,443.537	3,723.997	3,951.700	4,106.400
Retail	823.712	1,017.200	1,333.800	1,363.400
Operating	1,213.498	1,196.900	1,205.789	1,235.922
Total	5,480.747	5,938.097	6,491.289	6,705.722

Wholesale: Focuses on a continued emphasis to align customer funding and demand to NWCF wholesale production and repair investments.

Retail: Reflects ongoing effort to reduce the retail footprint in non-core business areas. Overall increase is due to planned FISC/NADEP industrial partnership.

Operations (BP 91): The FY 2004 - FY 2005 operations budget reflects a decline in obligations, primarily attributable to NAVSUP's Transformation and Strategic Sourcing Initiatives. The FY 2006 - FY 2007 increase is due to inflation and civilian pay raises.

Workload:

(Dollars in Millions)

Gross Sales	FY 2004	FY 2005	FY 2006	FY 2007
Wholesale	4,562.377	4,495.120	4,686.902	4,770.239
Retail	886.142	1,047.700	1,358.100	1,365.900
Total	5,448.519	5,542.820	6,045.002	6,136.139

Wholesale: Sales tied to customer funding and NAVICP's ability to fill orders.

Retail: Sales tied to customer funding and NAVICP's ability to fill orders. Increases are due to planned FISC NADEP industrial partnership.

Unit Cost:

Description	FY 2004	FY 2005	FY 2006	FY 2007
Wholesale (A-goal w/o inventory augmentation)	.885	.971	.978	.999
Retail	.944	.986	.998	1.014

Staffing:

Description	FY 2004	FY 2005	FY 2006	FY 2007
Civilian End Strength	5,943	6,520	6,527	6,512
Civilian Work Years	5,927	6,643	6,522	6,507
Military End Strength	421	383	383	383
Military Work Years	424	402	383	383

Civilian Personnel: Growth between FY 2004 and FY 2005 can be attributed to a COMFISC internal realignment and functional transfers associated with Naval Air Systems Command (NAVAIR)/NAVSUP partnership and transfer of SUPSHIP material functions to NAVSUP.

Headquarters Cost:

(Dollars in Millions)

Description	FY 2004	FY 2005	FY 2006	FY 2007
Cost of Management	4.472	4.380	4.648	4.803

Cost Of Management: FY 2004 - FY 2005 amounts reflect Transformation savings. Civilian pay costs drive the FY 2005 - FY 2007 increases.

Cost of Goods Sold Breakout: This budget reflects the methodology applied in previous years for recovering costs associated with transportation, depot washout, obsolescence, Logistics Engineering Change Proposal (LECP) management, testing and NADEP Transformation. These costs are recovered through material cost of goods. The following breakout applies:

(Dollars in Millions)

FY 2004	Transportation	Obsolescence	Depot Washout	LECP NRE	Testing	SNT	NADEP Transfer
BP 34	15.200	9.300			5.700		
BP 81P	17.600	4.900		1.000			
BP 81R	12.700		23.448				
BP 85P	32.600	6.000			2.400		
BP 85R	107.700		254.123	9.530		15.100	-17.749
Total	185.800	20.200	277.571	10.530	8.100	15.100	-17.749

FY 2005	Transportation	Obsolescence	Depot Washout	LECP NRE	Testing	NADEP Transfer	
BP 34	17.100	8.300			5.700		
BP 81P	15.500	4.700		1.000			
BP 81R	15.100		37.168				
BP 85P	21.500	19.200			2.500		
BP 85R	97.200		284.435	11.010		-20.384	
Total	166.400	32.200	321.603	12.010	8.200	-20.384	

FY 2006	Transportation	Obsolescence	Depot Washout	LECP NRE	Testing	Net/Std Deviation	
BP 34	16.400	1.600			5.700		
BP 81P	16.500	21.100		1.000			
BP 81R	16.500		40.448				
BP 85P	27.800	46.600			3.000		
BP 85R	100.200		333.100	10.920		70.000	
Total	177.400	69.300	373.548	11.920	8.700	70.000	

FY 2007	Transportation	Obsolescence	Depot Washout	LECP NRE	Testing	Net/Std Deviation	
BP 34	17.500	1.600			5.700		
BP 81P	17.600	21.100		1.000			
BP 81R	15.400		43.600				
BP 85P	30.000	46.600			3.000		
BP 85R	99.300		325.900	10.920		70.000	
Total	179.800	69.300	369.500	11.920	8.700	70.000	

Capital Purchases Program (CPP) Budget Authority: CPP authority reflects no changes from the FY 2005 President's Budget submission for FY 2004 and FY 2005. FY 2006 and FY 2007 reflect minor adjustments from FY 2005 requirements, including $1.0 million for software licenses associated with Enterprise Resource Planning (ERP) in FY 2007.

Capital Budget Authority:

(Dollars in Millions)

Description	FY 2004	FY 2005	FY 2006	FY 2007
Equipment Non-ADPE/Telecom	1.999	1.822	1.849	1.933
ADPE/Telecom Equipment	2.306	1.786	1.805	1.827
Software Development	43.278	9.231	8.471	8.857
Minor Construction	.477	2.328	2.398	2.470
Total	48.060	15.167	14.523	15.087

Inventory Augmentation: Inventory Augmentation finances the procurement of the wholesale system stock necessary to support new, modified or increasing numbers of weapons systems entering the Department's arsenal. It is this wholesale inventory upon which Fleet customers rely to meet logistics response times - an essential element of the readiness equation. The Department finances inventory augmentation via direct appropriation, which does not excessively burden customer rates and effectively captures total ownership costs. Major drivers of the FY 2006 and FY 2007 inventory augmentation request include the spares to support F/A-18 E/F and F/A-18 C/D aircraft, MH-60 R/S helicopter, and nuclear-related material. Key systems include: 1) Active Electronic Scanned Array (AESA); 2) Shared Reconnaissance Pod (SHARP); 3) Joint Helmet Mounted Cueing System (JHMCS); and 4) Advanced Targeting Forward Looking Infrared Radar (ATFLIR). The inventory augmentation budget request for a direct appropriation to NWCF-SM is shown below:

(Dollars in Millions)

Inventory Augmentation	FY 2005	FY 2006	FY 2007
NWCF Direct Appropriation	65.385	83.067	83.792

Undelivered Orders: Undelivered orders represent contracts or orders for goods for which a liability has not yet accrued. The accrual of the liability creates an outlay requirement. NAVSUP's undelivered orders balance for material as of 30 September 2004 was approximately $3.9 billion. This amount represents a downward trend of about $0.8 billion from end-of-year FY 2003.

Performance Based Measures: NWCF-SM reflects the full cost of achieving performance goals in Budget Form SM-16, "Total Cost per Output Summary." This budget submission fully funds both material and operations costs. The primary performance measurement tool for the Supply Management – Navy business area is the "Dashboard Metrics" tool. Dashboard Metrics provide the indicators that link NAVSUP's strategic plan to their performance budget and to the Chief of Naval Operations priorities, which directly support DoD strategic goals as described in the Quadrennial Defense Review (QDR) report. Key indicators are:

NAVICP: Logistics Response Time (LRT)

Naval Operational Logistics Support Center (NOLSC):

- Global Integrated Supply Chain Management
- Ordnance In-Transit

COMFISC: Net Effectiveness

FUND 14

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
REVENUE AND EXPENSE SUMMARY
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
REVENUE:				
Net Sales				
Operations	5,291.076	5,407.533	5,905.028	5,994.724
Capital Surcharge	4.494	-24.688	-18.186	-12.434
Depreciation except Maj Const	45.355	39.855	32.709	27.521
Major Construction Dep	0.000	0.000	0.000	0.000
Other Income	378.350	366.141	367.941	368.041
Refunds/Discounts (-)				
Total Income:	5,719.275	5,788.841	6,287.492	6,377.852
EXPENSES:				
Cost of Materiel Sold from Inventory	4,614.554	4,743.100	5,257.948	5,393.775
Salaries and Wages:				
Military Personnel	27.586	27.385	24.905	25.529
Civilian Personnel	405.823	464.801	459.422	467.368
Travel & Transportation of Personnel	12.381	10.693	10.907	11.136
Materials & Supplies	31.300	29.938	30.536	31.178
Equipment	9.700	8.471	8.947	9.589
Other Purchases from Revolving Funds	290.720	291.024	297.928	298.853
Transportation of Things	0.000	0.000	0.000	0.000
Depreciation - Capital	45.355	39.855	32.709	27.521
Printing and Reproduction	0.160	0.169	0.173	0.176
Advisory and Assistance Services	30.416	20.982	22.901	26.446
Rent, Communication, Utilities & Misc	18.738	18.136	18.498	18.887
Other Purchased Services	93.120	-12.635	100.326	-13.572
Inventory Gains and Losses	107.175	111.900	92.600	93.400
TOTAL EXPENSES	5,687.028	5,753.819	6,357.800	6,390.286
Operating Result	32.247	35.022	-70.308	-12.434
Less Capital Surcharge reservation	4.494	-24.688	-18.186	-12.434
Plus Appro Affecting NOR/AOR	0.000	0.000	0.000	0.000
Plus Other Changes Affecting NOR	0.000	-49.100	-31.970	0.000
Net Operating Result	27.753	10.610	-84.092	0.000
Other Changes Affecting AOR				
Accumulated Operating Result	73.482	84.092	0.000	0.000

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
SOURCES OF REVENUE
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
($ in Millions)

	FY 2004	FY 2005	FY 2006	FY 2007
a. Orders from DoD Components:				
Own Component				
1105 Military Personnel, M.C.	0.000	0.000	0.000	0.000
1106 O&M Marine Corps	7.670	7.956	8.824	8.983
1108 Reserve Personnel, M.C.	0.000	0.000	0.000	0.000
1109 Procurement, M.C.	4.622	4.794	5.317	5.413
1205 Military Construction, Navy	0.098	0.102	0.113	0.115
1319 RDT & E, Navy	0.197	0.204	0.226	0.230
1405 Reserve Personnel, Navy	(0.885)	(0.918)	(1.018)	(1.037)
1453 Military Personnel, Navy	6.982	7.242	8.032	8.177
1506 Aircraft Procurement, Navy	602.348	464.019	549.449	593.645
1507 Weapons Procurement, Navy	0.000	0.000	10.200	13.000
1711 Shipbuilding & Conv. Navy	38.399	42.300	47.700	47.700
1804 O&M, Navy	3,540.873	3,830.680	4,200.340	4,241.484
1806 O&M, Navy Reserve	134.672	145.694	159.754	161.318
1810 Other Procurement, Navy	57.997	33.800	47.700	53.200
4930 Navy Working Capital Fund	466.181	504.335	553.003	558.419
	4,859.154	5,040.208	5,589.640	5,690.647
Orders from other DoD Components				
2100 Army	11.407	11.832	13.122	13.359
5700 Air Force	85.949	89.152	98.870	100.657
9700 Other DoD	0.098	0.102	0.113	0.115
	97.454	101.086	112.105	114.131
b. Orders from other Fund Business Areas:				
Distribution Depots, Navy	0.000	0.000	0.000	0.000
Logistics Support, Navy	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
c. Total DoD	4,956.608	5,141.294	5,701.745	5,804.778
d. Other Orders:				
Other Federal Agencies	22.618	23.461	26.018	26.488
Trust Fund	0.000	0.000	0.000	0.000
Non-Federal Agencies *	178.137	171.100	186.900	189.900
Foreign Military Sales (FMS)	93.816	97.311	107.920	109.870
	294.571	291.872	320.838	326.258
2. Carry-In Orders	879.600	682.260	572.606	550.187
3. Total Gross Orders	6,130.779	6,115.426	6,595.189	6,681.223
4. Change to Backlog	682.260	572.606	550.187	545.084
5. Total Gross Sales **	5,448.519	5,542.820	6,045.002	6,136.139
Reimbursable Orders (BP 91)	378.350	366.141	367.941	368.041

* Non-federal agencies line includes cash sales

** Revenue and Expense Statement reflects Net Sales

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
FUEL DATA

	FY 2004 Estimate			FY 2005 Estimate			FY 2006 Estimate			FY 2007 Estimate		
Product	BBLS (Millions)	Cost Per BBL ($)	Extended Price ($Millions)	BBLS (Millions)	Cost Per BBL ($)	Extended Price ($Millions)	BBLS (Millions)	Cost Per BBL ($)	Extended Price ($Millions)	BBLS (Millions)	Cost Per BBL ($)	Extended Price ($Millions)
Aircraft Ops												
AVGAS (CONUS)	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Unleaded-Mid	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-4 Milspec	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-5	2.389	39.06	93.308	0.438	57.12	25.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-8	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Distillates	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Residuals	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Diesel	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Total Air Ops	2.389		93.308	0.627		25.000	0.000		0.000	0.000		0.000
Other												
AVGAS (CONUS)	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Leaded	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Unleaded-Mid	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-5	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-8	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Distillates	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Residuals	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Gasahol	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Reclaimed	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Diesel	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Total Other	0.000		0.000	0.000		0.000	0.000		0.000	0.000		0.000
Ship Ops												
MOGAS: Unleaded - Mid	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-5	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Distillates	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Residuals	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Reclaimed	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Diesel	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Total Ship Ops	0.000		0.000	0.000		0.000	0.000		0.000	0.000		0.000
Vehicle Ops												
AVGAS: (CONUS)	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Leaded	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Unleaded-Mid	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-5	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Distillates	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Gasohol	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Reclaimed	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Diesel	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Total Vehicle Ops	0.000		0.000	0.000		0.000	0.000		0.000	0.000		0.000
Total	2.389		93.308	0.627		25.000	0.000		0.000	0.000		0.000

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY 04
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
BP 21										
Approved	18.200	86.000	86.000	86.000	0.000	0.000	86.000	6.500	92.500	0.000
Request	34.972	88.300	88.300	91.491	0.000	0.000	91.491	6.500	97.991	0.000
Delta	16.772	2.300	2.300	5.491	0.000	0.000	5.491	0.000	5.491	0.000
BP 25										
Approved	0.000	0.000	1.000	1.000	0.000	0.000	1.000	0.100	1.100	0.000
Request	0.000	0.000	0.000	(11.046)	0.000	0.000	(11.046)	0.100	(10.946)	0.000
Delta	0.000	0.000	(1.000)	(12.046)	0.000	0.000	(12.046)	0.000	(12.046)	0.000
BP 28										
Approved	1,528.400	794.000	794.000	788.100	0.000	0.000	788.100	98.000	886.100	16.300
Request	1,388.143	683.486	683.486	649.959	0.000	0.000	649.959	53.600	703.559	12.582
Delta	(140.257)	(110.514)	(110.514)	(138.141)	0.000	0.000	(138.141)	(44.400)	(182.541)	(3.718)
BP 34										
Approved	745.100	420.600	444.500	419.300	0.000	18.373	437.673	90.000	527.673	1.900
Request	950.761	404.883	409.228	321.208	0.000	8.121	329.329	90.000	419.329	0.895
Delta	205.661	(15.717)	(35.272)	(98.092)	0.000	(10.252)	(108.344)	0.000	(108.344)	(1.005)
BP 38										
Approved	0.000	175.000	175.000	175.000	0.000	0.000	175.000	350.000	525.000	0.000
Request	0.000	101.774	101.774	93.308	0.000	0.000	93.308	350.000	443.308	0.000
Delta	0.000	(73.226)	(73.226)	(81.692)	0.000	0.000	(81.692)	0.000	(81.692)	0.000
BP 81										
Approved	9,212.100	762.800	762.800	563.400	0.000	39.600	603.000	104.500	707.500	29.000
Request	8,699.944	807.324	807.324	653.474	0.000	39.600	693.074	104.500	797.574	27.950
Delta	(512.156)	44.524	44.524	90.074	0.000	0.000	90.074	0.000	90.074	(1.050)
			** *REPAIR->*	260.200						
BP85										
Approved	33,115.100	3,134.600	3,232.300	2,787.300	0.000	56.755	2,844.055	859.900	3,703.955	73.600
Request	34,126.643	3,110.126	3,250.813	2,386.205	0.000	34.929	2,421.134	859.900	3,281.034	66.167
Delta	1,011.543	(24.474)	18.513	(401.095)	0.000	(21.826)	(422.921)	0.000	(422.921)	(7.433)
			** *REPAIR->*	1,666.334						
BP 91										
Approved	0.000	0.000	0.000	1,229.215	0.000	0.000	1,229.215	0.000	1,229.215	0.000
Request	0.000	0.000	0.000	1,213.498	0.000	0.000	1,213.498	0.000	1,213.498	0.000
Delta	0.000	0.000	0.000	(15.717)	0.000	0.000	(15.717)	0.000	(15.717)	0.000
TOTAL										
Approved	44,618.900	5,373.000	5,495.600	6,049.315	0.000	114.728	6,164.043	1,509.000	7,673.043	120.800
Request	45,200.463	5,195.893	5,340.925	5,398.097	0.000	82.650	5,480.747	1,464.600	6,945.347	107.594
Delta	581.563	(177.107)	(154.675)	(651.218)	0.000	(32.078)	(683.296)	(44.400)	(727.696)	(13.206)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY 05
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
BP 21										
Approved	19.500	86.000	86.000	86.000	0.000	0.000	86.000	6.500	92.500	0.000
Request	35.948	87.000	87.000	87.000	0.000	0.000	87.000	6.500	93.500	0.000
Delta	16.448	1.000	1.000	1.000	0.000	0.000	1.000	0.000	1.000	0.000
BP 25										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Delta	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BP 28										
Approved	1,556.400	808.300	808.300	805.800	0.000	0.000	805.800	99.500	905.300	16.600
Request	1,303.925	944.600	944.600	905.200	0.000	0.000	905.200	75.600	980.800	16.100
Delta	(252.475)	136.300	136.300	99.400	0.000	0.000	99.400	(23.900)	75.500	(0.500)
BP 34										
Approved	698.800	431.400	432.300	398.200	0.000	25.159	423.359	90.000	513.359	1.900
Request	861.959	409.337	411.900	352.254	0.000	12.570	364.824	90.000	454.824	1.420
Delta	163.159	(22.063)	(20.400)	(45.946)	0.000	(12.589)	(58.535)	0.000	(58.535)	(0.480)
BP 38										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	25.000	0.000	0.000	25.000	0.000	25.000	0.000
Delta	0.000	0.000	0.000	25.000	0.000	0.000	25.000	0.000	25.000	0.000
BP 81										
Approved	8,411.400	761.500	761.500	588.700	0.000	0.000	588.700	104.500	693.200	29.000
Request	7,591.185	788.300	788.300	615.344	0.000	13.256	628.600	104.500	733.100	29.000
Delta	(820.215)	26.800	26.800	26.644	0.000	13.256	39.900	0.000	39.900	0.000
			** *REPAIR->*	268.100						
BP85										
Approved	35,957.500	3,080.500	3,151.500	2,981.613	0.000	60.799	3,042.412	1,049.100	4,091.412	73.600
Request	35,147.113	3,083.809	3,190.900	2,701.358	0.000	29.215	2,730.573	1,049.100	3,779.673	73.600
Delta	(810.387)	3.309	39.400	(280.255)	0.000	(31.584)	(311.839)	0.000	(311.739)	0.000
			** *REPAIR->*	1,730.300						
BP 91										
Approved	0.000	0.000	0.000	1,150.269	0.000	0.000	1,150.269	0.000	1,150.269	0.000
Request	0.000	0.000	0.000	1,196.900	0.000	0.000	1,196.900	0.000	1,196.900	0.000
Delta	0.000	0.000	0.000	46.631	0.000	0.000	46.631	0.000	46.631	0.000
TOTAL										
Approved	46,643.600	5,167.700	5,239.600	6,010.582	0.000	85.958	6,096.540	1,349.600	7,446.040	121.100
Request	44,940.130	5,313.046	5,422.700	5,883.056	0.000	55.041	5,938.097	1,325.700	7,263.797	120.120
Delta	(1,703.470)	145.346	183.100	(127.526)	0.000	(30.917)	(158.443)	(23.900)	(182.243)	(0.980)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY 06
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
BP 21										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	33.905	76.000	76.000	73.000	0.000	0.000	73.000	6.500	79.500	0.000
Delta	33.905	76.000	76.000	73.000	0.000	0.000	73.000	6.500	79.500	0.000
BP 25										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Delta	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BP 28										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	1,224.925	1,260.700	1,260.700	1,260.800	0.000	0.000	1,260.800	99.500	1,360.300	21.400
Delta	1,224.925	1,260.700	1,260.700	1,260.800	0.000	0.000	1,260.800	99.500	1,360.300	21.400
BP 34										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	896.602	391.600	394.036	360.108	0.000	17.566	377.674	90.000	467.674	1.451
Delta	896.602	391.600	394.036	360.108	0.000	17.566	377.674	90.000	467.674	1.451
BP 38										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Delta	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BP 81										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	7,079.735	828.939	828.939	662.175	0.000	18.525	680.700	104.500	785.200	29.000
Delta	7,079.735	828.939	828.939	662.175	0.000	18.525	680.700	104.500	785.200	29.000
			** REPAIR->	273.500						
BP85										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	37,504.560	3,339.893	3,359.876	2,853.877	0.000	39.449	2,893.326	1,049.100	3,942.426	73.600
Delta	37,504.560	3,339.893	3,359.876	2,853.877	0.000	39.449	2,893.326	1,049.100	3,942.426	73.600
			** REPAIR->	1,816.797						
BP 91										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	1,205.789	0.000	0.000	1,205.789	0.000	1,205.789	0.000
Delta	0.000	0.000	0.000	1,205.789	0.000	0.000	1,205.789	0.000	1,205.789	0.000
TOTAL										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	46,739.727	5,897.132	5,919.551	6,415.749	0.000	75.540	6,491.289	1,349.600	7,840.889	125.451
Delta	46,739.727	5,897.132	5,919.551	6,415.749	0.000	75.540	6,491.289	1,349.600	7,840.889	125.451

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP
SUPPLY MANAGEMENT SUMMARY- FY 07
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OBLIGATION TARGETS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	INVENTORY AUGMENT	TOTAL OBLIGATIONS	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
BP 21										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	34.745	62.000	62.000	62.000	0.000	0.000	62.000	6.500	68.500	0.000
Delta	34.745	62.000	62.000	62.000	0.000	0.000	62.000	6.500	68.500	0.000
BP 25										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Delta	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BP 28										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	1,173.625	1,282.100	1,282.100	1,301.400	0.000	0.000	1,301.400	99.500	1,400.900	21.800
Delta	1,173.625	1,282.100	1,282.100	1,301.400	0.000	0.000	1,301.400	99.500	1,400.900	21.800
BP 34										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	747.545	430.773	431.670	398.910	0.000	17.764	416.674	90.000	506.674	1.928
Delta	747.545	430.773	431.670	398.910	0.000	17.764	416.674	90.000	506.674	1.928
BP 38										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Delta	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BP 81										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	6,657.797	837.660	837.660	648.470	0.000	18.735	667.205	104.500	771.705	29.000
Delta	6,657.797	837.660	837.660	648.470	0.000	18.735	667.205	104.500	771.705	29.000
			** *REPAIR->*	278.500						
BP85										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	37,945.708	3,392.175	3,396.381	2,982.627	0.000	39.894	3,022.521	1,049.100	4,071.621	73.600
Delta	37,945.708	3,392.175	3,396.381	2,982.627	0.000	39.894	3,022.521	1,049.100	4,071.621	73.600
			** *REPAIR->*	1,855.897						
BP 91										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.000	0.000	0.000	1,235.922	0.000	0.000	1,235.922	0.000	1,235.922	0.000
Delta	0.000	0.000	0.000	1,235.922	0.000	0.000	1,235.922	0.000	1,235.922	0.000
TOTAL										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	46,559.420	6,004.708	6,009.811	6,629.329	0.000	76.393	6,705.722	1,349.600	8,055.322	126.328
Delta	46,559.420	6,004.708	6,009.811	6,629.329	0.000	76.393	6,705.722	1,349.600	8,055.322	126.328

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 34
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2004

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	TOTAL
F/A-18	10.2	0.250	0.000	2.105	2.355
AV-8B/T-45	12.7/5.6	0.000	0.000	0.699	0.699
EA-6B	10.9	0.369	0.287	1.914	2.570
F-14	6.0	0.000	4.282	1.449	5.731
H-46/V-22	12.9/11.8	0.342	0.450	0.000	0.792
S-3	7.2	0.000	0.000	1.102	1.102
C-130	13.7	0.000	0.000	0.235	0.235
P-3	7.2	0.190	0.660	4.400	5.250
E-2/C-2	11.6/9.1	0.824	0.000	0.875	1.699
Common Systems	n/a	0.527	0.000	2.992	3.519
Aircraft Engines	n/a	0.000	27.298	83.069	110.367
Aviation Support Systems	n/a	0.987	4.519	54.293	59.799
H-1	15.2	0.050	0.000	8.701	8.751
H-53	14.3	0.140	0.000	2.068	2.208
H-60	8.8	6.125	0.000	3.814	9.939
Multi-application	n/a	0.000	6.449	89.898	96.347
Efficiencies/Self Financing	n/a	0.000	0.000	-0.998	-0.998
Anticipated Special Programs	n/a	0.000	0.000	0.000	0.000
Full PBL	n/a	0.000	0.000	10.843	10.843
Sub-total		9.804	43.945	267.459	321.208
System Stock: Initial/Follow-on					8.121
Operating Requirement					329.329

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 34
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2005

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	TOTAL
F/A-18	10.2	13.480	0.000	14.126	27.606
AV-8B/T-45	12.7/5.6	0.000	1.986	2.828	4.814
EA-6B	10.9	0.730	0.000	2.870	3.600
F-14	6.0	0.000	0.000	0.000	0.000
H-46/V-22	12.9/11.8	0.317	0.000	5.897	6.214
S-3	7.2	0.000	0.000	0.604	0.604
C-130	13.7	0.000	0.000	0.245	0.245
P-3	7.2	0.371	0.000	1.583	1.954
E-2/C-2	11.6/9.1	0.988	0.000	4.172	5.160
Common Systems	n/a	1.283	0.000	4.628	5.911
Aircraft Engines	n/a	0.000	30.250	81.703	111.953
Aviation Support Systems	n/a	0.370	2.615	35.425	38.410
H-1	15.2	0.045	0.000	2.588	2.633
H-53	14.3	0.120	0.000	3.273	3.393
H-60	8.8	8.481	0.000	1.513	9.994
Multi-application	n/a	0.000	5.000	102.763	107.763
Efficiencies/Self Financing	n/a	0.000	0.000	-1.000	-1.000
Anticipated Special Programs	n/a	0.000	15.000	0.000	15.000
Full PBL	n/a	0.000	0.000	8.000	8.000
Sub-total		26.185	54.851	271.218	352.254
System Stock: Initial/Follow-on					12.570
Operating Requirement					364.824

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 34
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2006

