DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2011
BUDGET ESTIMATES

JUSTIFICATION OF ESTIMATES
FEBRUARY 2010

NAVY WORKING CAPITAL FUND

NAVY WORKING CAPITAL FUND (NWCF)

The NWCF is a revolving fund that finances Department of the Navy activities that provide products and services on a reimbursable basis, based on a customer-provider relationship between operating units and support organizations. Customers send funded orders to the NWCF providers who furnish the services or products, pay for incurred expenses, and bill the customers, who in turn authorize payment. Unlike profit-oriented commercial businesses, working capital fund activities strive to break even over the budget cycle.

The five NWCF activity groups, Supply Management, Depot Maintenance, Research and Development, Base Support, and Transportation, provide a wide range of goods and services to support the Department's ongoing operations to maintain overall military readiness and Overseas Contingency Operations (OCO). NWCF activity groups will deliver goods and services valued at approximately $27 billion to their customers in FY 2011. No major changes to the business base are expected in FY 2011 over FY 2010 levels.

Supply Management

Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, and consumables to a wide variety of customers. A key component of the logistics capability area, Supply Management is central to assuring that DON and DoD operating forces and their equipment have the necessary supplies, spare parts, and components to conduct OCO engagements, various types of training, and any potential contingencies. Supply Management also supports contracting, resale, transportation, food service, and other quality of life programs. Warfighting units rely on provision of the right material at the proper place, time, and cost. Supply Management recoups its costs through stabilized rates.

Navy Supply continues deployment of the Navy Enterprise Resource Planning (ERP) system, using a phased implementation schedule to minimize impact to the fleet. Implementation at the Naval Inventory Control Point began in FY 2010 and continues through FY 2011. Three Fleet Industrial Supply Centers (FISCs) will also

complete implementation in FY 2011 and the final FISCs, Yokosuka and Sigonella, go live in FY 2012.

Major cost drivers in the Supply Management inventory are aviation weapons systems for the F/A-18, H-60, and the H-53, and inventory for aircraft engines. Additionally, repair and parts demand for the newly supported V-22 Osprey have exceeded original forecasts and significantly increased anticipated costs. The Marine Corps is leading a joint program for procurement of spares for the Mine Resistant Ambush Protected (MRAP) vehicles while also supporting increased customer provisioning and replenishment spares requirements for other systems.

Depot Maintenance

The Fleet Readiness Centers (FRCs) and Marine Corps Depots perform depot maintenance functions to ensure repair, overhaul, and timely updates of the right types and quantities of weapons systems and support equipment so that deployed and soon-to-deploy units have the battle-ready items they need to fight and win both ongoing OCO engagements and any potential confrontations. Forward-deployed individuals perform time-critical repair and upgrade functions in-theater, alongside the service members they support.

The FRCs are essential for mobilization; repair of aircraft, engines, and components; and the manufacture of parts and assemblies. They provide engineering services in the development of hardware design changes and furnish technical and other professional services on maintenance and logistics issues. The FRCs overhaul and repair a wide range of equipment and components. Workload budgeted in FY 2011 is often material intensive, requiring fewer direct labor hours to repair. Contractors are used to supplement the organic workforce during workload peaks.

MRAP vehicle workload continues to grow at the Marine Corps Depots and includes repairs and upgrades to vehicles in-theater as well as some work at the depots. Current projections of other workload includes repair of combat-damaged equipment and weapons systems returning from OIF/OEF as well as armor/ballistic protection upgrades prior to OCO

deployments. The impacts of the changing force levels associated with OCO continue to develop and will have an impact on depot maintenance operations. Increases in workload over current projections can be accommodated by deferring or canceling planned FY 2011 civilian workforce reductions.