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	TOTAL
F/A-18	10.2	13.764	0.000	10.817	24.581
AV-8B/T-45	12.7/5.6	0.000	1.986	2.735	4.721
EA-6B	10.9	1.401	0.000	3.266	4.667
F-14	6.0	0.000	0.000	0.000	0.000
H-46/V-22	12.9/11.8	0.849	0.000	5.696	6.545
S-3	7.2	0.000	0.000	0.000	0.000
C-130	13.7	0.000	0.000	0.545	0.545
P-3	7.2	0.373	0.000	4.146	4.519
E-2/C-2	11.6/9.1	0.137	0.000	3.300	3.437
Common Systems	n/a	1.496	0.000	5.285	6.781
Aircraft Engines	n/a	0.000	21.198	84.967	106.165
Aviation Support Systems	n/a	0.075	1.193	30.982	32.250
H-1	15.2	0.000	0.000	2.215	2.215
H-53	14.3	0.120	0.000	2.987	3.107
H-60	8.8	19.207	0.000	1.780	20.987
Multi-application	n/a	0.000	5.000	102.588	107.588
Efficiencies/Self Financing	n/a	0.000	0.000	-1.000	-1.000
Anticipated Special Programs	n/a	0.000	25.000	0.000	25.000
Full PBL	n/a	0.000	0.000	8.000	8.000
Sub-total		37.422	54.377	268.309	360.108
System Stock: Initial/Follow-on					17.566
Operating Requirement					377.674

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 34
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)

FY 2007

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	TOTAL
F/A-18	10.2	9.940	0.000	11.709	21.649
AV-8B/T-45	12.7/5.6	0.000	1.986	2.903	4.889
EA-6B	10.9	2.151	0.000	3.618	5.769
F-14	6.0	0.000	0.000	0.000	0.000
H-46/V-22	12.9/11.8	11.261	0.000	6.123	17.384
S-3	7.2	0.000	0.000	0.000	0.000
C-130	13.7	0.000	0.000	0.474	0.474
P-3	7.2	0.463	0.000	4.503	4.966
E-2/C-2	11.6/9.1	0.328	0.000	3.598	3.926
Common Systems	n/a	1.399	0.000	5.651	7.050
Aircraft Engines	n/a	0.000	10.714	92.108	102.822
Aviation Support Systems	n/a	0.000	1.350	33.531	34.881
H-1	15.2	0.000	0.000	2.412	2.412
H-53	14.3	0.122	0.000	3.188	3.310
H-60	8.8	19.149	0.000	1.899	21.048
Multi-application	n/a	0.000	5.000	121.330	126.330
Efficiencies/Self Financing	n/a	0.000	0.000	-1.000	-1.000
Anticipated Special Programs	n/a	0.000	35.000	0.000	35.000
Full PBL	n/a	0.000	0.000	8.000	8.000
Sub-total		44.813	54.050	300.047	398.910
System Stock: Initial/Follow-on					17.764
Operating Requirement					416.674

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENTS BY WEAPON SYSTEM
BUDGET PROJECT 81
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2004

WEAPON SYSTEM NAME	BASIC REPLEN	OUTFITTING	STOCK	SPECIAL PROGRAMS	REWORK	TOTAL
AIR TRAFFIC CONTROL	1.502	1.200	1.000	3.600	16.600	23.902
NUCLEAR	21.227	7.300	8.700	20.200	0.500	57.927
SUBSAFE LI/ASDS/DSSP	23.907	0.200	0.900	6.800	14.300	46.107
SUBMARINE SUPPORT	15.116	14.400	2.500	19.500	42.600	94.116
HM&E	21.763	0.700	0.900	56.500	42.600	122.463
END ITEM MGT/CARPER/MSC	11.257	0.000	1.800	11.500	11.400	35.957
GPETE	0.430	0.000	0.000	25.500	2.300	28.230
AEGIS/LAUNCHERS	15.652	5.200	4.500	12.600	70.100	108.052
CIWS/INTEGRATED SELF-DEFENSE	28.837	12.400	11.700	15.600	38.200	106.737
COMMUNICATION/SURVEILLANCE	19.083	17.600	7.600	10.800	21.600	76.683
GROSS REQUIREMENTS	158.774	59.000	39.600	182.600	260.200	700.174
EFFICIENCY MARKS	-1.200					-1.200
PBL SAVINGS				-5.900		-5.900
NET REQUIREMENTS	157.574	59.000	39.600	176.700	260.200	693.074

PLATFORM	FY04 POTF *
AIRCRAFT CARRIERS	84%
AMPHIBIOUS WARFARE	84%
COMBAT LOGISTICS SHIPS	83%
MINE WARFARE SHIPS	46%
SUBMARINES	93%
SURFACE COMBATANTS	77%
SURFACE SHIPS	75%
MISCELLANEOUS	81%
ACROSS ALL PLATFORMS	79%

*** POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs)). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.**

FY04 POTF projection based on the actual FY04 POTF experienced.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENTS BY WEAPON SYSTEM
BUDGET PROJECT 81C
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2005

WEAPON SYSTEM NAME	BASIC REPLEN	OUTFITTING	STOCK	SPECIAL PROGRAMS	REWORK	TOTAL
AIR TRAFFIC CONTROL	1.500	2.500	0.100	0.400	17.100	21.600
NUCLEAR	20.544	6.100	9.756	13.700	0.500	50.600
SUBSAFE LI/ASDS/DSSP	23.100	0.200	0.000	13.000	14.800	51.100
SUBMARINE SUPPORT	14.700	8.300	0.100	31.400	43.800	98.300
HM&E	21.000	0.500	0.000	39.700	43.800	105.000
END ITEM MGT/CARPER/MSC	10.800	3.000	0.300	2.300	11.800	28.200
GPETE	0.300	0.000	0.000	26.700	2.400	29.400
AEGIS/LAUNCHERS	15.200	8.100	0.400	2.600	72.300	98.600
CIWS/INTEGRATED SELF-DEFENSE	28.500	13.800	1.900	21.500	39.300	105.000
COMMUNICATION/SURVEILLANCE	18.800	10.600	0.700	5.600	22.300	58.000
GROSS REQUIREMENTS	154.444	53.100	13.256	156.900	268.100	645.800
EFFICIENCY MARKS	-1.200					-1.200
PBL SAVINGS				-6.000		-6.000
TOTAL	153.244	53.100	13.256	150.900	268.100	638.600
CASH MITIGATION	-10.000					-10.000
NET REQUIREMENTS	143.244	53.100	13.256	150.900	268.100	628.600

PLATFORM	FY05 POTF *
AIRCRAFT CARRIERS	84%
AMPHIBIOUS WARFARE	82%
COMBAT LOGISTICS SHIPS	78%
MINE WARFARE SHIPS	45%
SUBMARINES	94%
SURFACE COMBATANTS	81%
SURFACE SHIPS	77%
MISCELLANEOUS	79%
ACROSS ALL PLATFORMS	80%

*** POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs)). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.**

FY05 POTF projection based on the actual POTF experienced from FY98 through FY04.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENTS BY WEAPON SYSTEM
BUDGET PROJECT 81C
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2006

WEAPON SYSTEM NAME	BASIC REPLEN	OUTFITTING	STOCK	SPECIAL PROGRAMS	REWORK	TOTAL
AIR TRAFFIC CONTROL	1.500	3.800	0.400	0.400	17.500	23.600
NUCLEAR	20.475	6.500	12.925	17.200	0.500	57.600
SUBSAFE LI/ASDS/DSSP	22.800	11.500	0.000	15.700	15.000	65.000
SUBMARINE SUPPORT	14.500	9.400	0.300	30.000	44.800	99.000
HM&E	20.700	0.600	0.000	35.600	44.800	101.700
END ITEM MGT/CARPER/MSC	10.700	4.100	1.600	2.400	12.000	30.800
GPETE	0.400	0.000	0.000	25.700	2.400	28.500
AEGIS/LAUNCHERS	15.000	5.600	0.600	3.900	73.700	98.800
CIWS/INTEGRATED SELF-DEFENSE	28.200	28.000	1.800	19.600	40.100	117.700
COMMUNICATION/SURVEILLANCE	18.500	14.300	0.900	6.900	22.700	63.300
GROSS REQUIREMENTS	152.775	83.800	18.525	157.400	273.500	686.000
DLA- INVENTORY LOSS	-5.300					-5.300
TOTAL	147.475	83.800	18.525	157.400	273.500	680.700

PLATFORM	FY06 POTF *
AIRCRAFT CARRIERS	84%
AMPHIBIOUS WARFARE	82%
COMBAT LOGISTICS SHIPS	78%
MINE WARFARE SHIPS	45%
SUBMARINES	94%
SURFACE COMBATANTS	81%
SURFACE SHIPS	77%
MISCELLANEOUS	79%
ACROSS ALL PLATFORMS	80%

*** POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs)). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.**

FY06 POTF projection based on the actual POTF experienced from FY98 through FY04.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENTS BY WEAPON SYSTEM
BUDGET PROJECT 81C
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2007

WEAPON SYSTEM NAME	BASIC REPLEN	OUTFITTING	STOCK	SPECIAL PROGRAMS	REWORK	TOTAL
AIR TRAFFIC CONTROL	1.500	3.800	0.900	0.900	17.800	24.900
NUCLEAR	21.565	7.200	11.435	10.800	0.500	51.500
SUBSAFE LI/ASDS/DSSP	22.600	0.100	0.000	16.900	15.300	54.900
SUBMARINE SUPPORT	14.500	8.100	0.600	27.900	45.600	96.700
HM&E	20.600	0.600	0.000	34.100	45.600	100.900
END ITEM MGT/CARPER/MSC	10.600	4.100	0.900	3.100	12.200	30.900
GPETE	0.400	0.000	0.000	25.900	2.500	28.800
AEGIS/LAUNCHERS	15.000	4.600	0.500	6.700	75.000	101.800
CIWS/INTEGRATED SELF-DEFENSE	27.905	15.800	3.100	21.400	40.900	109.105
COMMUNICATION/SURVEILLANCE	18.400	19.500	1.300	10.900	23.100	73.200
GROSS REQUIREMENTS	153.070	63.800	18.735	158.600	278.500	672.705
DLA- INVENTORY LOSS	-5.500					-5.500
TOTAL	147.570	63.800	18.735	158.600	278.500	667.205

PLATFORM	FY07 POTF *
AIRCRAFT CARRIERS	84%
AMPHIBIOUS WARFARE	82%
COMBAT LOGISTICS SHIPS	78%
MINE WARFARE SHIPS	45%
SUBMARINES	94%
SURFACE COMBATANTS	81%
SURFACE SHIPS	77%
MISCELLANEOUS	79%
ACROSS ALL PLATFORMS	80%

*** POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs)). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level.**

FY07 POTF projection based on the actual POTF experienced from FY98 through FY04.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 85
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2004

Weapon System	NMCS1 Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	10.2	64.018	10.771	51.344	161.001	287.134
AV-8B/T-45	12.7/5.6	0.000	0.000	6.751	15.213	21.964
EA-6B	10.9	3.914	2.912	12.819	49.528	69.173
F-14	6.0	0.000	0.000	5.700	69.000	74.700
H-46/V-22	12.9/11.8	3.747	0.000	18.600	25.893	48.240
S-3	7.2	0.000	0.000	2.400	35.300	37.700
C-130	13.7	0.000	0.000	2.093	6.681	8.774
P-3	7.2	3.009	4.757	12.015	73.701	93.482
E-2/C-2	11.6/9.1	11.718	0.000	10.935	49.170	71.823
Common Systems	n/a	13.163	0.408	23.910	42.985	80.466
Aircraft Engines	n/a	17.284	42.916	49.214	157.519	266.933
Aviation Support Systems	n/a	13.807	1.771	6.590	32.750	54.918
H-1	15.2	0.000	1.930	10.377	65.491	77.798
H-53	14.3	2.048	4.538	20.673	108.275	135.534
H-60	8.8	60.943	1.909	12.980	40.499	116.331
Multi-application	n/a	0.000	0.000	128.316	435.181	563.497
Efficiencies/Self Financing	n/a	-56.004	0.000	-9.042	0.000	-65.046
NAVAIR IISRP	n/a					0.000
NAVAIR PBD437	n/a				32.400	32.400
Serial Number Tracking	n/a			5.214		5.214
Anticipated Special Programs	n/a					0.000
Carcass Losses	n/a			45.300		45.300
Full PBL	n/a			145.658	341.582	487.240
LECP Investment/Savings	n/a			27.765	-17.435	10.330
Cash Mitigation/Other	n/a			-79.300	-58.400	-137.700
Sub-Total		137.647	71.912	510.312	1,666.334	2,386.205
System Stock: Initial/Follow-on						34.929
Operating Requirement						2,421.134

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 85
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2005

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	10.2	128.758	19.700	66.212	173.125	387.795
AV-8B/T-45	12.7/5.6	0.000	0.000	7.220	16.043	23.263
EA-6B	10.9	9.165	0.000	16.045	35.976	61.186
F-14	6.0	0.000	0.000	0.000	26.753	26.753
H-46/V-22	12.9/11.8	8.751	0.000	23.704	35.404	67.859
S-3	7.2	0.000	0.000	2.100	30.000	32.100
C-130	13.7	0.000	0.000	2.608	4.934	7.542
P-3	7.2	4.665	0.000	16.649	61.282	82.596
E-2/C-2	11.6/9.1	5.906	0.000	19.978	49.367	75.251
Common Systems	n/a	24.093	0.490	29.900	57.667	112.150
Aircraft Engines	n/a	20.649	27.363	63.864	168.831	280.707
Aviation Support Systems	n/a	8.141	0.000	8.259	25.353	41.753
H-1	15.2	0.000	6.649	12.750	50.977	70.376
H-53	14.3	1.410	0.000	30.493	106.943	138.846
H-60	8.8	45.241	3.395	17.357	38.868	104.861
Multi-application	n/a	0.000	0.000	161.894	424.349	586.243
Efficiencies/Self Financing	n/a	-53.369	0.000	-4.082	0.000	-57.451
NAVAIR IISRP	n/a					0.000
NAVAIR PBD437	n/a					0.000
Serial Number Tracking	n/a					0.000
Anticipated Special Programs	n/a		15.000		10.000	25.000
Carcass Losses - incl MCR adj.	n/a			18.300		18.300
Full PBL	n/a			182.700	441.228	623.928
LECP Investment/Savings	n/a			35.200	-26.800	8.400
MCR Initiatives	n/a			-16.100		-16.100
Sub-Total		203.410	72.597	695.051	1,730.300	2,701.358
System Stock: Initial/Follow-on						29.215
Operating Requirement						2,730.573

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 85
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

		FY 2006				
Weapon System	**NMCS Rates[1]**	**Buy-In Outfitting**	**Special Programs**	**Basic Replen**	**Repair**	**Total**
F/A-18	10.2	106.257	53.000	59.071	187.423	405.751
AV-8B/T-45	12.7/5.6	0.000	0.000	6.416	17.718	24.134
EA-6B	10.9	15.347	0.000	14.270	39.388	69.005
F-14	6.0	0.000	0.000	0.000	4.463	4.463
H-46/V-22	12.9/11.8	6.256	0.000	21.133	42.976	70.365
S-3	7.2	0.000	0.000	0.000	23.100	23.100
C-130	13.7	0.000	0.000	2.330	5.196	7.526
P-3	7.2	4.077	0.000	14.849	68.812	87.738
E-2/C-2	11.6/9.1	1.788	0.000	25.157	54.069	81.014
Common Systems	n/a	24.393	0.524	26.648	70.780	122.345
Aircraft Engines	n/a	37.747	4.000	56.796	181.418	279.961
Aviation Support Systems	n/a	0.547	0.000	7.351	26.413	34.311
H-1	15.2	0.000	0.000	11.366	54.678	66.044
H-53	14.3	1.221	0.000	26.819	116.126	144.166
H-60	8.8	117.034	7.058	15.108	40.781	179.981
Multi-application	n/a	0.000	0.000	143.851	466.512	610.363
Efficiencies/Self Financing	n/a	-64.620	0.000	-2.254	0.000	-66.874
NAVAIR IISRP	n/a					0.000
NAVAIR PBD437	n/a					0.000
Serial Number Tracking	n/a					0.000
Anticipated Special Programs	n/a				10.000	10.000
Carcass Losses	n/a			39.750		39.750
Full PBL	n/a			216.130	430.744	646.874
LECP Investment/Savings	n/a			37.660	-23.800	13.860
Sub-Total		250.047	64.582	722.451	1,816.797	2,853.877
System Stock: Initial/Follow-on						39.449
Operating Requirement						2,893.326

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
OPERATING REQUIREMENT BY WEAPON SYSTEM
BUDGET PROJECT 85
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(DOLLARS IN MILLIONS)

FY 2007

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	10.2	90.929	0.000	61.302	194.084	346.315
AV-8B/T-45	12.7/5.6	0.000	0.000	6.655	18.348	25.003
EA-6B	10.9	21.111	0.000	14.800	40.789	76.700
F-14	6.0	0.000	0.000	0.000	0.000	0.000
H-46/V-22	12.9/11.8	110.515	0.000	21.917	44.505	176.937
S-3	7.2	0.000	0.000	0.000	17.800	17.800
C-130	13.7	0.000	0.000	2.417	5.381	7.798
P-3	7.2	4.551	0.000	15.402	71.260	91.213
E-2/C-2	11.6/9.1	4.110	0.000	25.640	55.502	85.252
Common Systems	n/a	20.335	0.490	27.636	73.297	121.758
Aircraft Engines	n/a	44.151	4.000	58.903	187.870	294.924
Aviation Support Systems	n/a	0.491	0.000	7.620	27.353	35.464
H-1	15.2	0.000	0.000	11.787	56.622	68.409
H-53	14.3	1.095	0.000	27.814	120.256	149.165
H-60	8.8	156.518	0.000	15.669	42.231	214.418
Multi-application	n/a	0.000	0.000	149.149	483.592	632.741
Efficiencies/Self Financing	n/a	-84.997	0.000	-2.260	0.000	-87.257
NAVAIR IISRP	n/a					0.000
NAVAIR PBD437	n/a					0.000
Serial Number Tracking	n/a					0.000
Anticipated Special Programs	n/a		25.000		10.000	35.000
Carcass Losses	n/a			34.750		34.750
Full PBL	n/a			235.400	430.807	666.207
PBL Savings	n/a			-23.830		-23.830
LECP Investment/Savings	n/a			37.660	-23.800	13.860
Sub-Total		368.809	29.490	728.431	1,855.897	2,982.627
System Stock: Initial/Follow-on						39.894
Operating Requirement						3,022.521

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2004

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	41,719.354	256.437	18,934.419	22,528.498
2. BOP INVENTORY ADJUSTMENTS	1,508.313	4.284	4,344.631	(2,840.602)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	3,538.553	(3,538.553)
B. PRICE CHANGE AMOUNT (memo)	1,508.313	4.284	806.078	697.951
C. INVENTORY RECLASSIFIED AND REPRICED	43,227.667	260.721	23,279.050	19,687.896
3. RECEIPTS AT STANDARD	2,963.202	0.000	2,839.558	123.644
4. SALES AT STANDARD	5,448.519	0.000	5,448.519	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1,167.156	0.000	1,075.261	91.895
B. RETURNS FROM CUSTOMERS FOR CREDIT	107.594	0.000	84.032	23.562
C. RETURNS FROM CUSTOMERS, NO CREDIT	16,521.505	0.000	7,394.954	9,126.551
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,702.724)	0.000	0.000	(3,702.724)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(855.074)	0.000	(19.049)	(836.025)
G. OTHER (listed in Section 9)	(8,522.646)	(3.023)	(7,610.622)	(909.001)
H. TOTAL ADJUSTMENTS	4,715.811	(3.023)	924.576	3,794.258
6. INVENTORY EOP	45,458.161	257.698	21,594.665	23,605.798
7. INVENTORY EOP (REVALUED)	27,586.985	251.205	14,956.596	12,379.184
A. APPROVED ACQUISITION OBJECTIVE (memo)				10,821.708
B. ECONOMIC RETENTION (memo)				958.788
C. CONTINGENCY RETENTION (memo)				549.948
D. POTENTIAL DOD REUTILIZATION (memo)				48.740
8. INVENTORY ON ORDER EOP (memo)	1,825.303	0.000	1,777.603	66.466

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	624.815	(2.933)	1,091.179	(463.431)
Strata Transfers	0.000	(0.090)	445.660	(445.570)
Net/Standard Difference	(9,147.461)	0.000	(9,147.461)	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
Total	(8,522.646)	(3.023)	(7,610.622)	(909.001)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2005

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	45,458.161	257.698	21,594.665	23,605.798
2. BOP INVENTORY ADJUSTMENTS	984.317	2.019	4,543.183	(3,560.885)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.010	3,927.387	(3,927.397)
B. PRICE CHANGE AMOUNT (memo)	984.317	2.009	615.796	366.512
C. INVENTORY RECLASSIFIED AND REPRICED	46,442.478	259.717	26,137.848	20,044.913
3. RECEIPTS AT STANDARD	2,784.332	0.000	2,793.659	(9.327)
4. SALES AT STANDARD	5,542.820	0.000	5,542.820	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	32.900	0.000	6.600	26.300
B. RETURNS FROM CUSTOMERS FOR CREDIT	120.120	0.000	33.920	86.200
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(66.600)	0.000	(34.300)	(32.300)
G. OTHER (listed in Section 9)	(10,067.427)	0.053	(9,424.297)	(643.183)
H. TOTAL ADJUSTMENTS	1,515.910	0.053	(2,221.460)	3,737.317
6. INVENTORY EOP	45,199.900	259.770	21,167.227	23,772.903
7. INVENTORY EOP (REVALUED)	26,692.387	253.917	14,246.579	12,191.891
A. APPROVED ACQUISITION OBJECTIVE (memo)				10,710.023
B. ECONOMIC RETENTION (memo)				906.500
C. CONTINGENCY RETENTION (memo)				528.929
D. POTENTIAL DOD REUTILIZATION (memo)				46.439
8. INVENTORY ON ORDER EOP (memo)	2,075.996	0.000	2,068.596	7.400

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(101.850)	0.000	(72.627)	(29.223)
Strata Transfers	0.000	0.053	613.907	(613.960)
Net/Standard Difference	(9,965.577)	0.000	(9,965.577)	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
Total	(10,067.427)	0.053	(9,424.297)	(643.183)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2006

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	45,199.900	259.770	21,167.227	23,772.903
2. BOP INVENTORY ADJUSTMENTS	2,470.883	4.667	6,626.195	(4,159.979)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,554.403	(4,554.403)
B. PRICE CHANGE AMOUNT (memo)	2,470.883	4.667	2,071.792	394.424
C. INVENTORY RECLASSIFIED AND REPRICED	47,670.783	264.437	27,793.422	19,612.924
3. RECEIPTS AT STANDARD	3,596.248	0.000	3,625.835	(29.587)
4. SALES AT STANDARD	6,045.002	0.000	6,045.002	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	33.400	0.000	6.700	26.700
B. RETURNS FROM CUSTOMERS FOR CREDIT	125.451	0.000	39.640	85.811
C. RETURNS FROM CUSTOMERS, NO CREDIT	15,619.762	0.000	6,884.052	8,735.710
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,414.680)	0.000	0.000	(3,414.680)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(67.600)	0.000	(34.800)	(32.800)
G. OTHER (listed in Section 9)	(10,514.165)	0.033	(9,980.081)	(534.117)
H. TOTAL ADJUSTMENTS	1,782.168	0.000	(3,084.489)	4,866.624
6. INVENTORY EOP	47,004.197	264.470	22,289.766	24,449.961
7. INVENTORY EOP (REVALUED)	27,405.763	258.089	14,145.945	13,001.729
A. APPROVED ACQUISITION OBJECTIVE (memo)				10,388.570
B. ECONOMIC RETENTION (memo)				844.114
C. CONTINGENCY RETENTION (memo)				1,725.547
D. POTENTIAL DOD REUTILIZATION (memo)				43.498
8. INVENTORY ON ORDER EOP (memo)	2,249.996	0.000	2,249.996	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(128.772)	0.000	(126.557)	(2.215)
Strata Transfers	0.000	0.033	531.869	(531.902)
Net/Standard Difference	(10,385.393)	0.000	(10,385.393)	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
Total	(10,514.165)	0.033	(9,980.081)	(534.117)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2007

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	47,004.197	264.470	22,289.766	24,449.961
2. BOP INVENTORY ADJUSTMENTS	50.253	4.440	5,025.256	(4,979.443)
A. RECLASSIFICATION CHANGE (memo)	21.188	0.000	4,989.531	(4,989.531)
B. PRICE CHANGE AMOUNT (memo)	50.253	4.440	35.725	10.088
C. INVENTORY RECLASSIFIED AND REPRICED	31,885.460	268.910	27,315.022	4,301.528
3. RECEIPTS AT STANDARD	4,046.757	0.000	4,077.557	(30.800)
4. SALES AT STANDARD	6,136.139	0.000	6,136.139	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	33.900	0.000	6.800	27.100
B. RETURNS FROM CUSTOMERS FOR CREDIT	126.328	0.000	40.373	85.955
C. RETURNS FROM CUSTOMERS, NO CREDIT	15,486.050	0.000	7,231.287	8,254.763
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,217.731)	0.000	0.000	(3,217.731)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(68.700)	0.000	(35.400)	(33.300)
G. OTHER (listed in Section 9)	(10,496.550)	0.035	(10,036.503)	(460.082)
H. TOTAL ADJUSTMENTS	1,863.297	0.035	(2,793.443)	4,656.705
6. INVENTORY EOP	46,828.365	268.945	22,462.997	24,096.423
7. INVENTORY EOP (REVALUED)	26,434.312	262.558	14,414.203	11,757.551
A. APPROVED ACQUISITION OBJECTIVE (memo)				10,400.524
B. ECONOMIC RETENTION (memo)				821.886
C. CONTINGENCY RETENTION (memo)				492.710
D. POTENTIAL DOD REUTILIZATION (memo)				42.431
8. INVENTORY ON ORDER EOP (memo)	2,565.896	0.000	2,565.896	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	(187.878)	0.000	(226.814)	38.936
Strata Transfers	0.000	0.035	498.983	(499.018)
Net/Standard Difference	(10,308.672)	0.000	(10,308.672)	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
*	0.000	0.000	0.000	0.000
Total	(10,496.550)	0.035	(10,036.503)	(460.082)

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 21
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2004

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	30.700	0.000	30.700	0.000
2. BOP INVENTORY ADJUSTMENTS	1.081	0.000	1.081	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	1.081	0.000	1.081	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	31.781	0.000	31.781	0.000
3. RECEIPTS AT STANDARD	91.491	0.000	91.491	0.000
4. SALES AT STANDARD	88.300	0.000	88.300	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	34.972	0.000	34.972	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 21
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2005

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	34.972	0.000	34.972	0.000
2. BOP INVENTORY ADJUSTMENTS	0.976	0.000	0.976	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.976	0.000	0.976	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	35.948	0.000	35.948	0.000
3. RECEIPTS AT STANDARD	87.000	0.000	87.000	0.000
4. SALES AT STANDARD	87.000	0.000	87.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	35.948	0.000	35.948	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 21
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY2006

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	35.948	0.000	35.948	0.000
2. BOP INVENTORY ADJUSTMENTS	0.957	0.000	0.957	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.957	0.000	0.957	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	36.905	0.000	36.905	0.000
3. RECEIPTS AT STANDARD	73.000	0.000	73.000	0.000
4. SALES AT STANDARD	76.000	0.000	76.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	33.905	0.000	33.905	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 21
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2007

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	33.905	0.000	33.905	0.000
2. BOP INVENTORY ADJUSTMENTS	0.840	0.000	0.840	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.840	0.000	0.840	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	34.745	0.000	34.745	0.000
3. RECEIPTS AT STANDARD	62.000	0.000	62.000	0.000
4. SALES AT STANDARD	62.000	0.000	62.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	34.745	0.000	34.745	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 25
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2004

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.000	0.000	0.000	0.000
2. BOP INVENTORY ADJUSTMENTS	0.000	0.000	0.000	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.000	0.000	0.000	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	0.000	0.000	0.000	0.000
3. RECEIPTS AT STANDARD	0.000	0.000	0.000	0.000
4. SALES AT STANDARD	0.000	0.000	0.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	0.000	0.000	0.000	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 25
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2005

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.000	0.000	0.000	0.000
2. BOP INVENTORY ADJUSTMENTS	0.000	0.000	0.000	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.000	0.000	0.000	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	0.000	0.000	0.000	0.000
3. RECEIPTS AT STANDARD	0.000	0.000	0.000	0.000
4. SALES AT STANDARD	0.000	0.000	0.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	0.000	0.000	0.000	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 25
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2006

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.000	0.000	0.000	0.000
2. BOP INVENTORY ADJUSTMENTS	0.000	0.000	0.000	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.000	0.000	0.000	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	0.000	0.000	0.000	0.000
3. RECEIPTS AT STANDARD	0.000	0.000	0.000	0.000
4. SALES AT STANDARD	0.000	0.000	0.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	0.000	0.000	0.000	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 25
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2007

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.000	0.000	0.000	0.000
2. BOP INVENTORY ADJUSTMENTS	0.000	0.000	0.000	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.000	0.000	0.000	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	0.000	0.000	0.000	0.000
3. RECEIPTS AT STANDARD	0.000	0.000	0.000	0.000
4. SALES AT STANDARD	0.000	0.000	0.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	0.000	0.000	0.000	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

DEPARTMENT OF NAVY, SUPPLY MANAGEMENT
INVENTORY STATUS
BUDGET PROJECT 28
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2004

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,800.400	233.800	1,090.900	475.700
2. BOP INVENTORY ADJUSTMENTS	18.000	2.300	47.300	(31.600)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	36.400	(36.400)
B. PRICE CHANGE AMOUNT (memo)	18.000	2.300	10.900	4.800
C. INVENTORY RECLASSIFIED AND REPRICED	1,818.400	236.100	1,138.200	444.100
3. RECEIPTS AT STANDARD	712.700	0.000	742.300	(29.600)
4. SALES AT STANDARD	696.068	0.000	696.068	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	32.600	0.000	6.500	26.100
B. RETURNS FROM CUSTOMERS FOR CREDIT	12.582	0.000	12.582	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	63.300	0.000	9.500	53.800
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(150.000)	0.000	0.000	(150.000)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(54.414)	0.000	(22.414)	(32.000)
G. OTHER (listed in Section 9)	(114.857)	0.000	(127.481)	12.624
H. TOTAL ADJUSTMENTS	(210.789)	0.000	(121.313)	(89.476)
6. INVENTORY EOP	1,624.243	236.100	1,063.119	325.024
7. INVENTORY EOP (REVALUED)	1,478.252	236.100	1,063.118	179.034
A. APPROVED ACQUISITION OBJECTIVE (memo)				177.145
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				1.889
8. INVENTORY ON ORDER EOP (memo)	30.467	0.000	30.467	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(114.857)	0.000	(127.481)	12.624
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	(114.857)	0.000	(127.481)	12.624

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INVENTORY STATUS
BUDGET PROJECT 28
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2005

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,624.243	236.100	1,063.119	325.024
2. BOP INVENTORY ADJUSTMENTS	14.900	2.100	38.300	(25.500)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	29.000	(29.000)
B. PRICE CHANGE AMOUNT (memo)	14.900	2.100	9.300	3.500
C. INVENTORY RECLASSIFIED AND REPRICED	1,639.143	238.200	1,101.419	299.524
3. RECEIPTS AT STANDARD	906.200	0.000	936.100	(29.900)
4. SALES AT STANDARD	960.700	0.000	960.700	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	32.900	0.000	6.600	26.300
B. RETURNS FROM CUSTOMERS FOR CREDIT	16.100	0.000	16.100	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	64.000	0.000	9.600	54.400
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(141.400)	0.000	0.000	(141.400)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(66.600)	0.000	(34.300)	(32.300)
G. OTHER (listed in Section 9)	52.482	0.000	(13.318)	65.800
H. TOTAL ADJUSTMENTS	(42.518)	0.000	(15.318)	(27.200)
6. INVENTORY EOP	1,542.125	238.200	1,061.501	242.424
7. INVENTORY EOP (REVALUED)	1,428.638	238.200	1,061.500	128.938
A. APPROVED ACQUISITION OBJECTIVE (memo)				127.578
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				1.360
8. INVENTORY ON ORDER EOP (memo)	36.300	0.000	36.300	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	52.482	0.000	(13.318)	65.800
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	52.482	0.000	(13.318)	65.800

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INVENTORY STATUS
BUDGET PROJECT 28
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2006

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,542.125	238.200	1,061.501	242.424
2. BOP INVENTORY ADJUSTMENTS	23.800	3.600	38.600	(18.400)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	23.000	(23.000)
B. PRICE CHANGE AMOUNT (memo)	23.800	3.600	15.600	4.600
C. INVENTORY RECLASSIFIED AND REPRICED	1,565.925	241.800	1,100.101	224.024
3. RECEIPTS AT STANDARD	1,292.900	0.000	1,323.200	(30.300)
4. SALES AT STANDARD	960.700	0.000	960.700	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	33.400	0.000	6.700	26.700
B. RETURNS FROM CUSTOMERS FOR CREDIT	21.400	0.000	21.400	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	65.000	0.000	9.800	55.200
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(143.500)	0.000	0.000	(143.500)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(67.600)	0.000	(34.800)	(32.800)
G. OTHER (listed in Section 9)	(18.700)	0.000	(86.000)	67.300
H. TOTAL ADJUSTMENTS	(110.000)	0.000	(82.900)	(27.100)
6. INVENTORY EOP	1,466.725	241.800	1,058.301	166.624
7. INVENTORY EOP (REVALUED)	1,383.067	241.800	1,058.300	82.967
A. APPROVED ACQUISITION OBJECTIVE (memo)				82.092
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.875
8. INVENTORY ON ORDER EOP (memo)	36.900	0.000	36.900	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(18.700)	0.000	(86.000)	67.300
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	(18.700)	0.000	(86.000)	67.300

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BUDGET PROJECT 28
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	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,466.725	241.800	1,058.301	166.624
2. BOP INVENTORY ADJUSTMENTS	25.900	4.100	36.100	(14.300)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	18.300	(18.300)
B. PRICE CHANGE AMOUNT (memo)	25.900	4.100	17.800	4.000
C. INVENTORY RECLASSIFIED AND REPRICED	1,492.625	245.900	1,094.401	152.324
3. RECEIPTS AT STANDARD	1,345.600	0.000	1,376.400	(30.800)
4. SALES AT STANDARD	1,303.900	0.000	1,303.900	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	33.900	0.000	6.800	27.100
B. RETURNS FROM CUSTOMERS FOR CREDIT	21.800	0.000	21.800	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	66.000	0.000	9.900	56.100
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(145.900)	0.000	0.000	(145.900)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(68.700)	0.000	(35.400)	(33.300)
G. OTHER (listed in Section 9)	(21.900)	0.000	(90.800)	68.900
H. TOTAL ADJUSTMENTS	(114.800)	0.000	(87.700)	(27.100)
6. INVENTORY EOP	1,419.525	245.900	1,079.201	94.424
7. INVENTORY EOP (REVALUED)	1,364.279	245.900	1,079.200	39.179
A. APPROVED ACQUISITION OBJECTIVE (memo)				38.765
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.414
8. INVENTORY ON ORDER EOP (memo)	36.900	0.000	36.900	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(21.900)	0.000	(90.800)	68.900
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	(21.900)	0.000	(90.800)	68.900

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FY 2004

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	652.663	1.433	371.689	279.541
2. BOP INVENTORY ADJUSTMENTS	55.888	0.813	48.237	6.838
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	16.549	(16.549)
B. PRICE CHANGE AMOUNT (memo)	55.888	0.813	31.688	23.387
C. INVENTORY RECLASSIFIED AND REPRICED	708.551	2.246	419.926	286.379
3. RECEIPTS AT STANDARD	572.245	0.000	423.796	148.449
4. SALES AT STANDARD	410.123	0.000	410.123	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	62.544	0.000	55.597	6.947
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.895	0.000	0.805	0.090
C. RETURNS FROM CUSTOMERS, NO CREDIT	71.009	0.000	3.578	67.431
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(55.316)	0.000	0.000	(55.316)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	16.610	0.000	20.810	(4.200)
G. OTHER (listed in Section 9)	(13.498)	(0.090)	(36.094)	22.686
H. TOTAL ADJUSTMENTS	82.244	(0.090)	44.696	37.638
6. INVENTORY EOP	952.917	2.156	478.295	472.466
7. INVENTORY EOP (REVALUED)	665.881	1.590	352.734	311.557
A. APPROVED ACQUISITION OBJECTIVE (memo)				261.765
B. ECONOMIC RETENTION (memo)				41.385
C. CONTINGENCY RETENTION (memo)				7.810
D. POTENTIAL DOD REUTILIZATION (memo)				0.597
8. INVENTORY ON ORDER EOP (memo)	338.100	0.000	299.300	38.800

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(13.498)	0.000	11.017	(24.515)
Strata Transfers	0.000	(0.090)	(47.111)	47.201
Net/Standard Difference	0.000			
	0.000			
	0.000			
	0.000			
	0.000			
Total	(13.498)	(0.090)	(36.094)	22.686

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	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	952.917	2.156	478.295	472.466
2. BOP INVENTORY ADJUSTMENTS	(23.862)	(0.053)	93.862	(117.671)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	105.634	(105.634)
B. PRICE CHANGE AMOUNT (memo)	(23.862)	(0.053)	(11.772)	(12.037)
C. INVENTORY RECLASSIFIED AND REPRICED	929.055	2.103	572.157	354.795
3. RECEIPTS AT STANDARD	326.941	0.000	314.727	12.214
4. SALES AT STANDARD	413.320	0.000	413.320	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	1.420	0.000	0.963	0.457
C. RETURNS FROM CUSTOMERS, NO CREDIT	67.777	0.000	3.389	64.388
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(35.997)	0.000	0.000	(35.997)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	(11.761)	0.053	(7.723)	(4.091)
H. TOTAL ADJUSTMENTS	21.439	0.053	(3.371)	24.757
6. INVENTORY EOP	864.115	2.156	470.193	391.766
7. INVENTORY EOP (REVALUED)	651.976	1.712	373.473	276.791
A. APPROVED ACQUISITION OBJECTIVE (memo)				232.791
B. ECONOMIC RETENTION (memo)				36.674
C. CONTINGENCY RETENTION (memo)				6.796
D. POTENTIAL DOD REUTILIZATION (memo)				0.530
8. INVENTORY ON ORDER EOP (memo)	390.500	0.000	390.300	0.200

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(11.761)	0.000	(7.975)	(3.786)
Strata Transfers	0.000	0.053	0.252	(0.305)
Net/Standard Difference	0.000			
	0.000			
	0.000			
	0.000			
	0.000			
Total	(11.761)	0.053	(7.723)	(4.091)

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FY 2006

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	864.115	2.156	470.193	391.766
2. BOP INVENTORY ADJUSTMENTS	(24.102)	(0.060)	36.518	(60.560)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	47.559	(47.559)
B. PRICE CHANGE AMOUNT (memo)	(24.102)	(0.060)	(11.041)	(13.001)
C. INVENTORY RECLASSIFIED AND REPRICED	840.013	2.096	506.711	331.206
3. RECEIPTS AT STANDARD	461.987	0.000	461.704	0.283
4. SALES AT STANDARD	395.487	0.000	395.487	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	1.451	0.000	0.984	0.467
C. RETURNS FROM CUSTOMERS, NO CREDIT	35.208	0.000	1.760	33.448
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(36.132)	0.000	0.000	(36.132)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	(8.309)	0.033	(5.209)	(3.133)
H. TOTAL ADJUSTMENTS	(7.782)	0.033	(2.465)	(5.350)
6. INVENTORY EOP	898.731	2.129	570.463	326.139
7. INVENTORY EOP (REVALUED)	720.043	1.780	476.982	241.281
A. APPROVED ACQUISITION OBJECTIVE (memo)				203.058
B. ECONOMIC RETENTION (memo)				31.918
C. CONTINGENCY RETENTION (memo)				5.845
D. POTENTIAL DOD REUTILIZATION (memo)				0.460
8. INVENTORY ON ORDER EOP (memo)	389.900	0.000	389.900	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(8.309)	0.000	(5.634)	(2.675)
Strata Transfers	0.000	0.033	0.425	(0.458)
Net/Standard Difference	0.000			
	0.000			
	0.000			
	0.000			
	0.000			
Total	(8.309)	0.033	(5.209)	(3.133)

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	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	898.731	2.129	570.463	326.139
2. BOP INVENTORY ADJUSTMENTS	2.325	0.028	8.854	(6.557)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	2.660	(2.660)
B. PRICE CHANGE AMOUNT (memo)	2.325	0.028	6.194	(3.897)
C. INVENTORY RECLASSIFIED AND REPRICED	901.056	2.157	579.317	319.582
3. RECEIPTS AT STANDARD	294.449	0.000	294.449	0.000
4. SALES AT STANDARD	433.598	0.000	433.598	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	1.928	0.000	1.313	0.615
C. RETURNS FROM CUSTOMERS, NO CREDIT	31.196	0.000	1.560	29.636
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(36.782)	0.000	0.000	(36.782)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	(8.512)	0.035	(5.340)	(3.207)
H. TOTAL ADJUSTMENTS	(12.170)	0.035	(2.467)	(9.738)
6. INVENTORY EOP	749.737	2.192	437.701	309.844
7. INVENTORY EOP (REVALUED)	595.418	1.827	365.061	228.530
A. APPROVED ACQUISITION OBJECTIVE (memo)				192.235
B. ECONOMIC RETENTION (memo)				30.267
C. CONTINGENCY RETENTION (memo)				5.591
D. POTENTIAL DOD REUTILIZATION (memo)				0.437
8. INVENTORY ON ORDER EOP (memo)	459.600	0.000	459.600	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(8.512)	0.000	(5.772)	(2.740)
Strata Transfers	0.000	0.035	0.432	(0.467)
Net/Standard Difference	0.000			
	0.000			
	0.000			
	0.000			
	0.000			
Total	(8.512)	0.035	(5.340)	(3.207)

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FY 2004

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	32.000	0.000	32.000	0.000
2. BOP INVENTORY ADJUSTMENTS	4.300	0.000	4.300	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	4.300	0.000	4.300	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	36.300	0.000	36.300	0.000
3. RECEIPTS AT STANDARD	45.100	0.000	45.100	0.000
4. SALES AT STANDARD	101.774	0.000	101.774	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	12.741	0.000	12.741	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	7.633	0.000	7.633	0.000
H. TOTAL ADJUSTMENTS	20.374	0.000	20.374	0.000
6. INVENTORY EOP	0.000	0.000	0.000	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	7.633	0.000	7.633	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	7.633	0.000	7.633	0.000

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FY 2005

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.000	0.000	0.000	0.000
2. BOP INVENTORY ADJUSTMENTS	0.000	0.000	0.000	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.000	0.000	0.000	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	0.000	0.000	0.000	0.000
3. RECEIPTS AT STANDARD	0.000	0.000	0.000	0.000
4. SALES AT STANDARD	0.000	0.000	0.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000		0.000	
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	0.000	0.000	0.000	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

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FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2006

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.000	0.000	0.000	0.000
2. BOP INVENTORY ADJUSTMENTS	0.000	0.000	0.000	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.000	0.000	0.000	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	0.000	0.000	0.000	0.000
3. RECEIPTS AT STANDARD	0.000	0.000	0.000	0.000
4. SALES AT STANDARD	0.000	0.000	0.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000			
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	0.000	0.000	0.000	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

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FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
FY 2007

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	0.000	0.000	0.000	0.000
2. BOP INVENTORY ADJUSTMENTS	0.000	0.000	0.000	0.000
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	0.000	0.000	0.000	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	0.000	0.000	0.000	0.000
3. RECEIPTS AT STANDARD	0.000	0.000	0.000	0.000
4. SALES AT STANDARD	0.000	0.000	0.000	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.000	0.000	0.000	0.000
C. RETURNS FROM CUSTOMERS, NO CREDIT	0.000	0.000	0.000	0.000
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	0.000	0.000	0.000	0.000
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	0.000	0.000	0.000	0.000
H. TOTAL ADJUSTMENTS	0.000	0.000	0.000	0.000
6. INVENTORY EOP	0.000	0.000	0.000	0.000
7. INVENTORY EOP (REVALUED)	0.000	0.000	0.000	0.000
A. APPROVED ACQUISITION OBJECTIVE (memo)				0.000
B. ECONOMIC RETENTION (memo)				0.000
C. CONTINGENCY RETENTION (memo)				0.000
D. POTENTIAL DOD REUTILIZATION (memo)				0.000
8. INVENTORY ON ORDER EOP (memo)	0.000	0.000	0.000	0.000

9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Net/Standard Difference	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

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BUDGET PROJECT 81
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FY 2004

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	8,952.100	18.000	3,074.700	5,859.400
2. BOP INVENTORY ADJUSTMENTS	220.924	0.910	208.934	11.080
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	114.456	(114.456)
B. PRICE CHANGE AMOUNT (memo)	220.924	0.910	94.478	125.536
C. INVENTORY RECLASSIFIED AND REPRICED	9,173.024	18.910	3,283.634	5,870.480
3. RECEIPTS AT STANDARD	475.391	0.000	473.895	1.496
4. SALES AT STANDARD	835.274	0.000	835.274	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	32.453	0.000	11.625	20.828
B. RETURNS FROM CUSTOMERS FOR CREDIT	27.950	0.000	8.032	19.918
C. RETURNS FROM CUSTOMERS, NO CREDIT	2,033.694	0.000	658.967	1,374.727
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,109.534)	0.000	0.000	(1,109.534)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(49.005)	0.000	(17.445)	(31.560)
G. OTHER (listed in Section 9)	(1,032.778)	(2.933)	(517.068)	(512.777)
H. TOTAL ADJUSTMENTS	(97.220)	(2.933)	144.111	(238.398)
6. INVENTORY EOP	8,715.921	15.977	3,066.366	5,633.578
7. INVENTORY EOP (REVALUED)	4,917.348	11.188	2,154.129	2,752.031
A. APPROVED ACQUISITION OBJECTIVE (memo)				2,049.800
B. ECONOMIC RETENTION (memo)				457.873
C. CONTINGENCY RETENTION (memo)				225.770
D. POTENTIAL DOD REUTILIZATION (memo)				18.588
8. INVENTORY ON ORDER EOP (memo)	290.236	0.000	290.236	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(156.830)	(2.933)	(54.199)	(99.698)
Strata Transfers	0.000	0.000	413.079	(413.079)
Net/Standard Difference	(875.948)	0.000	(875.948)	0.000
Total	(1,032.778)	(2.933)	(517.068)	(512.777)

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FY 2005

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	8,715.921	15.977	3,066.366	5,633.578
2. BOP INVENTORY ADJUSTMENTS	(133.103)	(0.038)	61.332	(194.397)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	114.227	(114.227)
B. PRICE CHANGE AMOUNT (memo)	(133.103)	(0.038)	(52.895)	(80.170)
C. INVENTORY RECLASSIFIED AND REPRICED	8,582.818	15.939	3,127.698	5,439.181
3. RECEIPTS AT STANDARD	520.783	0.000	520.783	0.000
4. SALES AT STANDARD	817.300	0.000	817.300	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	29.000	0.000	7.002	21.998
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,633.991	0.000	610.777	1,023.214
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,400.000)	0.000	0.000	(1,400.000)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	(942.168)	0.000	(474.410)	(467.758)
H. TOTAL ADJUSTMENTS	(679.177)	0.000	143.369	(822.546)
6. INVENTORY EOP	7,607.124	15.939	2,974.550	4,616.635
7. INVENTORY EOP (REVALUED)	4,593.632	11.789	2,206.862	2,374.981
A. APPROVED ACQUISITION OBJECTIVE (memo)				1,768.957
B. ECONOMIC RETENTION (memo)				395.143
C. CONTINGENCY RETENTION (memo)				194.840
D. POTENTIAL DOD REUTILIZATION (memo)				16.041
8. INVENTORY ON ORDER EOP (memo)	246.296	0.000	246.296	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(47.100)	0.000	(20.321)	(26.779)
Strata Transfers	0.000	0.000	440.979	(440.979)
Net/Standard Difference	(895.068)	0.000	(895.068)	0.000
Total	(942.168)	0.000	(474.410)	(467.758)

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FY 2006

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	7,607.124	15.939	2,974.550	4,616.635
2. BOP INVENTORY ADJUSTMENTS	157.266	0.961	208.304	(51.999)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	120.053	(120.053)
B. PRICE CHANGE AMOUNT (memo)	157.266	0.961	88.251	68.054
C. INVENTORY RECLASSIFIED AND REPRICED	7,764.390	16.900	3,182.854	4,564.636
3. RECEIPTS AT STANDARD	556.750	0.000	556.750	0.000
4. SALES AT STANDARD	857.939	0.000	857.939	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	29.000	0.000	7.483	21.517
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,633.779	0.000	628.013	1,005.766
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,100.000)	0.000	0.000	(1,100.000)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	(929.345)	0.000	(378.076)	(551.269)
H. TOTAL ADJUSTMENTS	(366.566)	0.000	257.420	(623.986)
6. INVENTORY EOP	7,096.635	16.900	3,139.085	3,940.650
7. INVENTORY EOP (REVALUED)	4,315.083	12.363	2,303.095	1,999.625
A. APPROVED ACQUISITION OBJECTIVE (memo)				1,489.257
B. ECONOMIC RETENTION (memo)				332.742
C. CONTINGENCY RETENTION (memo)				164.121
D. POTENTIAL DOD REUTILIZATION (memo)				13.505
8. INVENTORY ON ORDER EOP (memo)	256.596	0.000	256.596	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(39.587)	0.000	(13.171)	(26.416)
Strata Transfers	0.000	0.000	524.853	(524.853)
Net/Standard Difference	(889.758)	0.000	(889.758)	0.000
Total	(929.345)	0.000	(378.076)	(551.269)

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FY 2007

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	7,096.635	16.900	3,139.085	3,940.650
2. BOP INVENTORY ADJUSTMENTS	21.188	0.312	131.904	(111.028)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	121.013	(121.013)
B. PRICE CHANGE AMOUNT (memo)	21.188	0.312	10.891	9.985
C. INVENTORY RECLASSIFIED AND REPRICED	7,117.823	17.212	3,270.989	3,829.622
3. RECEIPTS AT STANDARD	615.865	0.000	615.865	0.000
4. SALES AT STANDARD	866.660	0.000	866.660	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	29.000	0.000	7.483	21.517
C. RETURNS FROM CUSTOMERS, NO CREDIT	1,632.767	0.000	615.438	1,017.329
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(900.000)	0.000	0.000	(900.000)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	(953.786)	0.000	(554.115)	(399.671)
H. TOTAL ADJUSTMENTS	(192.019)	0.000	68.806	(260.825)
6. INVENTORY EOP	6,675.009	17.212	3,089.000	3,568.797
7. INVENTORY EOP (REVALUED)	4,104.445	12.647	2,276.414	1,815.384
A. APPROVED ACQUISITION OBJECTIVE (memo)				1,351.986
B. ECONOMIC RETENTION (memo)				302.105
C. CONTINGENCY RETENTION (memo)				149.032
D. POTENTIAL DOD REUTILIZATION (memo)				12.261
8. INVENTORY ON ORDER EOP (memo)	236.096	0.000	236.096	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(41.989)	0.000	(14.765)	(27.224)
Strata Transfers	0.000	0.000	372.447	(372.447)
Net/Standard Difference	(911.797)	0.000	(911.797)	0.000
Total	(953.786)	0.000	(554.115)	(399.671)

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BUDGET PROJECT 85
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FY 2004

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	30,251.491	3.204	14,334.430	15,913.857
2. BOP INVENTORY ADJUSTMENTS	1,208.120	0.261	4,034.779	(2,826.920)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	3,371.148	(3,371.148)
B. PRICE CHANGE AMOUNT (memo)	1,208.120	0.261	663.631	544.228
C. INVENTORY RECLASSIFIED AND REPRICED	31,459.611	3.465	18,369.209	13,086.937
3. RECEIPTS AT STANDARD	1,066.275	0.000	1,062.976	3.299
4. SALES AT STANDARD	3,316.980	0.000	3,316.980	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1,026.818	0.000	988.798	38.020
B. RETURNS FROM CUSTOMERS FOR CREDIT	66.167	0.000	62.613	3.554
C. RETURNS FROM CUSTOMERS, NO CREDIT	14,353.502	0.000	6,722.909	7,630.593
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(2,387.874)	0.000	0.000	(2,387.874)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(768.265)	0.000	0.000	(768.265)
G. OTHER (listed in Section 9)	(7,369.146)	0.000	(6,937.612)	(431.534)
H. TOTAL ADJUSTMENTS	4,921.202	0.000	836.708	4,084.494
6. INVENTORY EOP	34,130.108	3.465	16,951.913	17,174.730
7. INVENTORY EOP (REVALUED)	20,525.504	2.327	11,386.615	9,136.562
A. APPROVED ACQUISITION OBJECTIVE (memo)				8,332.998
B. ECONOMIC RETENTION (memo)				459.530
C. CONTINGENCY RETENTION (memo)				316.368
D. POTENTIAL DOD REUTILIZATION (memo)				27.666
8. INVENTORY ON ORDER EOP (memo)	1,063.500	0.000	1,054.600	8.900

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	902.367	0.000	1,254.209	(351.842)
Strata Transfers	0.000	0.000	79.692	(79.692)
Net/Standard Difference	(8,271.513)	0.000	(8,271.513)	0.000
	0.000			
	0.000			
	0.000			
	0.000			
Total	(7,369.146)	0.000	(6,937.612)	(431.534)

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FY 2005

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	34,130.108	3.465	16,951.913	17,174.730
2. BOP INVENTORY ADJUSTMENTS	1,125.406	0.010	4,348.713	(3,223.317)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.010	3,678.526	(3,678.536)
B. PRICE CHANGE AMOUNT (memo)	1,125.406	0.000	670.187	455.219
C. INVENTORY RECLASSIFIED AND REPRICED	35,255.514	3.475	21,300.626	13,951.413
3. RECEIPTS AT STANDARD	943.408	0.000	935.049	8.359
4. SALES AT STANDARD	3,264.500	0.000	3,264.500	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	73.600	0.000	9.855	63.745
C. RETURNS FROM CUSTOMERS, NO CREDIT	13,253.035	0.000	6,572.851	6,680.184
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(1,944.489)	0.000	0.000	(1,944.489)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	(9,165.980)	0.000	(8,928.846)	(237.134)
H. TOTAL ADJUSTMENTS	2,216.166	0.000	(2,346.140)	4,562.306
6. INVENTORY EOP	35,150.588	3.475	16,625.035	18,522.078
7. INVENTORY EOP (REVALUED)	20,018.141	2.216	10,604.744	9,411.181
A. APPROVED ACQUISITION OBJECTIVE (memo)				8,580.697
B. ECONOMIC RETENTION (memo)				474.683
C. CONTINGENCY RETENTION (memo)				327.293
D. POTENTIAL DOD REUTILIZATION (memo)				28.508
8. INVENTORY ON ORDER EOP (memo)	1,402.900	0.000	1,395.700	7.200