Research and Development

Research and Development includes the Warfare Centers and the Naval Research Laboratory. R&D activities are very heavily involved in the development, engineering, acquisition and in-service support of weapons systems and equipment for the air, land, sea, and space operating environments that are the key to DON and DoD success in the force application area now and in the future. Other capability areas where the R&D activities make major contributions are battlespace awareness, net-centric (connectivity and interoperability), and command and control. Their contributions are evidenced through their research, engineering and testing efforts in the fields of space, aerial, surface and sub-surface sensors, communications systems, multi-media data fusion, and battle management systems. R&D activities are also implementing improvements and greater standardization among their acquisition workforces, thereby contributing to the progression of overall acquisition process and execution improvement under the corporate management and support area.

Certain R&D activities support the logistics capability through the repair and maintenance of select items of operating forces weapons and equipment. This is done in those instances in which the work is limited in scope, irregular in schedule and/or very specialized (and therefore not sufficient to warrant fully dedicated depot facilities or commercial source interest). Success in the logistics area enables the achievement of force application capability area goals by the operating forces. Workload at R&D activities remains robust and relatively constant between FY 2009 and FY 2011, of approximately $12 billion annually.

Additionally, NWCF R&D activities have been at the forefront of implementing Navy ERP. Navy ERP came on-line at Naval Air Warfare Center in FY 2008. Space and Naval Warfare Systems Centers are going live in FY 2010.

- Space and Naval Warfare System Centers provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of those systems that

overarch platforms. The current estimate reflects the impact of the Base Realignment and Closure V recommendation to consolidate maritime command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) research, development and acquisition, test and evaluation functions.

- Naval Air Warfare Center provides fleet support for naval aircraft, engines, avionics, aircraft support systems and ship/shore/air operations. This budget reflects the realignment of the Naval Air Warfare Center Training Systems Division (NAWCTSD) from mission funding to the NWCF beginning in FY 2011. NAWCTSD provides a full range of innovative training solutions, products, and services. Their core competencies include requirements analysis, systems engineering, systems acquisition, fielding and sustainment over the training systems life cycle. Customers include Navy, Army, Air Force, Department of Defense, and Coast Guard.
- Naval Surface Warfare Center provides fleet support for hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.
- Naval Undersea Warfare Center provides fleet support for submarines, autonomous underwater systems, and offensive and defensive systems associated with undersea warfare.
- Naval Research Laboratory operates as the DON'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.

Base Support

The Base Support business area is comprised of the Facilities Engineering Commands (FECs) and the Naval Facilities Engineering Service Center (NFESC).

The FECs provide a broad range of services in the force support area by ensuring that DON and DoD facilities and installations have reliable access to utilities services such as electricity, water, steam and natural gas and building/facilities repair, maintenance and modernization services. NFESC is a DON-wide technical center delivering quality products and services in energy and utilities, amphibious and expeditionary systems, environment and shore, and ocean and waterfront facilities. In addition, energy efficiency improvements in both buildings and support vehicles are being implemented by Base Support activities in order to conserve DON and DoD resources. Facility-related technology development and environmental testing is also performed by this group.

Even though the FECs are impacted by higher purchased utilities costs and the addition of new customer workload due to Joint Basing initiatives, they are implementing energy conservation measures that are expected to limit the growth in the quantities of electricity and natural gas consumed. They have also incorporated initiatives to standardize and contain vehicle and equipment operating costs. With regard to facility management and services, the FECs are curbing the cost growth associated with facility service contracts by maximizing the use of regional contracts and seeking fewer and longer term contracts while still maintaining small business commitments.

Transportation

The DON cannot succeed in the logistics area without the contributions of the Transportation group. While over-ocean movement of supplies and provisions to the operating forces is a primary focus of this group, it also maintains prepositioned equipment and supplies as well as other special mission services, and thereby is another example of enabling the DON to achieve force application goals whenever and wherever necessary.

Transportation is comprised of the Military Sealift Command (MSC) which supports the fleets, Naval Sea Systems Command, Space and Naval Warfare Systems and programs. The three programs budgeted by MSC through the NWCF are: 1) Naval Fleet Auxiliary Force which provides support utilizing civilian mariner manned non-combatant ships for material support and ocean going tugs and salvage ships; 2) Special Mission Ships which provide unique seagoing platforms, operation of Navy command ships, and contracted harbor tugs; and 3) Afloat Prepositioning Force Navy which deploys advance material for strategic lift for the Marine Expeditionary Forces.

Activation changes in FY 2011 are for the delivery of two T-AKEs. Deactivation changes in FY 2011 are for three T-AE Ammunition Ships, and two T-AOT Tanker Ships.

NWCF Cash

The Department's goal is to maintain the cash balance in the seven to ten day range based on the average daily expenditure rate plus a six month projection of outlays to

procure capital investments. The cash forecast of collections and disbursements considers cyclical timing (i.e. payroll disbursements based on payroll periods; timing of major disbursements including capital purchases, vendor payments within and outside government, long lead contract accruals, and transfers if known). The NWCF cash balance fluctuates due primarily to the return of excess accumulated operating results for prior year gains and the transition to Navy ERP.

(Dollars in millions)

New Orders	**FY 2009**	**FY 2010**	**FY 2011**
Supply - Navy	5,955.6	5,712.7	5,979.4
Supply - Marine Corps	130.0	126.8	136.5
Depot Maintenance - Ships	0.0	0.0	0.0
Depot Maintenance - Aircraft	2,238.4	1,856.8	1,976.0
Depot Maintenance - Marine Corps	551.4	275.0	295.3
R&D - Air Warfare Center	3,506.3	3,563.2	3,647.6
R&D - Surface Warfare Center	3,850.4	3,759.1	3,870.3
R&D - Undersea Warfare Center	1,128.2	1,013.8	1,024.6
R&D - SPAWAR Systems Center	2,719.5	2,704.8	2,646.9
R&D - Naval Research Laboratory	698.0	675.3	699.2
Transportation - MSC	2,445.2	2,715.0	2,654.4
Base Support - FECs	2,719.7	2,780.2	2,922.2
Base Support - NFESC	125.8	104.3	104.1
Totals	**26,068.3**	**25,287.0**	**25,956.6**

(Dollars in millions)

Revenue	**FY 2009**	**FY 2010**	**FY 2011**
Supply - Navy	5,926.7	6,021.2	6,347.5
Supply - Marine Corps	119.8	121.6	129.9
Depot Maintenance - Ships	17.3	0.0	0.0
Depot Maintenance - Aircraft	2,161.2	1,849.3	1,895.1
Depot Maintenance - Marine Corps	589.2	440.1	355.5
R&D - Air Warfare Center	3,468.1	3,557.1	3,719.1
R&D - Surface Warfare Center	3,816.2	3,846.0	3,947.1
R&D - Undersea Warfare Center	1,147.0	1,022.1	1,048.6
R&D - SPAWAR Systems Center	2,523.0	2,759.0	2,653.8
R&D - Naval Research Laboratory	675.9	680.3	706.7
Transportation - MSC	2,367.9	2,715.0	2,654.4
Base Support - FECs	2,676.9	2,776.1	2,920.1
Base Support - NFESC	104.0	102.5	104.9
Totals	**25,593.2**	**25,890.3**	**26,482.7**

Cost of Goods Sold: (Operating)
Total operating obligations for supply functions and cost of good and services sold for industrial functions are as follows:

(Dollars in millions)