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(95.471)	0.000	(31.013)	(64.458)
Strata Transfers	0.000	0.000	172.676	(172.676)
Net/Standard Difference	(9,070.509)	0.000	(9,070.509)	0.000
	0.000			
	0.000			
	0.000			
	0.000			
Total	(9,165.980)	0.000	(8,928.846)	(237.134)

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	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	35,150.588	3.475	16,625.035	18,522.078
2. BOP INVENTORY ADJUSTMENTS	2,312.962	0.166	6,341.816	(4,029.020)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,363.791	(4,363.791)
B. PRICE CHANGE AMOUNT (memo)	2,312.962	0.166	1,978.025	334.771
C. INVENTORY RECLASSIFIED AND REPRICED	37,463.550	3.641	22,966.851	14,493.058
3. RECEIPTS AT STANDARD	1,211.611	0.000	1,211.181	0.430
4. SALES AT STANDARD	3,433.476	0.000	3,433.476	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	73.600	0.000	9.773	63.827
C. RETURNS FROM CUSTOMERS, NO CREDIT	13,885.775	0.000	6,244.479	7,641.296
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(2,135.048)	0.000	0.000	(2,135.048)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	(9,557.811)	0.000	(9,510.796)	(47.015)
H. TOTAL ADJUSTMENTS	2,266.516	0.000	(3,256.544)	5,523.060
6. INVENTORY EOP	37,508.201	3.641	17,488.012	20,016.548
7. INVENTORY EOP (REVALUED)	20,987.570	2.146	10,307.568	10,677.856
A. APPROVED ACQUISITION OBJECTIVE (memo)				8,614.163
B. ECONOMIC RETENTION (memo)				479.454
C. CONTINGENCY RETENTION (memo)				1,555.581
D. POTENTIAL DOD REUTILIZATION (memo)				28.658
8. INVENTORY ON ORDER EOP (memo)	1,566.600	0.000	1,566.600	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(62.176)	0.000	(21.752)	(40.424)
Strata Transfers	0.000	0.000	6.591	(6.591)
Net/Standard Difference	(9,495.635)	0.000	(9,495.635)	0.000
	0.000			
	0.000			
	0.000			
	0.000			
Total	(9,557.811)	0.000	(9,510.796)	(47.015)

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	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	37,508.201	3.641	17,488.012	20,016.548
2. BOP INVENTORY ADJUSTMENTS	0.000	0.000	4,847.558	(4,847.558)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,847.558	(4,847.558)
B. PRICE CHANGE AMOUNT (memo)	0.000	0.000	0.000	0.000
C. INVENTORY RECLASSIFIED AND REPRICED	22,339.211	3.641	22,335.570	0.000
3. RECEIPTS AT STANDARD	1,728.843	0.000	1,728.843	0.000
4. SALES AT STANDARD	3,469.981	0.000	3,469.981	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.000	0.000	0.000	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT	73.600	0.000	9.777	63.823
C. RETURNS FROM CUSTOMERS, NO CREDIT	13,756.087	0.000	6,604.389	7,151.698
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(2,135.049)	0.000	0.000	(2,135.049)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.000	0.000	0.000	0.000
G. OTHER (listed in Section 9)	(9,512.352)	0.000	(9,386.248)	(126.104)
H. TOTAL ADJUSTMENTS	2,182.286	0.000	(2,772.082)	4,954.368
6. INVENTORY EOP	37,949.349	3.641	17,822.350	20,123.358
7. INVENTORY EOP (REVALUED)	20,370.170	2.184	10,693.528	9,674.458
A. APPROVED ACQUISITION OBJECTIVE (memo)				8,817.538
B. ECONOMIC RETENTION (memo)				489.514
C. CONTINGENCY RETENTION (memo)				338.087
D. POTENTIAL DOD REUTILIZATION (memo)				29.319
8. INVENTORY ON ORDER EOP (memo)	1,833.300	0.000	1,833.300	0.000

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(115.477)	0.000	(115.477)	0.000
Strata Transfers	0.000	0.000	126.104	(126.104)
Net/Standard Difference	(9,396.875)	0.000	(9,396.875)	0.000
	0.000			
	0.000			
	0.000			
	0.000			
Total	(9,512.352)	0.000	(9,386.248)	(126.104)

SUPPLY MANAGEMENT ACTIVITY GROUP
WHOLESALE COST RECOVERY RATE CALCULATION
FY 2006 BUDGET ESTIMATES -- FEBRUARY 2005
(DOLLARS IN MILLIONS)

SHIPS/AVIATION	FY03	FY04	FY05
1. Net sales at Cost	3400.7	3734.9	3844.6
2. Less: Material Inflation Adj	193.1	331.3	109.7
3. Revised Net Sales at Cost	3207.6	3403.6	3734.9
4. Surcharge ($)	686.9	639.4	604.9
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.163	0.202	0.171
b. This year's Surcharge and material inflation divided by line 3 above ($)	0.274	0.285	0.191
c. Percent change to customer	9.6%	6.1%	2.4%

SUPPLY MANAGEMENT ACTIVITY GROUP
WHOLESALE COST RECOVERY RATE CALCULATION
FY 2006 BUDGET ESTIMATES -- FEBRUARY 2005
(DOLLARS IN MILLIONS)

BP34-AVIATION CONSUMABLES	FY03	FY04	FY05
1. Net sales at Cost	324.7	294.3	373.9
2. Less: Material Inflation Adj	-21.3	14.3	3.7
3. Revised Net Sales at Cost	346.0	280.0	370.2
4. Surcharge ($)	58.9	62.7	60.3
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.082	0.181	0.213
b. This year's Surcharge and material inflation divided by line 3 above ($)	0.109	0.275	0.173
c. Percent change to customer	2.5%	7.9%	-3.3%

SUPPLY MANAGEMENT ACTIVITY GROUP
WHOLESALE COST RECOVERY RATE CALCULATION
FY 2006 BUDGET ESTIMATES -- FEBRUARY 2005
(DOLLARS IN MILLIONS)

BP81-SHIP	FY03	FY04	FY05
1. Net sales at Cost	487.0	558.7	659.4
2. Less: Material Inflation Adj	30.5	34.2	20.9
3. Revised Net Sales at Cost	456.5	524.5	638.5
4. Surcharge ($)	123.7	140.3	131.1
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.177	0.254	0.251
b. This year's Surcharge and material inflation divided by line 3 above ($)	0.338	0.333	0.238
c. Percent change to customer	13.7%	5.4%	-0.2%

SUPPLY MANAGEMENT ACTIVITY GROUP
WHOLESALE COST RECOVERY RATE CALCULATION
FY 2006 BUDGET ESTIMATES -- FEBRUARY 2005
(DOLLARS IN MILLIONS)

BP85-AVIATION REPAIRABLES	FY03	FY04	FY05
1. Net sales at Cost	2588.9	2881.9	2811.3
2. Less: Material Inflation Adj	183.9	282.8	85.1
3. Revised Net Sales at Cost	2405.0	2599.1	2726.2
4. Surcharge ($)	504.2	436.1	413.6
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.172	0.195	0.151
b. This year's Surcharge and material inflation divided by line 3 above ($)	0.286	0.277	0.183
c. Percent change to customer	9.7%	6.0%	3.9%

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
WAR RESERVE MATERIAL (WRM)
STOCKPILE

FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)

FY 2004

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	256.437	256.437	
2. Price Change	4.284	4.284	
3. Reclassification	0.000	0.000	
4. Inventory Changes	(3.023)	(3.023)	0.000
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.000	0.000	
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	0.000	0.000	
c. Adjustments @ std	(3.023)	(3.023)	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	(2.933)	(2.933)	
(3). Other	(0.090)	(0.090)	
5. Inventory EOP	257.698	257.698	0.000

STOCKPILE COSTS	
1. Storage	0.266
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.266

WRM BUDGET REQUEST	
1. Obligations @ cost	0.000
a. Additional WRM	0.000
b. Replen. WRM	0.000
c. Repair WRM	0.000
d. Assemble/Disassemble	0.000
e. Other	0.000
Total Request	0.000

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
WAR RESERVE MATERIAL (WRM)
STOCKPILE

FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)

FY 2005

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	257.698	257.698	
2. Price Change	2.009	2.009	
3. Reclassification	0.010	0.010	
4. Inventory Changes	0.053	0.053	0.000
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.000	0.000	
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	0.000	0.000	
c. Adjustments @ std	0.053	0.053	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	0.053	0.053	
5. Inventory EOP	259.770	259.770	0.000

STOCKPILE COSTS	
1. Storage	0.282
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.282

WRM BUDGET REQUEST	
1. Obligations @ cost	0.000
a. Additional WRM	0.000
b. Replen. WRM	0.000
c. Repair WRM	0.000
d. Assemble/Disassemble	0.000
e. Other	0.000
Total Request	0.000

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
WAR RESERVE MATERIAL (WRM)
STOCKPILE

FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)

FY 2006

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	259.770	259.770	
2. Price Change	4.667	4.667	
3. Reclassification	0.000	0.000	
4. Inventory Changes	0.033	0.033	0.000
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.000	0.000	
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	0.000	0.000	
c. Adjustments @ std	0.033	0.033	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	0.033	0.033	
5. Inventory EOP	264.470	264.470	0.000

STOCKPILE COSTS	
1. Storage	0.283
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.283

WRM BUDGET REQUEST	
1. Obligations @ cost	0.000
a. Additional WRM	0.000
b. Replen. WRM	0.000
c. Repair WRM	0.000
d. Assemble/Disassemble	0.000
e. Other	0.000
Total Request	0.000

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
WAR RESERVE MATERIAL (WRM)
STOCKPILE

FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)

FY 2007

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	264.470	264.470	
2. Price Change	4.440	4.440	
3. Reclassification	0.000	0.000	
4. Inventory Changes	0.035	0.035	0.000
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.000	0.000	
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	
(2). Returns to suppliers	0.000	0.000	
(3). Disposals	0.000	0.000	
(4). Issues/receipts w/o ADJs	0.000	0.000	
c. Adjustments @ std	0.035	0.035	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	0.035	0.035	
5. Inventory EOP	268.945	268.945	0.000

STOCKPILE COSTS	
1. Storage	0.278
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.278

WRM BUDGET REQUEST	
1. Obligations @ cost	0.000
a. Additional WRM	0.000
b. Replen. WRM	0.000
c. Repair WRM	0.000
d. Assemble/Disassemble	0.000
e. Other	0.000
Total Request	0.000

Activity Group Capital Investment Summary
Component: Navy
Activity Group: Supply Management
FiSCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
($ IN MILLIONS)

		FY 2004		FY 2005		FY 2006		FY 2007	
LINE NUMBER	ITEM DESCRIPTION	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST
	Equipment		1.999		1.822		1.849		1.933
	Replacement		1.999		1.822		1.849		1.933
	$1,000,000 and over								
0001	Material Handling Equipment (Forklifts)	VAR	1.206	VAR	1.015	VAR	1.030	VAR	1.100
0002	$250,000 to $999,999	VAR	0.793	VAR	0.807	VAR	0.819	VAR	0.833
0003	$100,000 to $249,999		0.000		0.000		0.000		0.000
0004	Productivity		0.000		0.000		0.000		0.000
0005	New Mission		0.000		0.000		0.000		0.000
0006	Environmental		0.000		0.000		0.000		0.000
	ADPE & Telecommunications Equipment		2.306		1.786		1.805		1.827
	$1,000,000 and over								
0007	Information Technology Support/BLC	VAR	1.806	VAR	1.286	VAR	1.305	VAR	1.327
0008	$250,000 to $999,999	VAR	0.500	VAR	0.500	VAR	0.500	VAR	0.500
0009	$100,000 to $249,999		0.000		0.000		0.000		0.000
	Software Development		43.277		9.231		8.471		8.857
	Internally Developed		9.910		9.231		8.471		7.857
	$1,000,000 and over								
0010	Asset Visibility Initiatives	VAR	1.588	VAR	1.270	VAR	1.207	VAR	1.147
0011	Financial Initiatives	VAR	1.464	VAR	1.245	VAR	1.007	VAR	1.086
0012	Inform-21	VAR	1.227	VAR	1.269	VAR	1.206	VAR	1.146
0013	Integrated Data Environment	VAR	1.504	VAR	1.532	VAR	1.455	VAR	1.382
0014	One Touch v3.0	VAR	4.127	VAR	3.915	VAR	3.328	VAR	2.828
0015	$250,000 to $999,999		0.000		0.000		0.268		0.268
0016	$100,000 to $249,999		0.000		0.000		0.000		0.000
	Externally Development		33.367		0.000		0.000		1.000
	$1,000,000 and over								
0017	Enterprise Resource Planning	VAR	33.367	VAR	0.000	VAR	0.000	VAR	1.000
0018	$250,000 to $999,999		0.000		0.000		0.000		0.000
0019	$100,000 to $249,999		0.000		0.000		0.000		0.000
0020	Minor Construction	VAR	0.477	VAR	2.328	VAR	2.398	VAR	2.470
	TOTAL		48.060		15.167		14.523		15.087
	Total Capital Outlays		68.729		42.134		19.622		14.565
	Total Depreciation Expense		45.355		39.855		32.709		27.521

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Navy/Supply Management/January 2005				C. Line No. & Item Description 01 MATERIAL HANDLING EQUIPMENT (FORKLIFTS)			D. Activity Identification NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
01 MATERIAL HANDLING EQUIPMENT (FORKLIFTS)	VAR	VAR	1.206	VAR	VAR	1.015	VAR	VAR	1.030	VAR	VAR	1.100

Narrative Justification:

This program funds the procurement of new/initial outfitting and replacement of Material Handling Equipment (MHE) and Automated Material Handling Systems (AMHS) to satisfy operational requirements within the Navy Supply System. Replacement MHE is for overaged non-repairable equipment used in material handling operations at various activities. With a large inventory of equipment at the various FISCs there will always be units eligible for replacement through procurement. If fully supported, this funding will allow the Navy to develop the right mix of new procurements, resulting in overall requirement reductions, and resolving the problem of trying to maintain old equipment at high maintenance cost and reduced state of readiness. MHE funding limitations in past years has precluded the purchase of required MHE planned for issue. We can not emphasize enough that this is a continuing program and one year builds on the next. Delaying any funding only postpones the inevitable requirement to procure a new unit at a higher cost. Supply readiness and logistical support are dependent upon the availability of reliable MHE. In the past we have been able to make up any shortfalls in funding by utilizing surplus equipment, however, this avenue is slowly drying up. Non-repairable equipment is not cost effective to maintain for continued operation, and repair parts are difficult to obtain. Replacement of non-repairable equipment with new and more efficient models will reduce excessive costs attributed to repair/overhaul, downtime and maintenance. New equipment will enhance productivity and enable users to meet handling and logistics requirements in an efficient and effective manner. For these reasons it is essential to maintain a funding to cover procurement of new equipment as required.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission: FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date: Navy/Supply Management/January 2005				C. Line No. & Item Description: 02 CIVIL ENGINEERING SUPPORT EQUIPMENT			D. Activity Identification: NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
02 CIVIL ENGINEERING SUPPORT EQUIPMENT	VAR	VAR	0.793	VAR	VAR	0.807	VAR	VAR	0.819	VAR	VAR	0.833

Narrative Justification:

NAVSUP is responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for Logistics Service Center (LSC) support, Fleet Industrial & Supply Center (FISC) operations, Special Material Logistics support, Fuel Depot operations throughout the claimancy. This equipment is necessary to maintain and improve the working conditions and assist NAVSUP operations employees. Safety, reliability, maintenance cost and customer support are directly impacted by age and condition of this equipment. Examples: 20 ton Semi trailer stake 2 axle, 20 ton Semi trailer van 2 axle.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Navy/Supply Management/January 2005				C. Line No. & Item Description 07 INFORMATION TECHNOLOGY (BLC)			D. Activity Identification NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
07 INFORMATION TECHNOLOGY (BLC)	VAR	VAR	1.806	VAR	VAR	1.286	VAR	VAR	1.305	VAR	VAR	1.327

Narrative Justification:

Information Technology provides the information technology (IT) tools and related services that are required to refresh and support the NAVSUP corporate non-NMCI IT infrastructure. This infrastructure consists of various hardware and software components and related services. Included are: MID Tier Management software, NAVSISA test and development environment, mid-tier application hosting, Legacy Network Administration, infrastructure and associated peripherals. Information Technology pays for the procurement of this hardware. Information Technology also maintains support of corporate software licenses. These licenses have wide applicability across the claimancy and are deemed to be more efficient if managed centrally. Included are licenses for: Oracle database, Novell network, E.Power, Lotus Notes applications, Webmethods enterprise application integration, Cognos data warehouse, Microsoft operating system and office, and other minor software suites. Supports Implementation of the IT Risk Assessment Program, IT Lifecycle Evaluation System and the expansion of the existing corporate reporting systems to include IT performance metrics. ITS includes licenses for the Central Design Agency's Architectural Support.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission: FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date: Navy/Supply Management/January 2005				C. Line No. & Item Description: 08 NAVSISA EQUIPMENT			D. Activity Identification: NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
08 NAVSISA EQUIPMENT	VAR	VAR	0.500	VAR	VAR	0.500	VAR	VAR	0.500	VAR	VAR	0.500

Narrative Justification:

NAVSISA - Funds provide support to the Navy Supply Information Systems Activity (NAVSISA) Legacy/Non-NMCI Network Plan. As part of the plan, NAVSISA is upgrading its network which will replace obsolete non-NMCI ADP equipment in order to provide an environment for client/server development. A variety of PC hardware platforms currently exist in NAVSISA which prevents deployment of the development tools needed to maintain its competitiveness. Upgrading and standardizing hardware infrastructure will allow NAVSISA to use the network to deploy the latest legacy/non-NMCI software products.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Navy/Supply Management/January 2005				C. Line No. & Item Description 10 ASSET VISIBILITY INTIATIVES			D. Activity Identification NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
10 ASSET VISIBILITY INTIATIVES	VAR	VAR	1.588	VAR	VAR	1.270	VAR	VAR	1.207	VAR	VAR	1.147

Narrative Justification:

ASSET VISIBILITY INITIATIVES: Asset visibility initiatives were developed with internal edits and validations that impose inventory accuracy standards at repair contractors, with a high accuracy rate. Asset visibility is mandated by both congressional and GAO audits and has documented savings. Asset visibility represents a technological investment in our material managements systems, which has already saved dollars that would have been spent in the procurement and stocking of large inventories. In order to remain responsive to the needs of the war fighter and reduce overall logistics costs, asset visibility programs were transitioned into an open system architecture that can be used to rapidly incorporate or modify system software. Using an internet and client server format/architecture facilitates Navy efforts to gain visibility and automated access to assets. Inclusion of transaction capabilities allows asset visibility to be used for DVD/PBL vendors and PICA/SICA activities. Additionally, efforts to integrate in-transit information are critical to "close the loop" and provide a complete asset visibility picture to our customers. Concurrently, we will be modifying/upgrading to allow us to fully utilize/interface with this new capability/information. Previous tracking methods of inventories proved inaccurate and costly. Asset visibility is an integral part of the Navy effort which reduces procurement costs through redistribution of assets and increases operational readiness through higher accountability, availability and accessibility. Additionally, a customer's confidence in the Supply System increases over time as his material and information needs are met in a more timely, effective manner. Improved inventory accuracy reduces the volume of material reorders and lower safety levels (logistics footprint) both INCONUS and In-Theater.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Navy/Supply Management/January 2005				C. Line No. & Item Description 11 FINANCIAL INTIATIVES			D. Activity Identification NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
11 FINANCIAL INTIATIVES	VAR	VAR	1.464	VAR	VAR	1.245	VAR	VAR	1.007	VAR	VAR	1.086

Narrative Justification:

MFCS is the Navy's premier Inventory and Financial Accounting system for Wholesale and Retail inventories within the Navy. The MFCS Program consists of several individual projects: Retail Ashore; Retail Afloat; and PX02/04/06. The system is jointly owned by NAVSUP (51%) and DFAS (49%). The MFCS Program seeks to accomplish several goals to include: meeting Congressional CFO compliance standards; standardizing financial business practices for NWCF material ashore and afloat, retail and wholesale; replacing legacy accounting systems; centralizing accounting processes at NAVICP; supporting Total Asset Visibility initiatives; and providing a stepping stone for ERP financials. Development efforts include moving the afloat community into PX02/04 for Allotment Accounting/Expenditure Processing, several large projects deferred at PX02/04 implementation, and smaller PX02/04 projects to enhance both Retail and Wholesale functionality. End state - MFCS supports the NAVSUP ERP initiative by consolidating accounting/financial systems into something that is easier to convert to SAP. Benefits of centralized accounting under MFCS include: eliminating redundant systems; improving retail in-transit tracking; reduced ops cost; better metrics/control; and early detection of supply/financial disconnects.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Navy/Supply Management/January 2005				C. Line No. & Item Description 12 INFORM-21			D. Activity Identification NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
12 INFORM-21	VAR	VAR	1.227	VAR	VAR	1.269	VAR	VAR	1.206	VAR	VAR	1.146

Narrative Justification:

Information Management for the 21st Century (InforM-21) provides the Information Technology (IT) decision support data warehouse infrastructure to support the NAVSUP claimancy. The Data Warehouse will include data from both Mechanicsburg and Philadelphia operational systems, as well as RSupply and other stock point systems when it is fully populated. It will include the infrastructure to support Fleet and Industrial Supply Center Mangement Information System (FISCMIS), a system that provides an automated standard process for generating logistics business metrics and standard management reports, enhanced with a tool that gives users drill-down capability for more refined data analysis. Eventually, this effort will replace the existing decision support systems distributed throughout the claimancy, since the current decision support systems cannot and do not consider the impact of their decision recommendations on other functional areas within the enterprise. The InforM-21 data warehouse effort will support process improvements and new business processes obtained through the purchase of commercial-off-the-shelf (COTS) software.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Navy/Supply Management/January 2005				C. Line No. & Item Description 13 INTEGRATED DATA ENVIRONMENT			D. Activity Identification NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
13 INTEGRATED DATA ENVIRONMENT	VAR	VAR	1.504	VAR	VAR	1.532	VAR	VAR	1.455	VAR	VAR	1.382

Narrative Justification:

The Integrated Data Environment (IDE) provides the corporate Information Technology (IT) data infrastructure to support the Naval Supply (NAVSUP) day-to-day business. It will bring together the pieces of data we collect and compute in our IT systems to create information. Additionally, it will create the standards by which we will share data outside the command. Standard documented data views and exchange procedures will be used for current and future interfaces.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Navy/Supply Management/January 2005				C. Line No. & Item Description 14 ONE TOUCH V3.2			D. Activity Identification NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
14 ONE TOUCH V3.2	VAR	VAR	4.127	VAR	VAR	3.915	VAR	VAR	3.328	VAR	VAR	2.829

Narrative Justification:

Enables a customer to use internet technology to access the broad scope of the Navy/DOD supply system to locate available stock, enter requisitions, perform technical screening functions and check on requisition status. Through One Touch, the user has virtual access to all Navy-authorized supply sources using a single Password using commercially-available PKI technology. Integration of the Regional One Touch site will improve system security and make access seamless to all Region-unique functions, e.g., direct sales from local vendors and service providers.

In support of the mandated transition of the Navy's supply chain from an inventory based, batch processing system to a velocity-based, electronic commerce system, we must implement modern state of the art business to business (B2B), and business to customer (B2C) tools which provide us with the capability to track requirements for our customers from generation to fulfillment and eliminate some of the corporate infrastructure which currently sits between out customers and our suppliers. We anticipate standing up a corporate web-based order fulfillment system which will enable our customers to communicate directly with any required suppliers, providing us with increased corporate knowledge of the customer requirements and facilitating the collaborative forecasting and procurement for common needs across a widely divergent customer base. This commercially developed and commercially hosted application will allow us to build and maintain a state of the art fully automated electronic supply chain for US Navy customers and suppliers. With an extended supply chain which reaches into the customer's and supplier's information systems, a business environment capable of true data sharing is imperative.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Navy/Supply Management/January 2005				C. Line No. & Item Description 15 TECHNOLOGY MANAGEMENT			D. Activity Identification NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
15 TECHNOLOGY MANAGEMENT	VAR	VAR	-	VAR	VAR	-	VAR	VAR	0.268	VAR	VAR	0.268

Narrative Justification:

Technology Management provides the technology tools and related services to create management, governance and collaborative processes and will create a standard framework to facilitate consistent, value based IT investment and engineering decision-making both physically and virtually. Resources will support architecture and enterprise collaboration software investment. Project supports IT initiatives 022, 23 and 24 and DoD Air Clearance Authority (ACA) Automated Information System (AIS). Investment cost supports the NAVSISA CDA development costs to achieve FOC. Technology Management will compare implementation costs against anticipated savings. A component of Technology Management is portfolio management. Navy defines Portfolio Management as "a process that will help decision makers link Information Technology (IT) investments directly to their organization's mission, to achieve measurable improvements to their mission outcomes. The process should not only give decision makers a view of a particular system or investment but provide a view of systems and investments that are interdependent or codependent on each other. This process includes the resources, management and related investments that are required to accomplish a mission-related or administrative outcome using the following activities: selection, management and evaluation." The Clinger-Cohen Act requires that we design and implement a capital planning and investment control process which will maximize the value and assess and manage the risks of IT expenditures. The Federal Acquisition Streamlining Act requires that we define the cost, performance and schedule goals for IT initiatives. The Paperwork Reduction Act requires that we maintain a complete inventory of information resources. The DON CIO has translated these requirements into a Capital Planning Guide (April 2001) which requires that we have a Portfolio Management process in place.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission: FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date: Navy/Supply Management/January 2005				C. Line No. & Item Description: 17 ENTERPRISE RESOURCE PLANNING			D. Activity Identification: NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
17 ENTERPRISE RESOURCE PLANNING	VAR	VAR	33.367	VAR	VAR	-	VAR	VAR	-	VAR	VAR	1.000

Narrative Justification:

SMART Sustainment (FY2004): The Navy has successfully completed an examination of the aviation supply chain and maintenance areas of its logistics infrastructure and associated processes to ascertain ways to improve and reduce costs while training/improving support to the warfighter. NAVSUP found that commercially available Enterprise Resource Planning (ERP) programs have applicability for the Navy logistics, supply and maintenance chains.

Converged ERP (FY2007): ERP is a Department of the Navy (DoN) effort to reengineer and standardize business processes, integrate operations, and optimize management of resources. To date, the Navy has invested funds in four pilots. They are: Financial Management, sponsored by the Space and Naval Warfare Systems Centers (SSCs); Aviation Supply Chain/Maintenance Management, sponsored by Naval Supply Systems Command (NAVSUP); Program Management, sponsored by the Naval Air Systems Command (NAVAIR); and Regional Maintenance Management sponsored by Naval Sea Systems Command (NAVSEA). In August 2002, the Assistant Secretary of the Navy for Research, Development, and Acquisition directed that convergence of pilot management be placed under one Program Management Office (PMO). As the spokesperson for the Navy Converged-ERP (C-ERP) effort, the PMO C-ERP spearheaded establishment of the Converged ERP baseline in the FY 2005 President's Budget and is charged with execution of the currently approved program.