Operating Costs	**FY 2009**	**FY 2010**	**FY 2011**
Supply - Navy	6,156.5	6,486.0	6,635.3
Supply - Marine Corps	108.3	141.7	149.8
Depot Maintenance - Ships	10.9	0.0	0.0
Depot Maintenance - Aircraft	2,150.5	1,842.3	1,871.3
Depot Maintenance - Marine Corps	591.8	448.3	348.2
R&D - Air Warfare Center	3,486.5	3,553.0	3,712.7
R&D - Surface Warfare Center	3,794.3	3,873.1	3,987.5
R&D - Undersea Warfare Center	1,146.2	1,032.6	1,055.1
R&D - SPAWAR Systems Center	2,464.6	2,749.5	2,704.2
R&D - Naval Research Laboratory	670.7	693.7	711.4
Transportation - MSC	2,438.2	2,766.4	2,740.3
Base Support - FECs	2,725.4	2,726.4	2,832.9
Base Support - NFESC	105.1	102.5	104.6
Totals	**25,849.1**	**26,415.6**	**26,853.2**

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)

Net Operating Results	**FY 2009**	**FY 2010**	**FY 2011**
Supply - Navy	-75.7	-55.9	164.5
Supply - Marine Corps	-2.5	0.0	7.6
Depot Maintenance - Ships	6.4	0.0	0.0
Depot Maintenance - Aircraft	10.7	7.1	23.8
Depot Maintenance - Marine Corps	-2.6	-8.2	3.6
R&D - Air Warfare Center	-18.4	4.1	6.4
R&D - Surface Warfare Center	21.9	-27.2	-40.4
R&D - Undersea Warfare Center	0.8	-10.5	-6.5
R&D - SPAWAR Systems Center	58.4	9.5	-56.4
R&D - Naval Research Laboratory	1.8	-13.4	-4.7
Transportation - MSC	-70.4	-51.4	-86.0
Base Support - FECs	-48.5	49.7	87.3
Base Support - NFESC	-1.1	0.0	0.4
Totals	**-119.3**	**-96.3**	**99.6**

(Dollars in millions)

Accumulated Operating Results	**FY 2009**	**FY 2010**	**FY 2011**
Supply - Navy	-108.5	-164.5	0.0
Supply - Marine Corps	-7.6	-7.6	0.0
Depot Maintenance - Ships	10.5	0.0	0.0
Depot Maintenance - Aircraft	-30.9	-23.8	0.0
Depot Maintenance - Marine Corps	4.6	-3.6	0.0
R&D - Air Warfare Center	-10.5	-6.4	0.0
R&D - Surface Warfare Center	67.5	40.4	0.0
R&D - Undersea Warfare Center	17.0	6.5	0.0
R&D - SPAWAR Systems Center	46.9	56.4	0.0
R&D - Naval Research Laboratory	18.2	4.7	0.0
Transportation - MSC	137.3	86.0	0.0
Base Support - FECs	-137.0	-87.3	0.0
Base Support - NFESC	-0.4	-0.4	0.0
Totals	**7.3**	**-99.5**	**0.0**

Workload:
Workload projections for NWCF activities are consistent with 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 – FECs, and change in direct labor hours for all other industrial activity groups. For supply business areas, workload changes are indicated by gross sales:

Workload	FY 2010	FY 2011
Supply - Navy	0.2%	4.3%
Supply - Marine Corps	4.2%	6.5%
Depot Maintenance - Ships	na	na
Depot Maintenance - Aircraft	-13.3%	1.1%
Depot Maintenance - Marine Corps	-27.8%	-30.6%
R&D - Air Warfare Center	-0.5%	8.2%
R&D - Surface Warfare Center	0.4%	0.1%
R&D - Undersea Warfare Center	-0.2%	0.0%
R&D - SPAWAR Systems Center	-1.1%	1.1%
R&D - Naval Research Laboratory	-0.9%	0.0%
Transportation - MSC	6.6%	-2.7%
Base Support - FECs	0.0%	3.9%
Base Support - NFESC	-12.4%	0.0%

(Dollars in millions)

Treasury Cash	**FY 2009**	**FY 2010**	**FY 2011**
Beginning Cash Balance	**784.6**	**1,171.1**	**907.3**
Collections	26,097.6	25,873.3	26,443.6
Disbursements	25,696.1	26,185.0	26,506.4
MSC Capital Hire Purchases	-16.6	0.0	0.0
Inventory Augmentation	1.6	0.0	0.0
Consumable Item Transfer	0.0	48.0	60.0
Ending Cash Balance	**1,171.1**	**907.3**	**904.6**

Customer Rate Changes:
Approved composite rate changes from FY 2008 to FY 2009 and from FY 2009 to FY 2010 are displayed below. Proposed composite rate changes FY 2010 to FY 2011 (designed to achieve an accumulated operating result of zero) are as follows:

	(Percent Change)		
Customer Rate Change	**FY 2009**	**FY 2010**	**FY 2011**
Supply:			
Navy - Aviation Consumables	1.7%	-3.1%	-2.6%
Navy - Shipboard Consumables	1.2%	1.6%	4.2%
Navy - Aviation Repairables	1.9%	2.2%	3.7%
Navy - Shipboard Repairables	1.2%	1.6%	4.2%
MARCORPS Repairables	8.0%	6.4%	5.6%
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	7.8%	-0.6%	0.4%
Depot Maintenance - Marine Corps	5.7%	0.5%	-3.1%
R&D - Air Warfare Center	4.2%	2.7%	1.3%
R&D - Surface Warfare Center	2.9%	2.2%	2.4%
R&D - Undersea Warfare Center	2.8%	1.2%	3.2%
R&D - SPAWAR Systems Center	6.8%	2.1%	-2.1%
R&D - Naval Research Laboratory	3.8%	4.6%	3.9%
Transportation - MSC			
Fleet Auxiliary	2.6%	3.0%	7.5%
Special Mission Ships	18.8%	4.0%	6.0%
Afloat Prepositioning Ships	-33.1%	11.4%	8.6%
Base Support - FECs			
East Coast Utilities	9.7%	1.7%	8.5%
East Coast - Other	3.2%	-0.4%	2.0%
West Coast Utilities	6.2%	4.4%	12.1%
West Coast - Other	0.3%	1.5%	1.2%
Base Support - NFESC	1.5%	1.9%	1.8%

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.

Unit Cost	**FY 2009**	**FY 2010**	**FY 2011**
Supply - Navy (cost per unit of sales[1]):			
Wholesale	1.032	1.042	0.986
Retail	0.899	1.001	1.001
Supply - Marine Corps (cost per unit of sales[1]):			
Wholesale	0.899	0.867	0.840
Retail	0.910	0.981	0.981
Depot Maintenance - Ships ($/Direct Labor Hour[2])	na	na	na
Depot Maintenance - Aircraft ($/Direct Labor Hour)	180.92	177.58	178.46
Depot Maintenance - Marine Corps ($/Direct Labor Hour)	121.57	127.52	142.66
R&D - Air Warfare Center ($/Direct Labor Hour[2])	92.19	91.86	95.19
R&D - Surface Warfare Center ($/Direct Labor Hour[2])	95.97	100.31	104.06
R&D - Undersea Warfare Center ($/Direct Labor Hour[2])	98.12	101.95	105.61
R&D - SPAWAR Systems Center ($/Direct Labor Hour[2])	101.27	106.40	107.13
R&D - Naval Research Laboratory ($/Direct Labor Hour[2])	133.42	140.55	145.23
Transportation - MSC			
Fleet Auxiliary ($/day)	85,769	96,603	105,044
Special Mission Ships ($/day)	19,840	24,422	26,595
Afloat Prepositioning Ships ($/day)	61,117	66,756	71,858
Base Support - FECs Cost of Services	various	various	various
Base Support - NFESC ($/direct Labor Hour[2])	101.38	97.93	99.30

[1] *excludes inventory augmentation and war reserve material obligations*

[2] *includes direct labor plus overhead costs*

Staffing:
Total civilian and military personnel employed at NWCF activities are displayed in the following tables.