The PMO estimates that $1.000 million in FY 2007 capital purchase authority will be required by NAVSUP to purchase software licenses. The cost of installation and rollout of C-ERP is a cost to the working capital fund business unit where the converged solution is being deployed. This funding construct is consistent with the program financial architecture briefed to OSD(C) and Domain Managers. The material funded via CPP is software licenses to support the installation and rollout of C-ERP within the Supply business area. The licenses are unrelated to C-ERP development and do not have application outside of the NWCF supply management activity group. Therefore, these licenses are appropriately financed via NWCF.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Millions)							A. Budget Submission FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005					
B. Component/Business Area/Date Navy/Supply Management/January 2005				C. Line No. & Item Description 20 MINOR CONSTRUCTION			D. Activity Identification NWCF					
	FY 2004			FY 2005			FY 2006			FY 2007		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
20 MINOR CONSTRUCTION	VAR	VAR	0.477	VAR	VAR	2.328	VAR	VAR	2.398	VAR	VAR	2.470

Narrative Justification:

NAVSUP, as the maintenance UIC for all facilities occupied and operated by NAVSUP employees, is responsible for Real Property Maintenance (Minor Construction portion) of facilities occupied and operated by NAVSUP. These projects are necessary to maintain and improve the working conditions for NAVSUP claimancy employees. Projects include Minor Construction requirements of facilities maintenance as well as Quality of Life and correction of Safety deficiencies. Minor Construction funding requested supports the overall RPM objectives of the NAVFAC recommended maintenance spending limits of between 2% to 4% annually based on the associated property values. Each minor construction project must be less than $500,000.

DEPARTMENT OF NAVY
Activity Group: Supply Management
CAPITAL BUDGET EXECUTION
FY 2004
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(Dollars in Millions)

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/Reason for Change
04	Non-ADP Equipment	.200	1.799	1.999	.000	Adjusted requirements
04	ADP Equipment	.230	2.076	2.306	.000	Adjusted requirements
04	Software Development	-1.336	44.613	43.277	.000	Adjusted requirements
04	Minor Construction	-.884	1.361	.477	.000	Adjusted requirements
	Total Capital Investment	-1.789	49.849	48.060	.000	

DEPARTMENT OF NAVY
Activity Group: Supply Management
CAPITAL BUDGET EXECUTION
FY 2005
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(Dollars in Millions)

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/Reason for Change
05	Non-ADP Equipment	.000	1.822	1.822	.000	
05	ADP Equipment	.000	1.786	1.786	.000	Adjusted requirements
05	Software Development	.000	9.231	9.231	.000	Adjusted requirements
05	Minor Construction	.000	2.328	2.328	.000	Adjusted requirements
	Total Capital Investment	.000	15.167	15.167	.000	

DEPARTMENT OF NAVY
Activity Group: Supply Management
CAPITAL BUDGET EXECUTION
FY 2006
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(Dollars in Millions)

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/Reason for Change
06	Non-ADP Equipment	.000	1.849	1.849	.000	
06	ADP Equipment	.000	1.805	1.805	.000	
06	Software Development	.000	8.471	8.471	.000	
06	Minor Construction	.000	2.398	2.398	.000	
	Total Capital Investment	.000	14.523	14.523	.000	

DEPARTMENT OF NAVY
Activity Group: Supply Management
CAPITAL BUDGET EXECUTION
FY 2007
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

(Dollars in Millions)

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/Reason for Change
07	Non-ADP Equipment	.000	1.933	1.933	.000	
07	ADP Equipment	.000	1.827	1.827	.000	
07	Software Development	.000	8.857	8.857	.000	
07	Minor Construction	.000	2.470	2.470	.000	
	Total Capital Investment	.000	15.087	15.087	.000	

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES – FEBRUARY 2005

Activity Group Functions:

The Navy Working Capital Fund Supply Management Activity Group performs inventory management functions that result in the sale of consumable and reparable items to support both Department of Defense (DoD) and other government entities. All costs related to supplying this material to the customer are recouped through the assessment of stabilized prices that include cost recovery elements to recover costs such as inventory management, and receipt and issue of Department managed material.

Activity Group Composition:

The following activities are funded in this Activity Group:

Supply Chain Management Center, Albany, GA
Direct Support Stock Control, Albany, GA
Direct Support Stock Control, Barstow, CA
Business Logistics Support Department, Camp Lejeune, NC
Direct Support Stock Control, Quantico, VA
Direct Support Stock Control, Twenty-Nine Palms, CA
Consolidated Material and Service Center, Camp Pendleton, CA
Direct Support Stock Control, Camp Butler, JA

Executive Summary

The Marine Corps continues to focus on its logistical transformation of distribution and maintenance systems as outlined in Logistics Modernization (formerly Integrated Logistics Capabilities) goals. Logistics Modernization goals are to:

- Customize management of 4th echelon of maintenance of secondary repairables
- Move 2nd and 3rd echelon of maintenance to the intermediate level
- Consolidate supply functions at the retail level Supply Activity Support System (SASSY) Management Unit
- Institutionalize the Quadrant Model for materiel management
- Institutionalize Performance Based Agreements (PBAs) consistent with industry proven Supply Chain Operating Reference (SCOR) practices and results.

These series of business processes are building knowledge of customers' operational requirements for managers to forecast budget requirements more efficiently and effectively.

As of this submission, decapitalization of fuel to the Defense Logistics Agency has occurred at all sites except Camp Lejeune, NC and Camp Pendleton, CA. Marine Corps is scheduled to complete these sites in FY 2006. This budget includes obligation authority to sustain these two sites through the transition period.

Program Highlights

Retail:

($Million)	FY 2004	FY 2005	FY 2006	FY 2007
Gross Sales	88.5	89.1	87.3	83.0
Credit Sales	0.3	0.2	0.2	0.2
Net Sales	88.2	88.9	87.1	82.8
Obligations-Peacetime	86.3	83.6	83.1	82.8
Obligations-Mobilization	1.3	0.4	0.0	0.0
Unit Cost	0.98	0.94	0.95	1.00

Gross sales decreasing trend through FY 2007 is a direct result of efforts to reduce the NWCF footprint where customers would be better served by commercial activities use of direct funding to purchase supplies from vendors. Credit sales are projected to remain constant from FY 2005 through FY 2007.

FY 2004 obligations supporting peacetime needs increased due to customer demands in support of the Global War on Terrorism (GWOT). In FY 2005, obligations decreased as a result of reduced customer requirements related to the Armor Plating project at Maintenance Center, Albany GA; spares procurement for Light Weight (LTWT) 155 Howitzer and upgrade of the Logistics Assault Vehicle (LAV), and High Mobility Multi Wheeled Vehicle (HMMWV). Obligations continue to decrease slightly through FY 2007 due to decreased customer demand; however, the Marine Corps expects obligations to plateau in the outyears in order to sustain required support of the GWOT.

Wholesale:

($Million)	FY 2004	FY 2005	FY 2006	FY2007
Gross Sales	105.7	90.2	51.6	49.7
Credit Sales	6.3	3.5	3.5	3.5
Net Sales	99.4	86.7	48.1	46.2
Obligations-Peacetime	79.1	83.8	51.2	56.3
Obligations-Mobilization	3.2	4.5	0	0
Cost of Operations	11.7	12.2	12.5	12.6
Unit Cost	.92	1.10	1.30	1.46

Gross sales increases through FY 2005 are primarily attributable to inflation, support of the war effort, the rebuild of battle-damaged equipment, and ongoing peacetime requirements. The FY 2006 through FY 2007 decrease is a result of a decline in the FY 2006 cost recovery rate

combined with an unexpected demand surge in FY 2004/2005 and the satisfaction of wartime customer demands.

Obligations increase through FY 2005 commensurate with wartime demand for Long Range Radar System spares and rebuilding battle damaged equipment. As a result of filling FY 2005 customer backorders, obligations decline in FY 2006. FY 2007 obligations increase due to spares procurement in support of the Joint Tactical Radio System and Transition Switch Module.

FY 2006 and FY 2007 unit cost increases mainly attributable to decline of the cost recovery rates, which significantly reduced the sales based upon which unit cost is calculated.

Peacetime Operating Stock (POS) Inventory

Standard Unit Price ($Million)	FY 2004	FY 2005	FY 2006	FY 2007
Retail	152.6	137.5	134.9	132.9
Wholesale	423.4	422.3	417.4	401.7
Total	576.0	559.8	552.3	534.6

This submission reflects a reduction in the retail inventory associated with reducing the NWCF footprint. Wholesale inventory reduction reflects improvements realized from Logistics Modernization initiatives and single site supply chain management.

Net Operating Result (NOR)/Accumulated Operating Result (AOR)

($Million)	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	187.6	175.6	135.3	129.1
Expenses	186.1	169.4	140.0	134.4
Operating Result	1.5	6.2	-4.7	-5.3
Adj. to NOR	4.5	4.9	0.0	0.0
NOR	6.0	11.1	-4.7	-5.3
Other Changes AOR	0.0	2.4	0.0	0.0
Prior Year AOR	48.2	51.8	62.9	5.3
Adj. to AOR	0.0	-2.4	-52.9	0.0
AOR	54.2	62.9	5.3	0.0

Revenue and expenses decline across the budget years commensurate with sales and obligations. This budget reflects spreading projected AOR gains over two years. The budget is balanced and achieves a zero AOR in FY 2007.

Economic Indicators

Description	FY 2004	FY 2005	FY 2006	FY 2007
Cost Recovery Rate (%)	29.27%	33.51%	17.74%	20.61%
Annual Price Change (%)	-18.71%	6.05%	-10.77%	3.81%

FY 2005 cost recovery rate (CRR) increases primarily due to stabilization of retail gains/losses. CRR declines through FY 2007 due to previous Accumulated Operating Results (AOR) gains.

Description	FY 2004	FY 2005	FY 2006	FY 2007
Personnel (End Strength):	26	24	24	24
Civilians	26	24	24	24
Military	0	0	0	0

Undelivered Orders: Undelivered orders represent contracts or orders for goods for which a liability has not yet accrued. The accrual of the liability creates an outlay requirement. Marine Corps Supply undelivered orders balance for material as of 30 September 2004 was approximately $151.8 million. This amount represents an upward trend of about $10.6 million from end-of-year FY 2003. The increase is attributable primarily to longer lead times resulting from new production line startups in response to demand driven by the Global War on Terrorism (GWOT).

Performance Measures: NWCF-SM reflects the full cost of achieving performance goals in Budget Form SM-16, "Total Cost per Output Summary." This budget submission fully funds both material and operations costs. The primary performance measurement tool for the Supply Management - Marine Corps business area is the "Balanced Scorecard" tool. The Balanced Scorecard provides the indicators that link Marine Corps Logistics Command (LOGCOM) strategic plan to their performance budget and to the Commandant of the Marine Corps' priorities, which directly support DoD strategic goals as described in the Quadrennial Defense Review (QDR) report. The Balanced Scorecard is divided into four major categories: Customer/War fighter, Financial, Internal Process and Learning & Growth. The primary performance indicator, "Supply Chain Performance," measures the capacity of the supply chain to respond to customer demand. Key metrics include:

- Fill Rate
- Order Filling Accuracy
- On-Time Shipping
- Claim-Free Delivery
- Backorders
- Customer Wait Time (CWT)
- Administrative Lead Time (ALT)
- Procurement Lead Time (PLT)
- Repair Cycle Time (RCT)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
SUMMARY

	FY 2004	FY 2005	FY 2006	FY 2007
Revenue				
Operations (Gross Sales)	194.2	179.3	139.0	132.8
Capital Surcharge	0.0	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
Refunds/Discounts	(6.6)	(3.7)	(3.7)	(3.7)
Total Income:	187.6	175.6	135.3	129.1
Expenses				
Cost of Materiel Sold from Inventory	169.9	157.2	127.6	121.9
Salaries and Wages:				
Military Personnel Compensation & Benefits	0.0	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	1.8	1.8	1.9	2.0
Travel & Transportation of Personnel	0.1	0.1	0.1	0.1
Materials & Supplies (For internal Operations)	0.0	0.0	0.0	0.0
Mobilization	4.5	0.0	0.0	0.0
Other Purchases from Revolving Funds	7.1	7.7	7.7	7.7
Transportation of Things	0.1	0.1	0.1	0.1
Depreciation - Capital	0.0	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0	0.0
Other Purchased Services	2.6	2.5	2.6	2.60
Total Expenses:	186.1	169.4	140.0	134.4
Operating Result:	1.5	6.2	(4.7)	(5.3)
Less Capital Surcharge Reservation	0.0	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - *WRM*	4.5	4.9	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0	0.0
Navy Cash Recovery	0.0	0.0	0.0	0.0
Net Operating Result:	6.0	11.1	(4.7)	(5.3)
Other Changes Affecting AOR	0.0	2.4	0.0	0.0
Prior Year AOR	48.2	51.8	62.9	5.3
AOR Redistribution	0.0	(2.4)	(38.5)	0.0
Cash Factor (Retained AOR)	0.0	0.0	(14.4)	0.0
Accumulated Operating Result:	54.2	62.9	5.3	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
RETAIL PROGRAM

	FY 2004	FY 2005	FY 2006	FY 2007
Revenue				
Gross Sales	88.5	89.1	87.3	83.0
Capital Surcharge	0.0	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
Refunds/Discounts	(0.3)	(0.2)	(0.2)	(0.2)
Total Income:	88.2	88.9	87.1	82.8
Expenses				
Cost of Materiel Sold from Inventory	86.3	83.6	83.1	82.8
Salaries and Wages:				
Military Personnel Compensation & Benefits	0.0	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	0.0	0.0	0.0	0.0
Travel & Transportation of Personnel	0.0	0.0	0.0	0.0
Materials & Supplies (For Internal Operations)	0.0	0.0	0.0	0.0
Mobilization	1.3	0.0	0.0	0.0
Other Purchases from Revolving Funds	0.0	0.0	0.0	0.0
Transportation of Things	0.0	0.0	0.0	0.0
Depreciation - Capital	0.0	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0	0.0
Other Purchased Services	0.0	0.0	0.0	0.0
Total Expenses:	87.6	83.6	83.1	82.8
Operating Result:	0.6	5.4	4.0	0.0
Less Capital Surcharge Reservation	0.0	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - *WRM*	1.3	0.4	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0	0.0
Navy Cash Recovery	0.0	0.0	0.0	0.0
Net Operating Result:	1.9	5.8	4.0	0.0
Other Changes Affecting AOR	0.0	0.0	0.0	0.0
Prior Year AOR	36.4	38.3	44.0	48.0
AOR Redistribution	0.0	0.0	0.0	0.0
Cash Factor	0.0	0.0	0.0	0.0
Accumulated Operating Result:	38.3	44.0	48.0	48.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
BP 84 MC MANAGED - SURCHARGED APPLIED

	FY 2004	FY 2005	FY 2006	FY 2007
Revenue				
Gross Sales	73.0	53.8	30.6	27.7
Capital Surcharge	0.0	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
Refunds/Discounts	(3.2)	(1.6)	(1.6)	(1.6)
Total Income:	69.9	52.2	29.0	26.1
Expenses				
Cost of Materiel Sold from Inventory (w/ Surcharge)	53.9	39.1	24.8	19.0
Salaries and Wages:				
Military Personnel Compensation & Benefits	0.0	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	1.8	1.8	1.9	2.0
Travel & Transportation of Personnel	0.1	0.1	0.1	0.1
Materials & Supplies (For internal Operations)	0.0	0.0	0.0	0.0
Mobilization	0.0	0.0	0.0	0.0
Other Purchases from Revolving Funds	7.1	7.7	7.7	7.7
Transportation of Things	0.1	0.1	0.1	0.1
Depreciation - Capital	0.0	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0	0.0
Other Purchased Services	2.6	2.5	2.6	2.6
Total Expenses:	65.6	51.3	37.3	31.5
Operating Result:	4.2	0.9	(8.3)	(5.4)
Less Capital Surcharge Reservation	0.0	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - *WRM*	0.0	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0	0.0
Navy Cash Recovery	0.0	0.0	0.0	0.0
Net Operating Result:	4.2	0.9	(8.3)	(5.4)
Other Changes Affecting AOR	0.0	0.0	0.0	0.0
Prior Year AOR	11.7	13.5	12.0	(34.7)
AOR Redistribution	0.0	(2.4)	(38.5)	0.0
Cash Factor	0.0	0.0	0.0	0.0
Accumulated Operating Result:	15.9	12.0	(34.7)	(40.1)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
REVENUE AND EXPENSES
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(Dollars in Millions)
BP 84: NON-SURCHARGED ITEMS

	FY 2004	FY 2005	FY 2006	FY 2007
Revenue				
Gross Sales	32.7	36.4	21.0	22.1
Capital Surcharge	0.0	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
Refunds/Discounts	(3.2)	(1.9)	(1.9)	(1.9)
Total Income:	29.6	34.5	19.1	20.2
Expenses				
Cost of Material Sold	29.7	34.5	19.6	20.1
Salaries and Wages:				
Military Personnel Compensation & Benefits	0.0	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefits	0.0	0.0	0.0	0.0
Travel & Transportation of Personnel	0.0	0.0	0.0	0.0
Materials & Supplies (For internal Operations)	0.0	0.0	0.0	0.0
Mobilization	3.2	0.0	0.0	0.0
Other Purchases from Revolving Funds	0.0	0.0	0.0	0.0
Transportation of Things	0.0	0.0	0.0	0.0
Depreciation - Capital	0.0	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0	0.0
Other Purchased Services	0.0	0.0	0.0	0.0
Total Expenses:	32.9	34.5	19.6	20.1
Operating Result:	(3.3)	(0.0)	(0.5)	0.1
Less Capital Surcharge Reservation	0.0	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - *WRM*	3.2	4.5	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0	0.0
Navy Cash Recovery	0.0	0.0	0.0	0.0
Net Operating Result:	(0.1)	4.5	(0.5)	0.1
Other Changes Affecting AOR	0.0	2.4	0.0	0.0
Prior Year AOR	0.1	(0.0)	6.9	(7.9)
AOR Redistribution	0.0	0.0	0.0	0.0
Cash Factor	0.0	0.0	(14.4)	0.0
Accumulated Operating Result:	(0.0)	6.9	(7.9)	(7.9)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Source of Revenue
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
Summary
(Dollars in Millions)

Navy Working Capital Fund

	FY 2004	FY 2005	FY 2006	FY 2007
1. New Orders				
1a. Orders from DoD Components:				
Own Component				
Military Personnel, M.C.	0.0	0.0	0.0	0.0
O & M, M.C.	133.0	92.4	87.0	91.5
O & M, M.C. Reserve	2.3	2.4	1.6	1.6
Reserve Personnel, M.C.	0.0	0.0	0.0	0.0
Procurement, M.C.	9.1	22.3	16.6	15.4
Other Services (O&M)				
Army	5.2	4.4	4.6	5.2
Air Force	1.1	1.2	1.3	1.3
Navy	2.6	2.7	2.2	
All Other DOD	0.0	0.0	0.4	0.2
Subtotal	153.4	125.3	113.6	115.2
1b. Orders from other Fund Business Areas:				
Navy Supply Management	0.1	0.1	0.2	0.1
M.C. Depot Maintenance	8.6	6.8	6.7	6.9
Subtotal	8.7	6.8	6.9	7.0
1c. Total DoD	162.1	132.2	120.4	122.2
1d. Other Orders:				
Other Federal Agencies	0.2	0.2	0.2	0.3
Foreign Military Sales	5.0	5.0	5.0	5.0
Non Federal Agencies	0.1	0.1	0.2	0.2
Subtotal	5.4	5.4	5.4	5.4
1. Total New Orders	167.5	137.5	125.8	129.9
2. Carry-In Orders	108.2	81.4	39.7	26.6
3. Total Gross Orders:	275.7	219.1	165.5	156.5
4. Funded Carry-over:	81.4	39.7	26.6	23.7
5. Total Gross Sales:	194.2	179.3	138.9	132.8

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Source of Revenue
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
Retail Summary
(Dollars in Millions)

Navy Working Capital Fund

	FY 2004	FY 2005	FY 2006	FY 2007
1. New Orders				
1a. Orders from DoD Components:				
Own Component				
Military Personnel, M.C.	0.0	0.0	0.0	0.0
O & M, M.C.	83.2	64.6	68.4	66.9
O & M, M.C. Reserve	2.3	2.4	1.6	1.6
Reserve Personnel, M.C.	0.0	0.0	0.0	0.0
Procurement, M.C.	1.6	5.1	4.5	1.7
Other Services (O&M)				
Army	2.8	2.4	2.6	3.2
Air Force	0.3	0.3	0.4	0.4
Navy	2.2	2.4	1.9	2.0
All Other DOD	0.0	0.0	0.4	0.2
Subtotal	92.5	77.1	79.7	76.0
1b. Orders from other Fund Business Areas:				
Navy Supply Management	0.1	0.1	0.2	0.1
M.C. Depot Maintenance	4.1	3.6	3.5	3.7
Subtotal	4.2	3.6	3.7	3.8
1c. Total DoD	96.7	80.8	83.3	79.8
1d. Other Orders:				
Other Federal Agencies	0.2	0.2	0.2	0.3
Foreign Military Sales	0.0	0.0	0.0	0.0
Non Federal Agencies	0.1	0.1	0.2	0.2
Subtotal	0.4	0.4	0.4	0.4
1. Total New Orders	97.1	81.1	83.7	80.2
2. Carry-In Orders	10.8	19.3	11.4	7.8
3. Total Gross Orders:	107.9	100.5	95.1	88.0
4. Funded Carry-over:	19.3	11.4	7.8	4.9
5. Total Gross Sales:	88.5	89.1	87.3	83.1

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Source of Revenue
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
Budget Project 28 Retail Supplies
(Dollars in Millions)

Navy Working Capital Fund

	FY 2004	FY 2005	FY 2006	FY 2007
1. New Orders				
1a. Orders from DoD Components:				
Own Component				
Military Personnel, M.C.	0.0	0.0	0.0	0.0
O & M, M.C.	72.1	48.1	50.0	49.9
O & M, M.C. Reserve	2.3	2.3	1.6	1.6
Reserve Personnel, M.C.	0.0	0.0	0.0	0.0
Procurement, M.C.	1.6	5.1	4.5	1.7
Other Services (O&M)				
Army	2.8	2.3	2.5	3.1
Air Force	0.3	0.3	0.4	0.4
Navy	1.5	1.7	1.2	1.3
All Other DOD	0.0	0.0	0.4	0.2
Subtotal	80.7	59.9	60.5	58.2
1b. Orders from other Fund Business Areas:				
Navy Supply Management	0.1	0.1	0.2	0.1
M.C. Depot Maintenance	4.0	3.5	3.4	3.6
Subtotal	4.1	3.6	3.6	3.7
1c. Total DoD	84.8	63.5	64.2	61.9
1d. Other Orders:				
Other Federal Agencies	0.2	0.2	0.2	0.3
Foreign Military Sales	0.0	0.0	0.0	0.0
Non Federal Agencies	0.1	0.1	0.2	0.2
Subtotal	0.4	0.4	0.4	0.4
1. Total New Orders	85.1	63.8	64.6	62.3
2. Carry-In Orders	10.8	19.3	11.4	7.8
3. Total Gross Orders:	95.9	83.2	76.0	70.1
4. Funded Carry-over:	19.3	11.4	7.8	4.9
5. Total Gross Sales:	76.6	71.8	68.2	65.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Source of Revenue
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
Budget Project 28 DSSC
(DOLLARS IN MILLIONS)

Navy Working Capital Fund

	FY 2004	FY 2005	FY 2006	FY 2007
1. New Orders				
1a. Orders from DoD Components:				
Own Component				
Military Personnel, M.C.	0.0	0.0	0.0	0.0
O & M, M.C.	51.1	47.6	49.2	49.4
O & M, M.C. Reserve	2.3	2.3	1.6	1.6
Reserve Personnel, M.C.	0.0	0.0	0.0	0.0
Procurement, M.C.	0.0	0.0	0.0	0.0
Other Services (O&M)				
Army	2.8	2.3	2.5	3.1
Air Force	0.2	0.2	0.3	0.3
Navy	1.0	1.3	0.8	0.9
All Other DOD	0.0	0.0	0.4	0.2
Subtotal	57.5	53.8	54.8	55.5
1b. Orders from other Fund Business Areas:				
Navy Supply Management	0.1	0.1	0.2	0.1
M.C. Depot Maintenance	3.9	3.4	3.3	3.5
Subtotal	4.0	3.5	3.5	3.6
1c. Total DoD	61.5	57.2	58.3	59.1
1d. Other Orders:				
Other Federal Agencies	0.2	0.2	0.2	0.3
Foreign Military Sales	0.0	0.0	0.0	0.0
Non Federal Agencies	0.1	0.1	0.2	0.2
Subtotal	0.4	0.4	0.4	0.4
1. Total New Orders	61.9	57.6	58.7	59.5
2. Carry-In Orders	0.0	0.0	0.0	0.0
3. Total Gross Orders:	61.9	57.6	58.7	59.5
4. Funded Carry-over:	0.0	0.0	0.0	0.0
5. Total Gross Sales:	61.9	57.6	58.7	59.5

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Source of Revenue
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
Budget Project 28 Retail Centrally Managed
(DOLLARS IN MILLIONS)

Navy Working Capital Fund

	FY 2004	FY 2005	FY 2006	FY 2007
1. New Orders				
1a. Orders from DoD Components:				
Own Component				
Military Personnel, M.C.	0.0	0.0	0.0	0.0
O & M, M.C.	21.0	0.6	0.8	0.5
O & M, M.C. Reserve	0.0	0.0	0.0	0.0
Reserve Personnel, M.C.	0.0	0.0	0.0	0.0
Procurement, M.C.	1.6	5.1	4.5	1.7
Other Services (O&M)				
Army	0.0	0.0	0.0	0.0
Air Force	0.1	0.1	0.1	0.1
Navy	0.5	0.4	0.4	0.4
All Other DOD	0.0	0.0	0.0	0.0
Subtotal	23.2	6.1	5.8	2.7
1b. Orders from other Fund Business Areas:				
Navy Supply Management	0.0	0.0	0.0	0.0
M.C. Depot Maintenance	0.1	0.1	0.1	0.1
Subtotal	0.1	0.1	0.1	0.1
1c. Total DoD	23.3	6.2	5.9	2.8
1d. Other Orders:				
Other Federal Agencies	0.0	0.0	0.0	0.0
Foreign Military Sales	0.0	0.0	0.0	0.0
Non Federal Agencies	0.0	0.0	0.0	0.0
Subtotal	0.0	0.0	0.0	0.0
1. Total New Orders	23.3	6.2	5.9	2.8
2. Carry-In Orders	10.8	19.3	11.4	7.8
3. Total Gross Orders:	34.1	25.6	17.3	10.6
4. Funded Carry-over:	19.3	11.4	7.8	4.9
5. Total Gross Sales:	14.8	14.2	9.5	5.7

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Source of Revenue
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
Budget Project 38 Fuel
(Dollars in Millions)