(Strength in Whole Numbers)

Civilian End Strength	FY 2009	FY 2010	FY 2011
Supply - Navy	7,069	6,323	6,300
Supply - Marine Corps	24	24	24
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	9,115	8,660	8,695
Depot Maintenance - Marine Corps	2,742	2,266	1,995
R&D - Air Warfare Center	11,410	11,364	12,447
R&D - Surface Warfare Center	15,119	14,836	14,857
R&D - Undersea Warfare Center	4,186	4,115	4,182
R&D - SPAWAR Systems Center	6,860	6,660	6,717
R&D - Naval Research Laboratory	2,415	2,357	2,357
Transportation - MSC	5,947	6,372	6,195
Base Support - FECs	9,497	9,447	9,548
Base Support - NFESC	397	384	384
Totals	**74,781**	**72,808**	**73,701**

(Workyears in Whole Numbers)

Civilian Workyears	FY 2009	FY 2010	FY 2011
Supply - Navy	7,309	6,318	6,293
Supply - Marine Corps	24	24	24
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	9,135	8,733	8,749
Depot Maintenance - Marine Corps	2,431	2,316	2,046
R&D - Air Warfare Center	10,912	10,992	12,046
R&D - Surface Warfare Center	14,462	14,778	14,858
R&D - Undersea Warfare Center	4,057	4,073	4,113
R&D - SPAWAR Systems Center	6,534	6,547	6,604
R&D - Naval Research Laboratory	2,301	2,301	2,301
Transportation - MSC	7,736	8,325	8,006
Base Support - FECs	9,339	9,412	9,495
Base Support - NFESC	381	373	373
Totals	**74,621**	**74,192**	**74,908**

(Strength in Whole Numbers)

Military End Strength	**FY 2009**	**FY 2010**	**FY 2011**
Supply - Navy	369	369	369
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	109	122	123
Depot Maintenance - Marine Corps	15	11	12
R&D - Air Warfare Center	140	190	232
R&D - Surface Warfare Center	201	232	231
R&D - Undersea Warfare Center	33	40	40
R&D - SPAWAR Systems Center	70	78	79
R&D - Naval Research Laboratory	69	67	69
Transportation - MSC	317	368	407
Base Support - FECs	78	78	78
Base Support - NFESC	3	3	3
Totals	**1,404**	**1,558**	**1,643**

(Workyears in Whole Numbers)

Military Workyears	**FY 2009**	**FY 2010**	**FY 2011**
Supply - Navy	369	369	369
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	95	122	123
Depot Maintenance - Marine Corps	16	11	12
R&D - Air Warfare Center	130	140	176
R&D - Surface Warfare Center	175	235	231
R&D - Undersea Warfare Center	35	38	38
R&D - SPAWAR Systems Center	70	78	79
R&D - Naval Research Laboratory	69	67	69
Transportation - MSC	355	344	380
Base Support - FECs	78	78	78
Base Support - NFESC	3	3	3
Totals	**1,395**	**1,485**	**1,558**

Performance Budgeting. The NWCF utilizes a wide range of cascading performance information in support of a broad spectrum of financial and program performance metrics employed in the Department of Defense. By its very nature as a revolving fund, the NWCF budget can be viewed as a performance budget that routinely identifies the full cost of specific business activity (such as Fleet Readiness Centers or Supply Management) including identification of all financing sources to meet customer driven workload. As such, performance indicators (financial and programmatic) listed throughout the NWCF justification book, as well as the myriad of performance information contained in the various appropriation justification books, have supported the hierarchical composition starting with the Department of the Navy Balanced Scorecard, and merging with the DoD Balanced Scorecard, the OMB Program Assessment Rating Tool (PART), and culminating with the President's Management Agenda. Key financial/program indicators include: Net Operating Result (NOR), Accumulated Operating Result (AOR), Sources of Revenue, NWCF Cash, Manpower Staffing, Unit Cost, Cost of Goods Sold, and Capital Investment Program.