Navy Working Capital Fund

	FY 2004	FY 2005	FY 2006	FY 2007
1. New Orders				
1a. Orders from DoD Components:				
Own Component				
Military Personnel, M.C.	0.0	0.0	0.0	0.0
O & M, M.C.	11.1	16.5	18.4	17.0
O & M, M.C. Reserve	0.0	0.0	0.0	0.0
Reserve Personnel, M.C.	0.0	0.0	0.0	0.0
Procurement, M.C.	0.0	0.0	0.0	0.0
Other Services (O&M)				
Army	0.0	0.0	0.0	0.0
Air Force	0.0	0.0	0.0	0.0
Navy	0.7	0.7	0.7	0.7
All Other DOD	0.0	0.0	0.0	0.0
Subtotal	11.9	17.2	19.1	17.8
1b. Orders from other Fund Business Areas:				
Navy Supply Management	0.0	0.0	0.0	0.0
M.C. Depot Maintenance	0.1	0.1	0.1	0.1
Subtotal	0.1	0.1	0.1	0.1
1c. Total DoD	11.9	17.3	19.2	17.9
1d. Other Orders:				
Other Federal Agencies	0.0	0.0	0.0	0.0
Foreign Military Sales	0.0	0.0	0.0	0.0
Non Federal Agencies	0.0	0.0	0.0	0.0
Subtotal	0.0	0.0	0.0	0.0
1. Total New Orders	11.9	17.3	19.2	17.9
2. Carry-In Orders	0.0	0.0	0.0	0.0
3. Total Gross Orders:	11.9	17.3	19.2	17.9
4. Funded Carry-over:	0.0	0.0	0.0	0.0
5. Total Gross Sales:	11.9	17.3	19.2	17.9

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Source of Revenue
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
Wholesale - BP 84 (Depot Level Reparables)
(Dollars in Millions)

Navy Working Capital Fund

	FY 2004	FY 2005	FY 2006	FY 2007
1. New Orders				
1a. Orders from DoD Components:				
Own Component				
Military Personnel, M.C.	0.0	0.0	0.0	0.0
O & M, M.C.	49.8	27.8	18.6	24.6
O & M, M.C. Reserve	0.0	0.0	0.0	0.0
Reserve Personnel, M.C.	0.0	0.0	0.0	0.0
Procurement, M.C.	7.5	17.2	12.1	13.7
Other Services (O&M)				
Army	2.4	2.0	2.0	2.0
Air Force	0.8	0.9	0.9	0.9
Navy	0.4	0.3	0.3	0.3
All Other DOD	0.0	0.0	0.0	0.0
Subtotal	60.9	48.2	33.9	41.5
1b. Orders from other Fund Business Areas:				
Navy Supply Management	0.0	0.0	0.0	0.0
M.C. Depot Maintenance	4.5	3.2	3.2	3.2
Subtotal	4.5	3.2	3.2	3.2
1c. Total DoD	65.4	51.4	37.1	44.7
1d. Other Orders:				
Other Federal Agencies	0.0	0.0	0.0	0.0
Foreign Military Sales	5.0	5.0	5.0	5.0
Non Federal Agencies	0.0	0.0	0.0	0.0
Subtotal	5.0	5.0	5.0	5.0
1. Total New Orders	70.4	56.4	42.1	49.7
2. Carry-In Orders	97.4	62.1	28.3	18.8
3. Total Gross Orders:	167.8	118.5	70.4	68.5
4. Funded Carry-over:	62.1	28.3	18.8	18.8
5. Total Gross Sales:	105.7	90.2	51.6	49.7

NAVY WORKING CAPITAL FUND

SUPPLY MANAGEMENT - MARINE CORPS

FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005

FUEL DATA

Depots

Product	FY 2004 Estimate BBLS (Millions)	FY 2004 Estimate Cost Per BBL ($)	FY 2004 Estimate Extended Price ($Millions)	FY 2005 Estimate BBLS (Millions)	FY 2005 Estimate Cost Per BBL ($)	FY 2005 Estimate Extended Price ($Millions)	FY 2006 Estimate BBLS (Millions)	FY 2006 Estimate Cost Per BBL ($)	FY 2006 Estimate Extended Price ($Millions)	FY 2007 Estimate BBLS (Millions)	FY 2007 Estimate Cost Per BBL ($)	FY 2007 Estimate Extended Price ($Millions)
Aircraft Ops												
AVGAS (CONUS)	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Unleaded-Mid	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-4 Milspec	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-5	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-8	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Distillates	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Residuals	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Diesel	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Total Air Ops	0.000		0.000	0.000		0.000	0.000		0.000	0.000		0.000
Other												
AVGAS (CONUS)	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Leaded	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Unleaded-Mid	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-5	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-8	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Distillates	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Residuals	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Gasahol	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Reclaimed	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Diesel	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Total Other	0.000		0.000	0.000		0.000	0.000		0.000	0.000		0.000
Ship Ops												
MOGAS: Unleaded - Mid	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
JP-5	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Distillates	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Residuals	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Reclaimed	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Diesel	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Total Ship Ops	0.000		0.000	0.000		0.000	0.000		0.000	0.000		0.000
Vehicle Ops												
AVGAS: (CONUS)	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Unleaded-Mid	46.634	40.74	1.900	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
MOGAS: Unleaded - Reg	0.000	0.00	0.000	39.311	55.02	2.163	47.001	60.48	2.843	43.401	57.54	2.497
JP-5	1.896	39.06	0.074	1.165	57.12	0.067	0.906	62.58	0.057	0.883	59.64	0.053
JP-8	45.030	38.22	1.721	46.080	56.28	2.593	47.310	61.74	2.921	47.300	58.80	2.781
Distillates	177.955	35.28	6.278	179.535	55.86	10.029	176.718	61.32	10.836	173.925	58.38	10.154
Gasohol	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Reclaimed	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
*Bio-Diesel	15.647	37.80	0.591	0.000	0.00	0.000	0.000	0.00	0.000	0.000	0.00	0.000
Diesel	27.136	40.74	1.106	42.841	55.02	2.357	43.769	60.48	2.647	43.564	57.54	2.507
Total Vehicle Ops	314.298		11.670	308.932		17.209	315.704		19.304	309.073		17.992
Total	314.298		11.670	308.932		17.209	315.704		19.304	309.073		17.992

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)

SUPPLY MANAGEMENT BY SUMMARY DIVISION

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2004										
Approved	522.7	97.3	147.9	157.2	4.5	0.0	161.7	27.4	189.1	3.7
Request	576.0	161.0	187.6	176.9	4.5	0.2	181.6	27.4	209.0	6.6
Delta	53.3	63.7	39.7	19.7	0.0	0.2	19.9	0.0	19.9	2.9
FY 2005										
Approved	502.5	134.2	141.4	158.2	4.9	0.0	163.1	40.4	203.5	3.7
Request	559.8	133.9	175.6	179.6	4.9	0.0	184.5	40.4	224.9	3.7
Delta	57.3	(0.3)	34.2	21.4	0.0	0.0	21.4	0.0	21.4	(0.0)
FY 2006										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	552.3	122.0	135.2	146.8	0.0	0.0	146.8	19.6	166.4	3.7
Delta	552.3	122.0	135.2	146.8	0.0	0.0	146.8	19.6	166.4	3.7
FY 2007										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	534.6	126.2	129.1	151.6	0.0	0.0	151.6	19.6	171.2	3.7
Delta	534.6	126.2	129.1	151.6	0.0	0.0	151.6	19.6	171.2	3.7

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
FY 2004

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	135.0	66.4	67.4	68.4	1.3	0.0	69.7	15.1	84.8	0.2
Request	152.1	85.1	76.4	74.4	1.3	0.2	75.9	15.1	91.0	0.3
Delta	17.1	18.7	9.0	6.0	0.0	0.2	6.2	0.0	6.2	0.1
BP 38										
Approved	0.5	10.2	10.2	10.2	0.0	0.0	10.2	2.6	12.8	0.0
Request	0.5	11.9	11.9	11.7	0.0	0.0	11.7	2.6	14.3	0.0
Delta	0.0	1.7	1.7	1.5	0.0	0.0	1.5	0.0	1.5	0.0
BP 84										
Approved	387.2	20.7	70.3	66.9	3.2	0.0	70.1	9.7	79.8	3.5
Request	423.4	64.1	99.4	79.1	3.2	0.0	82.3	9.7	92.0	6.3
Delta	36.2	43.4	29.1	12.2	0.0	0.0	12.2	0.0	12.2	2.8
			*REPAIR ------>	22.1						
BP 91										
Approved	0.0	0.0	0.0	11.7	0.0	0.0	11.7	0.0	11.7	0.0
Request	0.0	0.0	0.0	11.7	0.0	0.0	11.7	0.0	11.7	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL										
Approved	522.7	97.3	147.9	157.2	4.5	0.0	161.7	27.4	189.1	3.7
Request	576.0	161.0	187.6	176.9	4.5	0.2	181.6	27.4	209.0	6.6
Delta	53.3	63.7	39.7	19.7	0.0	0.2	19.9	0.0	19.9	2.9

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
FY 2005

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	128.7	78.4	70.5	74.5	0.4	0.0	74.9	16.0	90.9	0.2
Request	137.0	63.7	71.7	66.3	0.4	0.0	66.7	16.0	82.7	0.2
Delta	8.3	(14.7)	1.2	(8.2)	0.0	0.0	(8.2)	0.0	(8.2)	(0.0)
BP 38										
Approved	0.5	10.1	10.1	10.1	0.0	0.0	10.1	14.8	24.9	0.0
Request	0.5	17.3	17.3	17.3	0.0	0.0	17.3	14.8	32.1	0.0
Delta	0.0	7.2	7.2	7.2	0.0	0.0	7.2	0.0	7.2	0.0
BP 84										
Approved	373.3	45.7	60.8	62.6	4.5	0.0	67.1	9.6	76.7	3.5
Request	422.3	52.9	86.7	83.8	4.5	0.0	88.3	9.6	97.9	3.5
Delta	49.0	7.2	25.9	21.2	0.0	0.0	21.2	0.0	21.2	0.0
			*REPAIR ------>	29.9						
BP 91										
Approved	0.0	0.0	0.0	11.0	0.0	0.0	11.0	0.0	11.0	0.0
Request	0.0	0.0	0.0	12.2	0.0	0.0	12.2	0.0	12.2	0.0
Delta	0.0	0.0	0.0	1.2	0.0	0.0	1.2	0.0	1.2	0.0
TOTAL										
Approved	502.5	134.2	141.4	158.2	4.9	0.0	163.1	40.4	203.5	3.7
Request	559.8	133.9	175.6	179.6	4.9	0.0	184.5	40.4	224.9	3.7
Delta	57.3	(0.3)	34.2	21.4	0.0	0.0	21.4	0.0	21.4	(0.0)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
FY 2006

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	134.4	64.2	67.9	63.8	0.0	0.0	63.8	0.0	63.8	0.2
Delta	134.4	64.2	67.9	63.8	0.0	0.0	63.8	0.0	63.8	0.2
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.5	19.3	19.2	19.3	0.0	0.0	19.3	0.0	19.3	0.0
Delta	0.5	19.3	19.2	19.3	0.0	0.0	19.3	0.0	19.3	0.0
BP 84										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	417.4	38.5	48.1	51.2	0.0	0.0	51.2	19.6	70.8	3.5
Delta	417.4	38.5	48.1	51.2	0.0	0.0	51.2	19.6	70.8	3.5
			*REPAIR ------>	21.8						
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	12.5	0.0	0.0	12.5	0.0	12.5	0.0
Delta	0.0	0.0	0.0	12.5	0.0	0.0	12.5	0.0	12.5	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	552.3	122.0	135.2	146.8	0.0	0.0	146.8	19.6	166.4	3.7
Delta	552.3	122.0	135.2	146.8	0.0	0.0	146.8	19.6	166.4	3.7

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
FY 2007

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	132.3	62.0	64.9	64.8	0.0	0.0	64.8	0.0	64.8	0.2
Delta	132.3	62.0	64.9	64.8	0.0	0.0	64.8	0.0	64.8	0.2
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.6	17.9	17.9	17.9	0.0	0.0	17.9	0.0	17.9	0.0
Delta	0.6	17.9	17.9	17.9	0.0	0.0	17.9	0.0	17.9	0.0
BP 84										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	401.7	46.2	46.2	56.3	0.0	0.0	56.3	19.6	75.9	3.5
Delta	401.7	46.2	46.2	56.3	0.0	0.0	56.3	19.6	75.9	3.5
			*REPAIR ------>	21.3						
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	12.6	0.0	0.0	12.6	0.0	12.6	0.0
Delta	0.0	0.0	0.0	12.6	0.0	0.0	12.6	0.0	12.6	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	534.6	126.2	129.1	151.6	0.0	0.0	151.6	19.6	171.2	3.7
Delta	534.6	126.2	129.1	151.6	0.0	0.0	151.6	19.6	171.2	3.7

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
RETAIL SUMMARY BY DIVISION

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2004										
Approved	135.5	76.6	77.6	78.6	1.3	0.0	79.9	17.7	97.6	0.2
Request	152.6	96.9	88.2	86.1	1.3	0.2	87.6	17.7	105.3	0.3
Delta	17.1	20.3	10.6	7.5	0.0	0.2	7.7	0.0	7.7	0.1
FY 2005										
Approved	129.2	88.5	80.6	84.6	0.4	0.0	85.0	30.8	115.8	0.2
Request	137.5	81.0	88.9	83.6	0.4	0.0	84.0	30.8	114.8	0.2
Delta	8.3	(7.5)	8.3	(1.0)	0.0	0.0	(1.0)	0.0	(1.0)	(0.0)
FY 2006										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	134.9	83.5	87.1	83.1	0.0	0.0	83.1	0.0	83.1	0.2
Delta	134.9	83.5	87.1	83.1	0.0	0.0	83.1	0.0	83.1	0.2
FY 2007										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	132.9	79.9	82.8	82.8	0.0	0.0	82.8	0.0	82.8	0.2
Delta	132.9	79.9	82.8	82.8	0.0	0.0	82.8	0.0	82.8	0.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
FY 2004

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	135.0	66.4	67.4	68.4	1.3	0.0	69.7	15.1	84.8	0.2
Request	152.1	85.1	76.4	74.4	1.3	0.2	75.9	15.1	91.0	0.3
Delta	17.1	18.7	9.0	6.0	0.0	0.2	6.2	0.0	6.2	0.1
BP 38										
Approved	0.5	10.2	10.2	10.2	0.0	0.0	10.2	2.6	12.8	0.0
Request	0.5	11.9	11.9	11.7	0.0	0.0	11.7	2.6	14.3	0.0
Delta	0.0	1.7	1.7	1.5	0.0	0.0	1.5	0.0	1.5	0.0
TOTAL										
Approved	135.5	76.6	77.6	78.6	1.3	0.0	79.9	17.7	97.6	0.2
Request	152.6	96.9	88.2	86.1	1.3	0.2	87.6	17.7	105.3	0.3
Delta	17.1	20.3	10.6	7.5	0.0	0.2	7.7	0.0	7.7	0.1

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
FY 2005

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	128.7	78.4	70.5	74.5	0.4	0.0	74.9	16.0	90.9	0.2
Request	137.0	63.7	71.7	66.3	0.4	0.0	66.7	16.0	82.7	0.2
Delta	8.3	(14.7)	1.2	(8.2)	0.0	0.0	(8.2)	0.0	(8.2)	(0.0)
BP 38										
Approved	0.5	10.1	10.1	10.1	0.0	0.0	10.1	14.8	24.9	0.0
Request	0.5	17.3	17.3	17.3	0.0	0.0	17.3	14.8	32.1	0.0
Delta	0.0	7.2	7.2	7.2	0.0	0.0	7.2	0.0	7.2	0.0
TOTAL										
Approved	129.2	88.5	80.6	84.6	0.4	0.0	85.0	30.8	115.8	0.2
Request	137.5	81.0	88.9	83.6	0.4	0.0	84.0	30.8	114.8	0.2
Delta	8.3	(7.5)	8.3	(1.0)	0.0	0.0	(1.0)	0.0	(1.0)	(0.0)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
FY 2006

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	134.4	64.2	67.900	63.8	0.0	0.0	63.8	0.0	63.8	0.2
Delta	134.4	64.2	67.9	63.8	0.0	0.0	63.8	0.0	63.8	0.2
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.5	19.3	19.250	19.3	0.0	0.0	19.3	0.0	19.3	0.0
Delta	0.5	19.3	19.2	19.3	0.0	0.0	19.3	0.0	19.3	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	134.9	83.5	87.1	83.1	0.0	0.0	83.1	0.0	83.1	0.2
Delta	134.9	83.5	87.1	83.1	0.0	0.0	83.1	0.0	83.1	0.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
FY 2007

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	132.3	62.0	64.9	64.8	0.0	0.0	64.8	0.0	64.8	0.2
Delta	132.3	62.0	64.9	64.8	0.0	0.0	64.8	0.0	64.8	0.2
BP 38										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.6	17.9	17.9	17.9	0.0	0.0	17.9	0.0	17.9	0.0
Delta	0.6	17.9	17.9	17.9	0.0	0.0	17.9	0.0	17.9	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	132.9	79.9	82.8	82.8	0.0	0.0	82.8	0.0	82.8	0.2
Delta	132.9	79.9	82.8	82.8	0.0	0.0	82.8	0.0	82.8	0.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
BUDGET PROJECT 28

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2004										
Approved	135.0	66.4	67.4	68.4	1.3	0.0	69.7	15.1	84.8	0.2
Request	152.1	85.1	76.4	74.4	1.3	0.2	75.9	15.1	91.0	0.3
Delta	17.1	18.7	9.0	6.0	0.0	0.2	6.2	0.0	6.2	0.1
FY 2005										
Approved	128.7	78.4	70.5	74.5	0.4	0.0	74.9	16.0	90.9	0.2
Request	137.0	63.7	71.7	66.3	0.4	0.0	66.7	16.0	82.7	0.2
Delta	8.3	(14.7)	1.2	(8.2)	0.0	0.0	(8.2)	0.0	(8.2)	(0.0)
FY 2006										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	134.4	64.2	67.9	63.8	0.0	0.0	63.8	0.0	63.8	0.2
Delta	134.4	64.2	67.9	63.8	0.0	0.0	63.8	0.0	63.8	0.2
FY 2007										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	132.3	62.0	64.9	64.8	0.0	0.0	64.8	0.0	64.8	0.2
Delta	132.3	62.0	64.9	64.8	0.0	0.0	64.8	0.0	64.8	0.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
BUDGET PROJECT 28 - DSSC

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2004										
Approved	24.8	61.5	61.5	61.5	0.0	0.0	61.5	13.8	75.3	0.2
Request	21.3	61.7	61.7	60.4	0.0	0.2	60.6	13.8	74.4	0.2
Delta	(3.5)	0.2	0.2	(1.1)	0.0	0.2	(0.9)	0.0	(0.9)	(0.0)
FY 2005										
Approved	25.6	77.4	64.6	64.6	0.0	0.0	64.6	14.1	78.7	0.2
Request	18.5	57.5	57.5	57.4	0.0	0.0	57.4	14.1	71.5	0.2
Delta	(7.1)	(19.9)	(7.1)	(7.2)	0.0	0.0	(7.2)	0.0	(7.2)	(0.0)
FY 2006										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	19.1	58.4	58.5	58.4	0.0	0.0	58.4	0.0	58.4	0.2
Delta	19.1	58.4	58.5	58.4	0.0	0.0	58.4	0.0	58.4	0.2
FY 2007										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	19.5	59.3	59.3	59.2	0.0	0.0	59.2	0.0	59.2	0.2
Delta	19.5	59.3	59.3	59.2	0.0	0.0	59.2	0.0	59.2	0.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
BUDGET PROJECT 28 - RCM

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2004										
Approved	110.2	4.9	5.9	6.9	1.3	0.0	8.2	1.3	9.5	0.0
Request	130.8	23.4	14.7	14.0	1.3	0.0	15.3	1.3	16.6	0.1
Delta	20.6	18.5	8.8	7.1	0.0	0.0	7.1	0.0	7.1	0.1
FY 2005										
Approved	103.1	1.0	5.9	9.9	0.4	0.0	10.3	1.9	12.2	0.0
Request	118.4	6.2	14.2	8.9	0.4	0.0	9.3	1.9	11.2	0.0
Delta	15.3	5.2	8.3	(1.0)	0.0	0.0	(1.0)	0.0	(1.0)	0.0
FY 2006										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	115.3	5.9	9.5	5.4	0.0	0.0	5.4	0.0	5.4	0.0
Delta	115.3	5.9	9.5	5.4	0.0	0.0	5.4	0.0	5.4	0.0
FY 2007										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	112.8	2.8	5.7	5.6	0.0	0.0	5.6	0.0	5.6	0.0
Delta	112.8	2.8	5.7	5.6	0.0	0.0	5.6	0.0	5.6	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
BUDGET PROJECT 38

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2004										
Approved	0.5	10.2	10.2	10.2	0.0	0.0	10.2	2.6	12.8	0.0
Request	0.5	11.9	11.9	11.7	0.0	0.0	11.7	2.6	14.3	0.0
Delta	0.0	1.7	1.7	1.5	0.0	0.0	1.5	0.0	1.5	0.0
FY 2005										
Approved	0.5	10.1	10.1	10.1	0.0	0.0	10.1	14.8	24.9	0.0
Request	0.5	17.3	17.3	17.3	0.0	0.0	17.3	14.8	32.1	0.0
Delta	0.0	7.2	7.2	7.2	0.0	0.0	7.2	0.0	7.2	0.0
FY 2006										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.5	19.3	19.2	19.3	0.0	0.0	19.3	0.0	19.3	0.0
Delta	0.5	19.3	19.2	19.3	0.0	0.0	19.3	0.0	19.3	0.0
FY 2007										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.6	17.9	17.9	17.9	0.0	0.0	17.9	0.0	17.9	0.0
Delta	0.6	17.9	17.9	17.9	0.0	0.0	17.9	0.0	17.9	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
WHOLESALE - BP 84 (DEPOT LEVEL REPARABLES)

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2004										
Approved	387.2	20.7	70.3	66.9	3.2	0.0	70.1	9.7	79.8	3.5
Request	423.4	64.1	99.4	79.1	3.2	0.0	82.3	9.7	92.0	6.3
Delta	36.2	43.4	29.1	12.2	0.0	0.0	12.2	0.0	12.2	2.8
FY 2005										
Approved	373.3	45.7	60.8	62.6	4.5	0.0	67.1	9.6	76.7	3.5
Request	422.3	52.9	86.7	83.8	4.5	0.0	88.3	9.6	97.9	3.5
Delta	49.0	7.2	25.9	21.2	0.0	0.0	21.2	0.0	21.2	0.0
FY 2006										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	417.4	38.5	48.1	51.2	0.0	0.0	51.2	19.6	70.8	3.5
Delta	417.4	38.5	48.1	51.2	0.0	0.0	51.2	19.6	70.8	3.5
FY 2007										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	401.7	46.2	46.2	56.3	0.0	0.0	56.3	19.6	75.9	3.5
Delta	401.7	46.2	46.2	56.3	0.0	0.0	56.3	19.6	75.9	3.5

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-1
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
(DOLLARS IN MILLIONS)
COST OF OPERATIONS - BP 91

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	COMMITMENT TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2004										
Approved	0.0	0.0	0.0	11.7	0.0	0.0	11.7	0.0	11.7	0.0
Request	0.0	0.0	0.0	11.7	0.0	0.0	11.7	0.0	11.7	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FY 2005										
Approved	0.0	0.0	0.0	11.0	0.0	0.0	11.0	0.0	11.0	0.0
Request	0.0	0.0	0.0	12.2	0.0	0.0	12.2	0.0	12.2	0.0
Delta	0.0	0.0	0.0	1.2	0.0	0.0	1.2	0.0	1.2	0.0
FY 2006										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	12.5	0.0	0.0	12.5	0.0	12.5	0.0
Delta	0.0	0.0	0.0	12.5	0.0	0.0	12.5	0.0	12.5	0.0
FY 2007										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	0.0	12.6	0.0	0.0	12.6	0.0	12.6	0.0
Delta	0.0	0.0	0.0	12.6	0.0	0.0	12.6	0.0	12.6	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-3B
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OPERATING REQUIREMENT BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY 2004
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
Light Weight (LTWT) 155 HOWITZER		2.0			2.0
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.0				0.0
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	2.0	0.0	0.0	2.0
					0.0
					0.0
					0.0
					0.0
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.0	0.0	0.0	0.0
Mod Kits MAGTF C4I		0.1			0.1
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	7.4				7.4
TOTAL COMMUNICATION AND ELECTRONICS	7.4	0.1	0.0	0.0	7.5
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.4				0.4
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.4	0.0	0.0	0.0	0.4
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	4.1				4.1
TOTAL GENERAL PROPERTY	4.1	0.0	0.0	0.0	4.1
TOTAL PROCUREMENT	11.9	2.1	0.0	0.0	14.0
WAR RESERVE			1.3		1.3
TOTAL COST	11.9	2.1	1.3	0.0	15.3

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-3B
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OPERATING REQUIREMENT BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY 2005
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
Light Weight (LTWT) 155 HOWITZER		4.6			4.6
Logistics Assault Vehicle (LAV)		0.7			0.7
High Mobility Multi Wheeled Vehicle (HMMWV)		0.1			0.1
BASIC REPLEN/BASIC REWORK	0.4				0.4
TOTAL ORDNANCE TANK AUTOMOTIVE	0.4	5.4	0.0	0.0	5.8
Pedestal Mounted Stinger		0.1			0.1
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.1				0.1
TOTAL GUIDED MISSILES AND EQUIPMENT	0.1	0.1	0.0	0.0	0.2
Unit Operation Center		0.4			0.4
Radio System		0.1			0.1
Communication Switch and Control Systems		0.2			0.2
Air Operations C2 Systems		0.2			0.2
BASIC REPLEN/BASIC REWORK	1.0				1.0
TOTAL COMMUNICATION AND ELECTRONICS	1.0	0.9	0.0	0.0	1.9
Assault Breacher Vehicle		0.1			0.1
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.4				0.4
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.4	0.1	0.0	0.0	0.5
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.5				0.5
TOTAL GENERAL PROPERTY	0.5	0.0	0.0	0.0	0.5
TOTAL PROCUREMENT	2.4	6.5	0.0	0.0	8.9
WAR RESERVE			0.4		0.4
TOTAL COST	2.4	6.5	0.4	0.0	9.3

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-3B
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OPERATING REQUIREMENT BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY 2006
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
Light Weight (LTWT) 155 HOWITZER		0.8			0.8
High Mobility Multi Wheeled Vehicle (HMMWV)		0.3			0.3
					0.0
BASIC REPLEN/BASIC REWORK	0.9				0.9
TOTAL ORDNANCE TANK AUTOMOTIVE	0.9	1.1	0.0	0.0	2.0
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.2				0.2
TOTAL GUIDED MISSILES AND EQUIPMENT	0.2	0.0	0.0	0.0	0.2
Joint Tactical Radio System		0.1			0.1
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	1.1				1.1
TOTAL COMMUNICATION AND ELECTRONICS	1.1	0.1	0.0	0.0	1.2
Assault Breacher Vehicle		0.4			0.4
Bulk Liquid Equipment		0.3			0.3
					0.0
BASIC REPLEN/BASIC REWORK	0.8				0.8
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.8	0.7	0.0	0.0	1.5
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.5				0.5
TOTAL GENERAL PROPERTY	0.5	0.0	0.0	0.0	0.5
TOTAL PROCUREMENT	3.5	1.9	0.0	0.0	5.4
WAR RESERVE			0.0		0.0
TOTAL COST	3.5	1.9	0.0	0.0	5.4

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-3B
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OPERATING REQUIREMENT BY WEAPON SYSTEM/CATEGORY
RETAIL CENTRALLY MANAGED
FY 2007