Key NWCF Performance Integration:

	DON Scorecard	DoD Scorecard	OMB PART	President's Mgmt Agenda
Fleet Readiness Centers:	Combat Capability	Operational Risk	Aircraft Maintenance	Budget Integration
Marine Corps Depots:	Combat Capability	Operational Risk	Depot Maintenance	Budget Integration
R&D Warfare Centers:	Tech Insertion	Future Challenges	Multiple R&D	Budget Integration
Military Sealift:	Combat Capability	Operational Risk	Ship Operations	Budget Integration
Facilities Engineering:	Improved Business	Institutional Risk	Base Support	Budget Integration
Supply Management:	Combat Capability	Operational Risk	Spares & Repair Parts	Budget Integration

(Dollars in Millions)

Capital Purchase Program	**FY 2009**	**FY 2010**	**FY 2011**
Supply - Navy	14.7	9.1	7.3
Supply - Marine Corps	0.0	0.0	0.0
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	33.2	44.8	45.3
Depot Maintenance - Marine Corps	10.1	10.1	10.1
R&D - Air Warfare Center	34.0	38.1	38.1
R&D - Surface Warfare Center	29.6	33.6	39.2
R&D - Undersea Warfare Center	15.2	17.1	18.5
R&D - SPAWAR Systems Center	8.2	11.8	16.5
R&D - Naval Research Laboratory	13.4	14.3	14.5
Transportation - MSC	10.9	16.6	15.9
Base Support - FECs	19.1	29.4	19.8
Base Support - NFESC	0.0	0.5	0.0
Totals	**188.2**	**225.3**	**225.2**

Equipment (Non-ADPE/Telecom)	92.644	124.524	115.156
ADPE and Telecommunications Equip	31.965	41.434	42.619
Software Development	22.724	14.846	16.488
Minor Construction	40.905	44.468	50.963
Totals	**188.2**	**225.3**	**225.2**

DEPOT MAINTENANCE SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
COMPONENT: TOTAL NAVY WORKING CAPITAL FUND DEPOTS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

	Revenue 3-Year Average			Budgeted Capital			Percent of Revenue		
	06-08	07-09	08-10	FY 2009	FY 2010	FY 2011	FY 2009 6%	FY 2010 6%	FY 2011 6%
Revenue									
Working Capital Fund	2,468.1	2,603.4	2,553.2	135.6	120.8	122.7			
Appropriations	0.0	0.0	0.0						
Total Revenue	2,468.1	2,603.4	2,553.2				148.1	156.2	153.2
Working Capital Fund Depot Maintenance Investment									
WCF Capital Investment Program				43.3	54.9	55.4			
Facilities Sustainment, Restoration and Modernization				49.9	37.5	41.2			
Equipment				18.4	18.4	16.1			
Equip purchase by Depots < Exp/Invest Threshold				13.9	14.0	11.7			
Equip purchase by Other Orgs < Exp/Invest Threshold				3.3	3.7	3.7			
Equip purchase by Other Ors >Exp/Invest Threshold				1.2	0.7	0.7			
Productivity Enhancements				0.0	0.0	0.0			
Total WCF Investment				111.6	110.8	112.7			
Appropriated Funding									
Facility Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				7.2	10.0	10.0			
Equip purchase by Depots < Exp/Invest Threshold				0.0	0.0	0.0			
Equip purchase by Other Orgs < Exp/Invest Threshold				5.2	5.0	5.0			
Equip purchase by Other Ors >Exp/Invest Threshold				2.0	5.0	5.0			
Capital Investment Program (Other Procurement, Navy)				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				16.8	0.0	0.0			
Total Appropriated Funding				24.0	10.0	10.0	**Budget Minus 6 Percent of Revenue Difference**		
Component Total				135.6	120.8	122.7	-12.5	-35.4	-30.5

The table above reflects data for two NWCF activity groups: the Fleet Readiness Centers and the Marine Corps Depots. The six percent threshold is applicable at the Department of the Navy level, to include both NWCF and appropriated fund (shipyard) activities. When shipyard results are added to the NWCF profile, the DON exceeds the threshold.