(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS BP 28	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
Logistics Assault Vehicle (LAV)		0.9			0.9
High Mobility Artillery Rocket system (HIMARS)		0.2			0.2
Light Weight (LTWT) 155 Towed HOWITZER		0.3			0.3
High Mobility Multi Wheeled Vehicle (HMMWV)		0.2			0.2
BASIC REPLEN/BASIC REWORK	0.8				0.8
TOTAL ORDNANCE TANK AUTOMOTIVE	0.8	1.6	0.0	0.0	2.4
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.2				0.2
TOTAL GUIDED MISSILES AND EQUIPMENT	0.2	0.0	0.0	0.0	0.2
Command Post Systems		0.1			0.1
Joint Atactical Radio System		0.2			0.2
					0.0
BASIC REPLEN/BASIC REWORK	1.1				1.1
TOTAL COMMUNICATION AND ELECTRONICS	1.1	0.3	0.0	0.0	1.4
Assault Breacher Vehicle		0.3			0.3
Bulk Liquid Equipment		0.1			0.1
					0.0
BASIC REPLEN/BASIC REWORK	0.6				0.6
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.6	0.4	0.0	0.0	1.0
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.6				0.6
TOTAL GENERAL PROPERTY	0.6	0.0	0.0	0.0	0.6
TOTAL PROCUREMENT	3.3	2.3	0.0	0.0	5.6
WAR RESERVE			0.0		0.0
TOTAL COST	3.3	2.3	0.0	0.0	5.6

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-3B
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OPERATING REQUIREMENT BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 2004
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
Light Weight 155 HOWITZER		0.8			0.8
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	17.6			10.4	28.0
TOTAL ORDNANCE TANK AUTOMOTIVE	17.6	0.8	0.0	10.4	28.8
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	1.8			2.8	4.6
TOTAL GUIDED MISSILES AND EQUIPMENT	1.8	0.0	0.0	2.8	4.6
General Purpose Elec Test Equip		0.2			0.2
Commad Computer Resources		0.4			0.4
Commad Post System		0.9			0.9
Tatical Remote Sensor System (TRSS-PIP)		1.3			1.3
Intelligence Support Equipment		0.1			0.1
Mod Kits Intel		0.4			0.4
Mod Kits MAGTF C41		1.2			1.2
					0.0
BASIC REPLEN/BASIC REWORK	23.8			10.4	34.2
TOTAL COMMUNICATION AND ELECTRONICS	23.8	4.5	0.0	10.4	38.7
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	6.7			0.3	7.0
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	6.7	0.0	0.0	0.3	7.0
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0
TOTAL PROCUREMENT	49.9	5.3	0.0	23.9	79.1
War Reserve			3.2		3.2
TOTAL COST	49.9	5.3	3.2	23.9	82.3

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-3B
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OPERATING REQUIREMENT BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 2005
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
Light Weight 155 HOWITZER		1.4			1.4
		2.2			2.2
					0.0
BASIC REPLEN/BASIC REWORK	15.8			9.6	25.4
TOTAL ORDNANCE TANK AUTOMOTIVE	15.8	3.6	0.0	9.6	29.0
					0.0
					0.0
Pedestal Mtd Stinger		0.4			0.4
BASIC REPLEN/BASIC REWORK	1.5			3.6	5.1
TOTAL GUIDED MISSILES AND EQUIPMENT	1.5	0.4	0.0	3.6	5.5
UNIT OPERATIONS CENTER		1.7			1.7
AUTO TEST SYSTEMS		0.8			0.8
RADIO SYSTEMS		1.6			1.6
COMMUNICATIONS SWITCH & CONTROL		0.9			0.9
AIR OPERATIONS C2 SYSTEMS		0.9			0.9
JOINT TACTICAL RADIO SYSTEM		0.5			0.5
LONG RANGE RADAR SYSTEM		2.3			2.3
TRANSITION SWITCH MODULE		1.1			1.1
Tatical Remote Sensor System (TRSS-PIP)		0.3			0.3
FIRE SUPPORT SYSTEMS		0.7			0.7
INTELLIGENCE SUPPORT EQUIPMENT		0.9			0.9
MOD KITS INTELL		0.2			0.2
BASIC REPLEN/BASIC REWORK	12.0			16.7	28.7
TOTAL COMMUNICATION AND ELECTRONICS	12.0	11.9	0.0	16.7	40.6
					0.0
ASSAULT BREACHER VEHICLE		0.1			0.1
BULK LIQUID EQUIPMENT		0.3			0.3
BASIC REPLEN/BASIC REWORK	8.3				8.3
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	8.3	0.4	0.0	0.0	8.7
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0
TOTAL PROCUREMENT	37.6	16.3	0.0	29.9	83.8
War Reserve			4.5		4.5
TOTAL COST	37.6	16.3	4.5	29.9	88.3

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-3B
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OPERATING REQUIREMENT BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 2006
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
					0.0
Light Weight 155 HOWITZER		0.6			0.6
BASIC REPLEN/BASIC REWORK	9.5			6.9	16.4
TOTAL ORDNANCE TANK AUTOMOTIVE	9.5	0.6	0.0	6.9	17.0
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.9			2.6	3.5
TOTAL GUIDED MISSILES AND EQUIPMENT	0.9	0.0	0.0	2.6	3.5
AUTO TEST SYSTEMS		0.7			0.7
GENERAL PURPOSE ELECTRIC		0.2			0.2
COMMAND POST SYSTEMS		0.1			0.1
JOINT TACTICAL RADIO SYSTEM		0.9			0.9
TRANSITION SWITCH MODULE		1.5			1.5
Tatical Remote Sensor System (TRSS-PIP)		0.7			0.7
INTELLIGENCE SUPPORT EQUIP		0.9			0.9
MOD KITS INTELL		0.5			0.5
BASIC REPLEN/BASIC REWORK	7.2			12.2	19.4
TOTAL COMMUNICATION AND ELECTRONICS	7.2	5.5	0.0	12.2	24.9
					0.0
ASSAULT BREACHER VEHICLE		0.3			0.3
BULK LIQUID EQUIPMENT		0.4			0.4
BASIC REPLEN/BASIC REWORK	5.0			0.1	5.1
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	5.0	0.7	0.0	0.1	5.8
					0.0
BASIC REPLEN/BASIC REWORK					0.0
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0
TOTAL PROCUREMENT	22.6	6.8	0.0	21.8	51.2
War Reserve			0.0		0.0
TOTAL COST	22.6	6.8	0.0	21.8	51.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-3B
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
OPERATING REQUIREMENT BY WEAPON SYSTEM/CATEGORY
DEPOT LEVEL REPARABLES
FY 2007
(DOLLARS IN MILLIONS)

WEAPON SYSTEM	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
Light Weight 155 TOWED HOWITZER		0.2			0.2
High Mobility Artillery Rocket System (HIMARS)		0.1			0.1
BASIC REPLEN/BASIC REWORK	9.7			6.8	16.5
TOTAL ORDNANCE TANK AUTOMOTIVE	9.7	0.3	0.0	6.8	16.8
					0.0
					0.0
					0.0
BASIC REPLEN/BASIC REWORK	0.9			2.6	3.5
TOTAL GUIDED MISSILES AND EQUIPMENT	0.9	0.0	0.0	2.6	3.5
UNIT OPERATIONS CENTER		0.4			0.4
GENERAL PURP ELEC TEST EQUIP		0.2			0.2
COMMAND POST SYSTEMS		0.5			0.5
Complementary Low Altitude Weapon System (CLAWS)		0.2			0.2
JOINT TACTICAL RADIO SYSTEM		4.2			4.2
TRANSITION SWITCH MODULE		4.1			4.1
Tatical Remote Sensor System (TRSS-PIP)		0.3			0.3
INTELLIGENCE SUPPORT EQUIPMENT		0.6			0.6
MOD KITS INTEL		0.4			0.4
					0.0
BASIC REPLEN/BASIC REWORK	7.4			11.8	19.2
TOTAL COMMUNICATION AND ELECTRONICS	7.4	10.9	0.0	11.8	30.1
					0.0
ASSAULT BEACHER VEH		0.2			0.2
BULK LIQUID EQUIPMENT		0.6			0.6
BASIC REPLEN/BASIC REWORK	5.1				5.1
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	5.1	0.8	0.0	0.0	5.9
					0.0
					0.0
					0.0
					0.0
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0
TOTAL PROCUREMENT	23.1	12.0	0.0	21.2	56.3
War Reserve			0.0		0.0
TOTAL COST	23.1	12.0	0.0	21.2	56.3

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
SUMMARY
(DOLLARS IN MILLIONS)
FY 2004

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	652.3	33.0	448.9	170.4
2. BOP INVENTORY ADJUSTMENTS	(56.6)	(1.7)	(46.2)	(8.6)
A. RECLASSIFICATION CHANGE (memo)	1.0	0.0	1.0	0.0
B. PRICE CHANGE AMOUNT (memo)	(57.5)	(1.7)	(47.2)	(8.6)
C. INVENTORY RECLASSIFIED AND REPRICED	595.8	31.3	402.6	161.8
3. RECEIPTS AT STANDARD	121.0	13.3	107.7	0.0
4. SALES AT STANDARD	213.5	6.2	207.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(10.5)	0.0	0.1	(10.6)
B. RETURNS FROM CUSTOMERS FOR CREDIT	6.7	0.1	6.6	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	166.3	4.6	13.1	148.6
D. RETURNS TO SUPPLIERS (-)	(8.1)	0.0	(0.0)	(8.1)
E. TRANSFERS TO PROP. DISPOSAL (-)	(12.4)	0.0	(0.0)	(12.4)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(29.4)	(4.2)	10.7	(35.9)
G. OTHER (list/explain)	(5.6)	(4.7)	2.8	(3.7)
H. TOTAL ADJUSTMENTS	106.9	(4.3)	33.3	77.9
6. INVENTORY EOP	610.2	34.2	336.3	239.7
7. INVENTORY EOP, REVALUED	425.8	22.4	238.6	164.8
A. ECONOMIC RETENTION (memo)				11.2
B. CONTINGENCY RETENTION (memo)				56.5
C. POTENTIAL DOD EXCESS (memo)				98.1
8. INVENTORY ON ORDER EOP (memo)	152.9	8.1	140.4	4.4

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(5.6)	(4.7)	2.8	(3.7)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(5.6)	(4.7)	2.8	(3.7)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
SUMMARY
(DOLLARS IN MILLIONS)
FY2005

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	610.2	34.2	336.3	239.7
2. BOP INVENTORY ADJUSTMENTS	22.4	1.2	11.9	9.4
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	22.4	1.2	11.8	9.4
C. INVENTORY RECLASSIFIED AND REPRICED	632.6	35.4	348.2	249.1
3. RECEIPTS AT STANDARD	159.0	7.6	151.4	0.0
4. SALES AT STANDARD	206.5	0.0	206.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.7	0.0	3.7	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	105.7	0.0	37.2	68.5
D. RETURNS TO SUPPLIERS (-)	(22.2)	0.0	(0.6)	(21.6)
E. TRANSFERS TO PROP. DISPOSAL (-)	(32.9)	0.0	(0.5)	(32.4)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(1.1)	0.0	1.2	(2.3)
G. OTHER (list/explain)	(35.4)	0.0	(8.8)	(26.7)
H. TOTAL ADJUSTMENTS	17.7	0.0	32.3	(14.5)
6. INVENTORY EOP	602.8	43.0	325.2	234.6
7. INVENTORY EOP, REVALUED	426.7	31.3	234.6	160.8
A. ECONOMIC RETENTION (memo)				10.7
B. CONTINGENCY RETENTION (memo)				55.0
C. POTENTIAL DOD EXCESS (memo)				94.6
8. INVENTORY ON ORDER EOP (memo)	156.1	6.9	144.9	4.4

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(35.4)	0.0	(8.8)	(26.7)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(35.4)	0.0	(8.8)	(26.7)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
SUMMARY
(DOLLARS IN MILLIONS)
FY2006

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	602.8	43.0	325.2	234.6
2. BOP INVENTORY ADJUSTMENTS	18.0	1.5	10.3	6.3
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	18.0	1.5	10.2	6.3
C. INVENTORY RECLASSIFIED AND REPRICED	620.8	44.5	335.5	240.9
3. RECEIPTS AT STANDARD	151.0	3.4	147.6	0.0
4. SALES AT STANDARD	161.9	0.0	161.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.7	0.0	3.7	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	51.6	0.0	1.1	50.5
D. RETURNS TO SUPPLIERS (-)	(23.1)	0.0	(0.1)	(23.0)
E. TRANSFERS TO PROP. DISPOSAL (-)	(30.0)	0.0	(0.1)	(29.9)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	1.1	0.0	1.2	(0.1)
G. OTHER (list/explain)	(12.8)	0.0	(3.6)	(9.2)
H. TOTAL ADJUSTMENTS	(9.6)	0.0	2.2	(11.7)
6. INVENTORY EOP	600.2	47.9	323.2	229.1
7. INVENTORY EOP, REVALUED	424.7	37.8	230.3	156.6
A. ECONOMIC RETENTION (memo)				10.2
B. CONTINGENCY RETENTION (memo)				53.7
C. POTENTIAL DOD EXCESS (memo)				91.7
8. INVENTORY ON ORDER EOP (memo)	116.9	3.2	109.4	4.4

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(12.8)	0.0	(3.6)	(9.2)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(12.8)	0.0	(3.6)	(9.2)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
SUMMARY
(DOLLARS IN MILLIONS)
FY2007

		---- Peacetime ----		
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	600.3	47.9	323.3	229.1
2. BOP INVENTORY ADJUSTMENTS	6.4	0.6	3.8	2.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	6.4	0.6	3.8	2.0
C. INVENTORY RECLASSIFIED AND REPRICED	606.7	48.5	327.1	231.1
3. RECEIPTS AT STANDARD	136.2	1.1	135.2	0.0
4. SALES AT STANDARD	152.4	0.0	152.4	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(0.0)	0.0	(0.0)	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.7	0.0	3.7	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	50.6	0.0	1.1	49.5
D. RETURNS TO SUPPLIERS (-)	(21.5)	0.0	(0.1)	(21.5)
E. TRANSFERS TO PROP. DISPOSAL (-)	(28.9)	0.0	(0.1)	(28.8)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(5.7)	0.0	0.0	(5.7)
G. OTHER (list/explain)	(4.5)	0.0	(2.4)	(2.1)
H. TOTAL ADJUSTMENTS	(6.4)	0.0	2.2	(8.6)
6. INVENTORY EOP	584.2	49.6	312.1	222.5
7. INVENTORY EOP, REVALUED	414.0	39.1	223.3	151.6
A. ECONOMIC RETENTION (memo)				10.0
B. CONTINGENCY RETENTION (memo)				52.1
C. POTENTIAL DOD EXCESS (memo)				89.3
8. INVENTORY ON ORDER EOP (memo)	101.8	2.1	95.3	4.4

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(4.5)	0.0	(2.4)	(2.1)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(4.5)	0.0	(2.4)	(2.1)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
RETAIL SUMMARY
(DOLLARS IN MILLIONS)
FY 2004

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	160.7	17.6	114.9	28.2
2. BOP INVENTORY ADJUSTMENTS	3.3	0.4	2.7	0.3
A. RECLASSIFICATION CHANGE (memo)	1.0	0.0	1.0	0.0
B. PRICE CHANGE AMOUNT (memo)	2.4	0.4	1.7	0.3
C. INVENTORY RECLASSIFIED AND REPRICED	164.1	18.0	117.5	28.5
3. RECEIPTS AT STANDARD	88.8	9.6	79.2	0.0
4. SALES AT STANDARD	88.2	6.2	82.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(10.3)	0.0	0.1	(10.4)
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.4	0.1	0.3	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	26.8	4.6	0.0	22.2
D. RETURNS TO SUPPLIERS (-)	(2.8)	0.0	(0.0)	(2.8)
E. TRANSFERS TO PROP. DISPOSAL (-)	(1.4)	0.0	(0.0)	(1.4)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(15.3)	(1.6)	0.0	(13.7)
G. OTHER (list/explain)	10.4	(4.7)	2.9	12.2
H. TOTAL ADJUSTMENTS	7.7	(1.7)	3.3	6.1
6. INVENTORY EOP	172.4	19.8	118.0	34.6
7. INVENTORY EOP, REVALUED	132.1	12.7	92.2	27.3
A. ECONOMIC RETENTION (memo)				2.8
B. CONTINGENCY RETENTION (memo)				7.4
C. POTENTIAL DOD EXCESS (memo)				18.1
8. INVENTORY ON ORDER EOP (memo)	18.2	4.4	13.7	0.1

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	10.4	(4.7)	2.9	12.2
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	10.4	(4.7)	2.9	12.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
RETAIL SUMMARY
(DOLLARS IN MILLIONS)
FY2005

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	172.4	19.8	118.0	34.6
2. BOP INVENTORY ADJUSTMENTS	4.2	0.5	3.0	0.7
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	4.1	0.5	3.0	0.7
C. INVENTORY RECLASSIFIED AND REPRICED	176.6	20.3	121.0	35.3
3. RECEIPTS AT STANDARD	90.8	4.5	86.3	0.0
4. SALES AT STANDARD	88.9	0.0	88.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(4.0)	0.0	(0.6)	(3.4)
E. TRANSFERS TO PROP. DISPOSAL (-)	(3.6)	0.0	(0.5)	(3.1)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(0.1)	0.0	0.0	(0.1)
G. OTHER (list/explain)	(8.6)	0.0	(8.8)	0.2
H. TOTAL ADJUSTMENTS	(16.1)	0.0	(9.6)	(6.5)
6. INVENTORY EOP	162.3	24.8	108.7	28.8
7. INVENTORY EOP, REVALUED	131.2	19.0	89.3	22.9
A. ECONOMIC RETENTION (memo)				2.3
B. CONTINGENCY RETENTION (memo)				5.8
C. POTENTIAL DOD EXCESS (memo)				14.3
8. INVENTORY ON ORDER EOP (memo)	11.7	0.3	11.4	0.1

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(8.6)	0.0	(8.8)	0.2
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(8.6)	0.0	(8.8)	0.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
RETAIL SUMMARY
(DOLLARS IN MILLIONS)
FY2006

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	162.3	24.8	108.7	28.8
2. BOP INVENTORY ADJUSTMENTS	6.4	1.0	4.5	0.9
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	6.4	1.0	4.5	0.9
C. INVENTORY RECLASSIFIED AND REPRICED	168.7	25.8	113.2	29.7
3. RECEIPTS AT STANDARD	87.0	0.0	87.0	0.0
4. SALES AT STANDARD	87.1	0.0	87.1	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(3.5)	0.0	(0.1)	(3.4)
E. TRANSFERS TO PROP. DISPOSAL (-)	(2.7)	0.0	(0.1)	(2.6)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	2.1	0.0	0.0	2.1
G. OTHER (list/explain)	(3.7)	0.0	(3.6)	(0.2)
H. TOTAL ADJUSTMENTS	(7.7)	0.0	(3.6)	(4.1)
6. INVENTORY EOP	160.7	25.8	109.3	25.6
7. INVENTORY EOP, REVALUED	129.8	22.9	86.7	20.2
A. ECONOMIC RETENTION (memo)				1.9
B. CONTINGENCY RETENTION (memo)				5.0
C. POTENTIAL DOD EXCESS (memo)				12.3
8. INVENTORY ON ORDER EOP (memo)	8.0	0.0	8.0	0.1

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(3.7)	0.0	(3.6)	(0.2)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(3.7)	0.0	(3.6)	(0.2)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
RETAIL SUMMARY
(DOLLARS IN MILLIONS)
FY2007

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	160.8	25.8	109.4	25.6
2. BOP INVENTORY ADJUSTMENTS	2.9	0.4	2.1	0.3
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	2.8	0.4	2.1	0.3
C. INVENTORY RECLASSIFIED AND REPRICED	163.6	26.2	111.5	25.9
3. RECEIPTS AT STANDARD	81.8	0.0	81.8	0.0
4. SALES AT STANDARD	82.8	0.0	82.8	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(0.0)	0.0	(0.0)	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(1.8)	0.0	(0.1)	(1.8)
E. TRANSFERS TO PROP. DISPOSAL (-)	(1.6)	0.0	(0.1)	(1.5)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	3.3	0.0	0.0	3.3
G. OTHER (list/explain)	(3.4)	0.0	(3.5)	0.1
H. TOTAL ADJUSTMENTS	(3.4)	0.0	(3.5)	0.1
6. INVENTORY EOP	159.1	26.2	106.9	26.0
7. INVENTORY EOP, REVALUED	128.8	23.3	85.6	19.9
A. ECONOMIC RETENTION (memo)				2.0
B. CONTINGENCY RETENTION (memo)				5.1
C. POTENTIAL DOD EXCESS (memo)				12.6
8. INVENTORY ON ORDER EOP (memo)	11.0	0.0	10.9	0.1

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(3.4)	0.0	(3.5)	0.1
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(3.4)	0.0	(3.5)	0.1

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28
(DOLLARS IN MILLIONS)
FY 2004

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	160.2	17.6	114.3	28.2
2. BOP INVENTORY ADJUSTMENTS	3.3	0.4	2.6	0.3
A. RECLASSIFICATION CHANGE (memo)	1.0	0.0	1.0	0.0
B. PRICE CHANGE AMOUNT (memo)	2.3	0.4	1.7	0.3
C. INVENTORY RECLASSIFIED AND REPRICED	163.5	18.0	117.0	28.5
3. RECEIPTS AT STANDARD	76.9	9.6	67.3	0.0
4. SALES AT STANDARD	76.4	6.2	70.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(10.3)	0.0	0.1	(10.4)
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.4	0.1	0.3	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	26.8	4.6	0.0	22.2
D. RETURNS TO SUPPLIERS (-)	(2.8)	0.0	(0.0)	(2.8)
E. TRANSFERS TO PROP. DISPOSAL (-)	(1.4)	0.0	(0.0)	(1.4)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(15.3)	(1.6)	0.0	(13.7)
G. OTHER (list/explain)	10.4	(4.7)	3.0	12.2
H. TOTAL ADJUSTMENTS	7.8	(1.7)	3.4	6.1
6. INVENTORY EOP	171.9	19.8	117.5	34.6
7. INVENTORY EOP, REVALUED	131.6	12.7	91.7	27.3
A. ECONOMIC RETENTION (memo)				2.8
B. CONTINGENCY RETENTION (memo)				7.4
C. POTENTIAL DOD EXCESS (memo)				18.1
8. INVENTORY ON ORDER EOP (memo)	17.8	4.4	13.4	0.1

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	10.4	(4.7)	3.0	12.2
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	10.4	(4.7)	3.0	12.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28
(DOLLARS IN MILLIONS)
FY2005

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	171.9	19.8	117.5	34.6
2. BOP INVENTORY ADJUSTMENTS	4.1	0.5	3.0	0.7
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	4.1	0.5	3.0	0.7
C. INVENTORY RECLASSIFIED AND REPRICED	176.0	20.3	120.4	35.3
3. RECEIPTS AT STANDARD	73.5	4.5	69.0	0.0
4. SALES AT STANDARD	71.6	0.0	71.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(4.0)	0.0	(0.6)	(3.4)
E. TRANSFERS TO PROP. DISPOSAL (-)	(3.6)	0.0	(0.5)	(3.1)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(0.1)	0.0	0.0	(0.1)
G. OTHER (list/explain)	(8.6)	0.0	(8.7)	0.2
H. TOTAL ADJUSTMENTS	(16.1)	0.0	(9.6)	(6.5)
6. INVENTORY EOP	161.8	24.8	108.2	28.8
7. INVENTORY EOP, REVALUED	130.7	19.0	88.9	22.9
A. ECONOMIC RETENTION (memo)				2.3
B. CONTINGENCY RETENTION (memo)				5.8
C. POTENTIAL DOD EXCESS (memo)				14.3
8. INVENTORY ON ORDER EOP (memo)	11.0	0.3	10.7	0.1

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(8.6)	0.0	(8.7)	0.2
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(8.6)	0.0	(8.7)	0.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28
(DOLLARS IN MILLIONS)
FY2006

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	161.8	24.8	108.2	28.8
2. BOP INVENTORY ADJUSTMENTS	6.4	1.0	4.5	0.9
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	6.3	1.0	4.4	0.9
C. INVENTORY RECLASSIFIED AND REPRICED	168.2	25.8	112.7	29.7
3. RECEIPTS AT STANDARD	67.6	0.0	67.6	0.0
4. SALES AT STANDARD	67.9	0.0	67.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(3.5)	0.0	(0.1)	(3.4)
E. TRANSFERS TO PROP. DISPOSAL (-)	(2.7)	0.0	(0.1)	(2.6)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	2.1	0.0	0.0	2.1
G. OTHER (list/explain)	(3.6)	0.0	(3.4)	(0.2)
H. TOTAL ADJUSTMENTS	(7.6)	0.0	(3.5)	(4.1)
6. INVENTORY EOP	160.3	25.8	108.9	25.6
7. INVENTORY EOP, REVALUED	129.4	22.9	86.3	20.2
A. ECONOMIC RETENTION (memo)				1.9
B. CONTINGENCY RETENTION (memo)				5.0
C. POTENTIAL DOD EXCESS (memo)				12.3
8. INVENTORY ON ORDER EOP (memo)	7.3	0.0	7.2	0.1

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(3.6)	0.0	(3.4)	(0.2)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
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TOTAL	(3.6)	0.0	(3.4)	(0.2)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28
(DOLLARS IN MILLIONS)
FY2007

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	160.3	25.8	108.9	25.6
2. BOP INVENTORY ADJUSTMENTS	2.8	0.4	2.1	0.3
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	2.8	0.4	2.1	0.3
C. INVENTORY RECLASSIFIED AND REPRICED	163.1	26.2	111.0	25.9
3. RECEIPTS AT STANDARD	63.8	0.0	63.8	0.0
4. SALES AT STANDARD	64.9	0.0	64.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(1.8)	0.0	(0.1)	(1.8)
E. TRANSFERS TO PROP. DISPOSAL (-)	(1.6)	0.0	(0.1)	(1.5)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	3.3	0.0	0.0	3.3
G. OTHER (list/explain)	(3.5)	0.0	(3.6)	0.1
H. TOTAL ADJUSTMENTS	(3.5)	0.0	(3.6)	0.1
6. INVENTORY EOP	158.5	26.2	106.3	26.0
7. INVENTORY EOP, REVALUED	128.3	23.3	85.1	19.9
A. ECONOMIC RETENTION (memo)				2.0
B. CONTINGENCY RETENTION (memo)				5.1
C. POTENTIAL DOD EXCESS (memo)				12.6
8. INVENTORY ON ORDER EOP (memo)	10.3	0.0	10.2	0.1

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(3.5)	0.0	(3.6)	0.1
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
TOTAL	(3.5)	0.0	(3.6)	0.1

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28 DSSC
(DOLLARS IN MILLIONS)
FY 2004

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	20.6	0.0	14.3	6.3
2. BOP INVENTORY ADJUSTMENTS	1.5	0.0	1.5	0.0
A. RECLASSIFICATION CHANGE (memo)	1.0	0.0	1.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.5	0.0	0.5	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	22.1	0.0	15.8	6.3
3. RECEIPTS AT STANDARD	61.7	0.0	61.7	0.0
4. SALES AT STANDARD	61.7	0.0	61.7	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT +	0.3	0.0	0.3	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(0.0)	0.0	(0.0)	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(0.0)	0.0	(0.0)	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (list/explain)	(1.1)	0.0	(1.1)	0.0
H. TOTAL ADJUSTMENTS	(0.8)	0.0	(0.8)	0.0
6. INVENTORY EOP	21.3	0.0	15.0	6.3
7. INVENTORY EOP, REVALUED	15.8	0.0	10.1	5.8
A. ECONOMIC RETENTION (memo)				0.0
B. CONTINGENCY RETENTION (memo)				0.0
C. POTENTIAL DOD EXCESS (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	2.4	0.0	2.4	0.0

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(1.1)	0.0	(1.1)	0.0
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(1.1)	0.0	(1.1)	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28 DSSC
(DOLLARS IN MILLIONS)
FY2005

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	21.3	0.0	15.0	6.3
2. BOP INVENTORY ADJUSTMENTS	0.5	0.0	0.5	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.5	0.0	0.5	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	21.8	0.0	15.5	6.3
3. RECEIPTS AT STANDARD	57.5	0.0	57.5	0.0
4. SALES AT STANDARD	57.5	0.0	57.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT +	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(0.6)	0.0	(0.6)	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(0.5)	0.0	(0.5)	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (list/explain)	(2.4)	0.0	(2.4)	0.0
H. TOTAL ADJUSTMENTS	(3.3)	0.0	(3.3)	0.0
6. INVENTORY EOP	18.5	0.0	12.2	6.3
7. INVENTORY EOP, REVALUED	15.9	0.0	10.2	5.8
A. ECONOMIC RETENTION (memo)				0.0
B. CONTINGENCY RETENTION (memo)				0.0
C. POTENTIAL DOD EXCESS (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	2.4	0.0	2.4	0.0

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(2.4)	0.0	(2.4)	0.0
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(2.4)	0.0	(2.4)	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28 DSSC
(DOLLARS IN MILLIONS)
FY2006

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	18.5	0.0	12.2	6.3
2. BOP INVENTORY ADJUSTMENTS	0.6	0.0	0.6	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.6	0.0	0.6	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	19.1	0.0	12.8	6.3
3. RECEIPTS AT STANDARD	58.4	0.0	58.4	0.0
4. SALES AT STANDARD	58.5	0.0	58.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT +	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(0.1)	0.0	(0.1)	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(0.1)	0.0	(0.1)	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (list/explain)	0.1	0.0	0.1	0.0
H. TOTAL ADJUSTMENTS	0.0	0.0	0.0	0.0
6. INVENTORY EOP	19.1	0.0	12.8	6.3
7. INVENTORY EOP, REVALUED	16.3	0.0	10.5	5.8
A. ECONOMIC RETENTION (memo)				0.0
B. CONTINGENCY RETENTION (memo)				0.0
C. POTENTIAL DOD EXCESS (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	2.5	0.0	2.5	0.0

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	0.1	0.0	0.1	0.0
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	0.1	0.0	0.1	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28 DSSC
(DOLLARS IN MILLIONS)
FY2007

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	19.1	0.0	12.8	6.3
2. BOP INVENTORY ADJUSTMENTS	0.6	0.0	0.6	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.6	0.0	0.6	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	19.7	0.0	13.4	6.3
3. RECEIPTS AT STANDARD	59.3	0.0	59.3	0.0
4. SALES AT STANDARD	59.3	0.0	59.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT +	0.2	0.0	0.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(0.1)	0.0	(0.1)	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(0.1)	0.0	(0.1)	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (list/explain)	(0.2)	0.0	(0.2)	0.0
H. TOTAL ADJUSTMENTS	(0.2)	0.0	(0.2)	0.0
6. INVENTORY EOP	19.5	0.0	13.2	6.3
7. INVENTORY EOP, REVALUED	16.9	0.0	11.1	5.8
A. ECONOMIC RETENTION (memo)				0.0
B. CONTINGENCY RETENTION (memo)				0.0
C. POTENTIAL DOD EXCESS (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	4.4	0.0	4.4	0.0

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(0.2)	0.0	(0.2)	0.0
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(0.2)	0.0	(0.2)	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28 RETAIL CENTRALLY MANAGED
(DOLLARS IN MILLIONS)
FY 2004

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	139.6	17.6	100.0	21.9
2. BOP INVENTORY ADJUSTMENTS	1.8	0.4	1.2	0.3
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	1.8	0.4	1.2	0.3
C. INVENTORY RECLASSIFIED AND REPRICED	141.4	18.0	101.2	22.2
3. RECEIPTS AT STANDARD	15.2	9.6	5.6	0.0
4. SALES AT STANDARD	14.7	6.2	8.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(10.3)	0.0	0.1	(10.4)
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.1	0.1	0.0	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	26.8	4.6	0.0	22.2
D. RETURNS TO SUPPLIERS (-)	(2.8)	0.0	0.0	(2.8)
E. TRANSFERS TO PROP. DISPOSAL (-)	(1.4)	0.0	0.0	(1.4)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(15.3)	(1.6)	0.0	(13.7)
G. OTHER (list/explain)	11.5	(4.7)	4.0	12.2
H. TOTAL ADJUSTMENTS	8.6	(1.7)	4.2	6.1
6. INVENTORY EOP	150.6	19.8	102.5	28.3
7. INVENTORY EOP, REVALUED	115.8	12.7	81.6	21.5
A. ECONOMIC RETENTION (memo)				2.8
B. CONTINGENCY RETENTION (memo)				7.4
C. POTENTIAL DOD EXCESS (memo)				18.1
8. INVENTORY ON ORDER EOP (memo)	15.5	4.4	11.0	0.1

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	11.5	(4.7)	4.0	12.2
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	11.5	(4.7)	4.0	12.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28 RETAIL CENTRALLY MANAGED
(DOLLARS IN MILLIONS)
FY2005

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	150.6	19.8	102.5	28.3
2. BOP INVENTORY ADJUSTMENTS	3.6	0.5	2.5	0.7
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	3.6	0.5	2.5	0.7
C. INVENTORY RECLASSIFIED AND REPRICED	154.2	20.3	104.9	29.0
3. RECEIPTS AT STANDARD	16.1	4.5	11.6	0.0
4. SALES AT STANDARD	14.2	0.0	14.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(3.4)	0.0	0.0	(3.432)
E. TRANSFERS TO PROP. DISPOSAL (-)	(3.1)	0.0	0.0	(3.1)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(0.1)	0.0	0.0	(0.1)
G. OTHER (list/explain)	(6.1)	0.0	(6.3)	0.2
H. TOTAL ADJUSTMENTS	(12.8)	0.0	(6.3)	(6.5)
6. INVENTORY EOP	143.3	24.8	96.0	22.5
7. INVENTORY EOP, REVALUED	114.8	19.0	78.7	17.1
A. ECONOMIC RETENTION (memo)				2.3
B. CONTINGENCY RETENTION (memo)				5.8
C. POTENTIAL DOD EXCESS (memo)				14.3
8. INVENTORY ON ORDER EOP (memo)	8.6	0.3	8.3	0.1

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(6.1)	0.0	(6.3)	0.2
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(6.1)	0.0	(6.3)	0.2

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28 RETAIL CENTRALLY MANAGED
(DOLLARS IN MILLIONS)
FY2006

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	143.3	24.8	96.0	22.5
2. BOP INVENTORY ADJUSTMENTS	5.7	1.0	3.8	0.9
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	5.7	1.0	3.8	0.9
C. INVENTORY RECLASSIFIED AND REPRICED	149.1	25.8	99.9	23.4
3. RECEIPTS AT STANDARD	9.2	0.0	9.2	0.0
4. SALES AT STANDARD	9.5	0.0	9.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(3.4)	0.0	0.0	(3.4)
E. TRANSFERS TO PROP. DISPOSAL (-)	(2.6)	0.0	0.0	(2.6)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	2.1	0.0	0.0	2.1
G. OTHER (list/explain)	(3.7)	0.0	(3.5)	(0.2)
H. TOTAL ADJUSTMENTS	(7.6)	0.0	(3.5)	(4.1)
6. INVENTORY EOP	141.2	25.8	96.1	19.3
7. INVENTORY EOP, REVALUED	113.1	22.9	75.8	14.4
A. ECONOMIC RETENTION (memo)				1.9
B. CONTINGENCY RETENTION (memo)				5.0
C. POTENTIAL DOD EXCESS (memo)				12.3
8. INVENTORY ON ORDER EOP (memo)	4.8	0.0	4.7	0.1

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(3.7)	0.0	(3.5)	(0.2)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(3.7)	0.0	(3.5)	(0.2)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 28 RETAIL CENTRALLY MANAGED
(DOLLARS IN MILLIONS)
FY2007

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	141.2	25.8	96.1	19.3
2. BOP INVENTORY ADJUSTMENTS	2.3	0.4	1.5	0.3
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	2.3	0.4	1.5	0.3
C. INVENTORY RECLASSIFIED AND REPRICED	143.5	26.2	97.7	19.6
3. RECEIPTS AT STANDARD	4.5	0.0	4.5	0.0
4. SALES AT STANDARD	5.7	0.0	5.7	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	(1.8)	0.0	0.0	(1.8)
E. TRANSFERS TO PROP. DISPOSAL (-)	(1.5)	0.0	0.0	(1.5)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	3.3	0.0	0.0	3.3
G. OTHER (list/explain)	(3.3)	0.0	(3.5)	0.1
H. TOTAL ADJUSTMENTS	(3.3)	0.0	(3.5)	0.1
6. INVENTORY EOP	139.0	26.2	93.1	19.7
7. INVENTORY EOP, REVALUED	111.4	23.3	74.0	14.1
A. ECONOMIC RETENTION (memo)				2.0
B. CONTINGENCY RETENTION (memo)				5.1
C. POTENTIAL DOD EXCESS (memo)				12.6
8. INVENTORY ON ORDER EOP (memo)	5.8	0.0	5.8	0.1

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(3.3)	0.0	(3.5)	0.1
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(3.3)	0.0	(3.5)	0.1

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY 2004

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	0.5	0.0	0.5	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.6	0.0	0.6	0.0
3. RECEIPTS AT STANDARD	11.9	0.0	11.9	0.0
4. SALES AT STANDARD	11.9	0.0	11.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (list/explain)	(0.1)	0.0	(0.1)	0.0
H. TOTAL ADJUSTMENTS	(0.1)	0.0	(0.1)	0.0
6. INVENTORY EOP	0.5	0.0	0.5	0.0
7. INVENTORY EOP, REVALUED	0.5	0.0	0.5	0.0
A. ECONOMIC RETENTION (memo)				0.0
B. CONTINGENCY RETENTION (memo)				0.0
C. POTENTIAL DOD EXCESS (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.3	0.0	0.3	0.0

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(0.1)	0.0	(0.1)	0.0
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(0.1)	0.0	(0.1)	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY2005

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	0.5	0.0	0.5	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.6	0.0	0.6	0.0
3. RECEIPTS AT STANDARD	17.3	0.0	17.3	0.0
4. SALES AT STANDARD	17.3	0.0	17.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(0.0)	0.0	(0.0)	0.0
G. OTHER (list/explain)	(0.0)	0.0	(0.0)	0.0
H. TOTAL ADJUSTMENTS	(0.0)	0.0	(0.0)	0.0
6. INVENTORY EOP	0.5	0.0	0.5	0.0
7. INVENTORY EOP, REVALUED	0.4	0.0	0.4	0.0
A. ECONOMIC RETENTION (memo)				0.0
B. CONTINGENCY RETENTION (memo)				0.0
C. POTENTIAL DOD EXCESS (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.7	0.0	0.7	0.0

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(0.0)	0.0	(0.0)	0.0
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(0.0)	0.0	(0.0)	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY2006

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	0.5	0.0	0.5	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.5	0.0	0.5	0.0
3. RECEIPTS AT STANDARD	19.3	0.0	19.3	0.0
4. SALES AT STANDARD	19.2	0.0	19.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(0.0)	0.0	(0.0)	0.0
G. OTHER (list/explain)	(0.1)	0.0	(0.1)	0.0
H. TOTAL ADJUSTMENTS	(0.1)	0.0	(0.1)	0.0
6. INVENTORY EOP	0.5	0.0	0.5	0.0
7. INVENTORY EOP, REVALUED	0.4	0.0	0.4	0.0
A. ECONOMIC RETENTION (memo)				0.0
B. CONTINGENCY RETENTION (memo)				0.0
C. POTENTIAL DOD EXCESS (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.7	0.0	0.7	0.0

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(0.1)	0.0	(0.1)	0.0
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(0.1)	0.0	(0.1)	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 38
(DOLLARS IN MILLIONS)
FY2007

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	0.5	0.0	0.5	0.0
2. BOP INVENTORY ADJUSTMENTS	0.0	0.0	0.0	0.0
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	0.0	0.0	0.0	0.0
C. INVENTORY RECLASSIFIED AND REPRICED	0.5	0.0	0.5	0.0
3. RECEIPTS AT STANDARD	17.9	0.0	17.9	0.0
4. SALES AT STANDARD	17.9	0.0	17.9	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(0.0)	0.0	(0.0)	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	0.0	0.0	0.0	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	0.0	0.0	0.0	0.0
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	0.0	0.0	0.0	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	0.0	0.0	0.0	0.0
G. OTHER (list/explain)	0.1	0.0	0.1	0.0
H. TOTAL ADJUSTMENTS	0.1	0.0	0.1	0.0
6. INVENTORY EOP	0.6	0.0	0.6	0.0
7. INVENTORY EOP, REVALUED	0.5	0.0	0.5	0.0
A. ECONOMIC RETENTION (memo)				0.0
B. CONTINGENCY RETENTION (memo)				0.0
C. POTENTIAL DOD EXCESS (memo)				0.0
8. INVENTORY ON ORDER EOP (memo)	0.7	0.0	0.7	0.0

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	0.1	0.0	0.1	0.0
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
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Total	0.1	0.0	0.1	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 84
(DOLLARS IN MILLIONS)
FY 2004

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	491.6	15.4	334.0	142.2
2. BOP INVENTORY ADJUSTMENTS	(59.9)	(2.1)	(48.9)	(8.9)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	(59.9)	(2.1)	(48.9)	(8.9)
C. INVENTORY RECLASSIFIED AND REPRICED	431.7	13.3	285.1	133.3
3. RECEIPTS AT STANDARD	32.2	3.7	28.5	0.0
4. SALES AT STANDARD	125.3	0.0	125.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(0.2)	0.0	0.0	(0.2)
B. RETURNS FROM CUSTOMERS FOR CREDIT	6.3	0.0	6.3	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	139.5	0.0	13.1	126.4
D. RETURNS TO SUPPLIERS (-)	(5.3)	0.0	0.0	(5.3)
E. TRANSFERS TO PROP. DISPOSAL (-)	(11.0)	0.0	0.0	(11.0)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(14.1)	(2.6)	10.7	(22.2)
G. OTHER (list/explain)	(16.0)	0.0	(0.1)	(15.9)
H. TOTAL ADJUSTMENTS	99.2	(2.6)	30.0	71.8
6. INVENTORY EOP	437.8	14.4	218.3	205.1
7. INVENTORY EOP, REVALUED	293.7	9.7	146.5	137.5
A. ECONOMIC RETENTION (memo)				8.4
B. CONTINGENCY RETENTION (memo)				49.1
C. POTENTIAL DOD EXCESS (memo)				80.0
8. INVENTORY ON ORDER EOP (memo)	134.7	3.7	126.7	4.3

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(16.0)	0.0	(0.1)	(15.9)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(16.0)	0.0	(0.1)	(15.9)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 84
(DOLLARS IN MILLIONS)
FY2005

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	437.8	14.4	218.3	205.1
2. BOP INVENTORY ADJUSTMENTS	18.2	0.7	8.9	8.7
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	18.2	0.7	8.9	8.7
C. INVENTORY RECLASSIFIED AND REPRICED	456.0	15.1	227.2	213.8
3. RECEIPTS AT STANDARD	68.2	3.1	65.1	0.0
4. SALES AT STANDARD	117.6	0.0	117.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.5	0.0	3.5	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	105.7	0.0	37.2	68.5
D. RETURNS TO SUPPLIERS (-)	(18.2)	0.0	0.0	(18.2)
E. TRANSFERS TO PROP. DISPOSAL (-)	(29.3)	0.0	0.0	(29.3)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(1.0)	0.0	1.2	(2.2)
G. OTHER (list/explain)	(26.9)	0.0	0.0	(26.9)
H. TOTAL ADJUSTMENTS	33.8	0.0	41.9	(8.1)
6. INVENTORY EOP	440.5	18.2	216.6	205.7
7. INVENTORY EOP, REVALUED	295.5	12.3	145.3	137.9
A. ECONOMIC RETENTION (memo)				8.4
B. CONTINGENCY RETENTION (memo)				49.2
C. POTENTIAL DOD EXCESS (memo)				80.3
8. INVENTORY ON ORDER EOP (memo)	144.4	6.6	133.5	4.3

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(26.9)	0.0	0.0	(26.9)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(26.9)	0.0	0.0	(26.9)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 84
(DOLLARS IN MILLIONS)
FY2006

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	440.5	18.2	216.6	205.7
2. BOP INVENTORY ADJUSTMENTS	11.6	0.5	5.7	5.4
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	11.6	0.5	5.7	5.4
C. INVENTORY RECLASSIFIED AND REPRICED	452.1	18.7	222.3	211.1
3. RECEIPTS AT STANDARD	64.0	3.4	60.6	0.0
4. SALES AT STANDARD	74.8	0.0	74.8	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.5	0.0	3.5	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	51.6	0.0	1.1	50.5
D. RETURNS TO SUPPLIERS (-)	(19.6)	0.0	0.0	(19.6)
E. TRANSFERS TO PROP. DISPOSAL (-)	(27.3)	0.0	0.0	(27.3)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(1.0)	0.0	1.2	(2.2)
G. OTHER (list/explain)	(9.0)	0.0	0.0	(9.0)
H. TOTAL ADJUSTMENTS	(1.8)	0.0	5.8	(7.6)
6. INVENTORY EOP	439.5	22.1	213.9	203.5
7. INVENTORY EOP, REVALUED	294.9	14.9	143.5	136.4
A. ECONOMIC RETENTION (memo)				8.3
B. CONTINGENCY RETENTION (memo)				48.7
C. POTENTIAL DOD EXCESS (memo)				79.4
8. INVENTORY ON ORDER EOP (memo)	108.9	3.2	101.4	4.3

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(9.0)	0.0	0.0	(9.0)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(9.0)	0.0	0.0	(9.0)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
INVENTORY STATUS
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
BUDGET PROJECT 84
(DOLLARS IN MILLIONS)
FY2007

			---- Peacetime ----	
	Total	**Mobilization**	**Operating**	**Other**
1. INVENTORY BOP	439.5	22.1	213.9	203.5
2. BOP INVENTORY ADJUSTMENTS	3.6	0.2	1.7	1.7
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	0.0	0.0
B. PRICE CHANGE AMOUNT (memo)	3.6	0.2	1.7	1.7
C. INVENTORY RECLASSIFIED AND REPRICED	443.1	22.3	215.6	205.2
3. RECEIPTS AT STANDARD	54.5	1.1	53.4	0.0
4. SALES AT STANDARD	69.5	0.0	69.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.0	0.0	0.0	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT	3.5	0.0	3.5	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	50.6	0.0	1.1	49.5
D. RETURNS TO SUPPLIERS (-)	(19.7)	0.0	0.0	(19.7)
E. TRANSFERS TO PROP. DISPOSAL (-)	(27.3)	0.0	0.0	(27.3)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(9.0)	0.0	0.0	(9.0)
G. OTHER (list/explain)	(1.1)	0.0	1.1	(2.2)
H. TOTAL ADJUSTMENTS	(2.9)	0.0	5.7	(8.7)
6. INVENTORY EOP	425.1	23.4	205.2	196.5
7. INVENTORY EOP, REVALUED	285.2	15.8	137.7	131.7
A. ECONOMIC RETENTION (memo)				8.0
B. CONTINGENCY RETENTION (memo)				47.0
C. POTENTIAL DOD EXCESS (memo)				76.7
8. INVENTORY ON ORDER EOP (memo)	90.8	2.1	84.4	4.3

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(1.1)	0.0	1.1	(2.2)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(1.1)	0.0	1.1	(2.2)

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SM-5B
FISCAL YEAR 2006 BUDGET ESTIMATES - FEBRUARY 2005
Wholesale Only (BP 84 MC Managed)
Customer Price Change
($ IN MILLIONS)

Composite (BP 84)

	FY 2004		FY 2005		FY 2006		FY 2007
1. Net Sales at Cost	23.4		19.1		42.2		37.1
2. Less: Mat'l Inflation Adj.	0.4		0.5		0.5		0.5
					.		
3. Revised Net Sales	23.0		18.6		41.7		36.6
4. Surcharge ($)	6.9		6.4		7.5		7.6
5. Change to Customers							
a. Previous Year's Surcharge (%)	61.79%		29.27%		33.51%		17.74%
b. This year's Surcharge and Material Inflation							
divided by line 3 above ($)	31.52%		37.10%		19.13%		22.24%
c. Percent change to customer	-18.71%		6.05%		-10.77%		3.81%

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
War Reserve Material (WRM) - Stockpile
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
FY 2004
($ in MILLIONS)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	33.0	33.0	0.0
2. Price Change	-1.7	-1.7	0.0
3. Reclassification	31.3	31.3	0.0
Inventory Changes			
a. Receipts @ std	18.0	18.0	0.0
(1). Purchases	13.3	13.3	0.0
(2). Returns from customers	4.7	4.7	0.0
b. Issues @ std	6.2	6.2	0.0
(1). Sales	6.2	6.2	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	-8.9	-8.9	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	-8.9	-8.9	0.0
Inventory EOP	34.2	34.2	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	4.5	4.5	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	4.5	4.5	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
War Reserve Material (WRM) - Stockpile
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
FY 2005
($ in MILLIONS)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	34.2	34.2	0.0
2. Price Change	1.2	1.2	0.0
3. Reclassification	35.4	35.4	0.0
Inventory Changes			
a. Receipts @ std	7.6	7.6	0.0
(1). Purchases	7.6	7.6	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
Inventory EOP	43.0	43.0	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	4.9	4.9	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	4.9	4.9	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
War Reserve Material (WRM) - Stockpile
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
FY 2006
($ in MILLIONS)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	43.0	43.0	0.0
2. Price Change	1.5	1.5	0.0
3. Reclassification	44.5	44.5	0.0
Inventory Changes			
a. Receipts @ std	3.4	3.4	0.0
(1). Purchases	3.4	3.4	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
Inventory EOP	47.9	47.9	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest	0.0	0.0	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
War Reserve Material (WRM) - Stockpile
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
FY 2007
($ in millions)

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	47.9	47.9	0.0
2. Price Change	0.6	0.6	0.0
3. Reclassification	48.5	48.5	0.0
Inventory Changes			
a. Receipts @ std	1.1	1.1	0.0
(1). Purchases	1.1	1.1	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ std	0.0	0.0	0.0
(1). Sales	0.0	0.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	0.0	0.0	0.0
c. Adjustments @ std	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and losses	0.0	0.0	0.0
(3). Other	0.0	0.0	0.0
Inventory EOP	49.6	49.6	0.0
Stockpile Costs			
1. Storage	0.0	0.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.0	0.0	0.0
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.0	0.0	0.0
b. Replen./Repair WRM Reinvest.	0.0	0.0	0.0
c. Stock Rotation/Obsolescence	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Capital Investment Summary
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
($ in MILLIONS)

Line Number	Item Description	FY 2004		FY 2005		FY 2006		FY 2007	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1a	Non-ADP Equipment								
	(List here)								
	Subtotal Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1b	Non-ADP Equipment								
	(List here)								
	Subtotal Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2a	Minor Construction								
	(List here)								
	Subtotal Minor Const	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3a	ADP Equipment								
	(List here)								
	Subtotal ADP Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3b	ADP Equipment								
	(List here)								
	Subtotal ADP Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4a	Telecommunications Equip								
	(List here)								
	Subtotal Telecomm Equip	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4b	Off the Shelf Software								
	(List here)								
	Subtotal Off the Shelf	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6c	Central Design Activity								
	(List here)								
	Subtotal CDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GRAND TOTAL CAPITAL PURCHASE PROGRAM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
CAPITAL INVESTMENT JUSTIFICATION
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
($ in Thousands)

	FY 2004			FY 2005			FY 2006			FY 2007		
Item Description	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL			0.0			0.0			0.0			0.0

Narrative Justification:

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Capital Budget Execution
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
FY 2004
($ in MILLIONS)

FY 2004	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency
	Equipment except ADPE and TELECOM				
					0.0
	N/A	0.0	0.0	0.0	0.0
					0.0
	Subtotal Equipment	0.0	0.0	0.0	0.0
	Equipment - ADPE and TELECOM				
					0.0
					0.0
	Subtotal ADPE/TelCom	0.0	0.0	0.0	0.0
	Software Development				
					0.0
					0.0
	Subtotal Software	0.0	0.0	0.0	0.0
	Minor Construction				
					0.0
	N/A	0.0	0.0	0.0	0.0
					0.0
	Subtotal Minor Construction	0.0	0.0	0.0	0.0
	Total PY	0.0	0.0	0.0	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Capital Budget Execution
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
FY 2005
($ in MILLIONS)

FY 2005	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency
	Equipment except ADPE and TELECOM				
					0.0
	N/A	0.0	0.0	0.0	0.0
					0.0
	Subtotal Equipment	0.0	0.0	0.0	0.0
	Equipment - ADPE and TELECOM				
					0.0
					0.0
	Subtotal ADPE/TelCom	0.0	0.0	0.0	0.0
	Software Development				
					0.0
					0.0
	Subtotal Software	0.0	0.0	0.0	0.0
	Minor Construction				
					0.0
	N/A	0.0	0.0	0.0	0.0
					0.0
	Subtotal Minor Construction	0.0	0.0	0.0	0.0
	Total CY	0.0	0.0	0.0	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Capital Budget Execution
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
FY 2006
($ in MILLIONS)

FY 2006	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency
	Equipment except ADPE and TELECOM				
					0.0
	N/A	0.0	0.0	0.0	0.0
					0.0
	Subtotal Equipment	0.0	0.0	0.0	0.0
	Equipment - ADPE and TELECOM				
					0.0
					0.0
	Subtotal ADPE/TelCom	0.0	0.0	0.0	0.0
	Software Development				
					0.0
					0.0
	Subtotal Software	0.0	0.0	0.0	0.0
	Minor Construction				
					0.0
	N/A	0.0	0.0	0.0	0.0
					0.0
	Subtotal Minor Construction	0.0	0.0	0.0	0.0
	Total BY1	0.0	0.0	0.0	0.0

NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
Capital Budget Execution
FISCAL YEAR (FY) 2006 BUDGET ESTIMATES - FEBRUARY 2005
FY 2007
($ in MILLIONS)

FY 2007	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency
	Equipment except ADPE and TELECOM				
					0.0
	N/A	0.0	0.0	0.0	0.0
					0.0
	Subtotal Equipment	0.0	0.0	0.0	0.0
	Equipment - ADPE and TELECOM				
					0.0
					0.0
	Subtotal ADPE/TelCom	0.0	0.0	0.0	0.0
	Software Development				
					0.0
					0.0
	Subtotal Software	0.0	0.0	0.0	0.0
	Minor Construction				
					0.0
	N/A	0.0	0.0	0.0	0.0
					0.0
	Subtotal Minor Construction	0.0	0.0	0.0	0.0
	Total BY2	0.0	0.0	0.0	0.0