Fleet Readiness Centers

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
FEBRUARY 2010

ACTIVITY GROUP FUNCTION

To provide responsive worldwide maintenance, engineering, and logistics support to the Naval Aviation Enterprise. The Fleet Readiness Centers (FRCs) 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
FRC, EAST	Cherry Point, NC
FRC, SOUTHEAST	Jacksonville, FL
FRC, SOUTHWEST	San Diego, CA

BUDGET HIGHLIGHTS

General

The FRCs provide significant support to Fleet operations by overhauling and repairing a wide range of equipment and components. Their efforts include important workload related to the Overseas Contingency Operations (OCO) such as the repair of crash damaged AV-8B and F/A-18 aircraft. The FRCs are also restoring "mothballed" CH-53 helicopters to operational status. The FY 2010 budget estimate reflects a positive $7.1 million NOR and FY 2011 is budgeted for a zero AOR.

Summary of Operations – Fleet Readiness Centers
($ in Millions)

	FY 2009	FY 2010	FY 2011
Orders	2,238.4	1,856.8	1,976.0
Revenue	2,161.2	1,849.3	1,895.1
Cost of Goods and Services Sold	2,150.5	1,842.3	1,871.3
Revenue less Costs	10.7	7.1	23.8
Other Adjustments	0.0	0.0	0.0
Net Operating Result (NOR)	10.7	7.1	23.8
Accumulated Operating Result (AOR)	-30.9	-23.8	0.0

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
FEBRUARY 2010

Orders. New reimbursable orders for FY 2009, FY 2010, and FY2011 are $2,238.4M, $1,856.8M, and $1,976.0M respectively. FY 2009 new orders increased $338.8M from the FY 2010 President's Budget. The FY 2009 New Orders increase is mainly attributed to the airframes and engines programs due to the receipt of OCO funding. FY 2010 new orders decreased $1.8M from the President's Budget.

Revenue. Revenue is $2,161.2M for FY 2009, $1,849.3M for FY 2010, and $1,895.1M for FY 2011. FY 2010 revenue increased $1.7M from the FY 2010 President's Budget. FY 2011 includes $23.8M in AOR recovery (primarily due to FY 2009 losses in the engines program) to achieve a zero AOR. The FY 2010 prices for fuel in this submission are calculated using the current fuel composite rate of $118.02 per barrel versus the FY 2010 President's Budget rate of $89.46. This will result in a projected revenue shortfall of $1.696M; $1.476M of this amount is being requested as a direct Working Capital Fund (WCF) appropriation in the FY 2010 supplemental and the remainder will be handled from either WCF cash balances or through an additional customer surcharge.

Cost of Goods & Services Sold. Cost of Goods and Services Sold is $2,150.5M in FY 2009, $1,842.3M in FY 2010, and $1,871.3M in FY 2011.

Revenue Less Cost of Goods and Services Sold. Revenue less cost of goods and services sold for FY 2009, FY 2010, and FY 2011 is $10.7M, $7.1M, and $23.8M, respectively.

Treasury Cash. Treasury Cash is $78.1M in FY 2009, $4.6M in FY 2010, and $36.9M in FY 2011.

($ in Millions)

	FY 2009	FY 2010	FY 2011
Disbursements	$2,141.1	$1,902.8	$1,832.3
Collections	$2,219.2	$1,846.3	$1,869.2
Net Outlays	-$78.1	$56.5	-$36.9

Stabilized Customer Rates.
($ in Millions)

	FY 2009	FY 2010	FY 2011
Composite Hourly Rate	$193.44	$192.19	$192.93
Percent Year to Year Change		-0.6%	0.4%

The FY 2011 hourly composite rate reflects an increase of $0.74 from FY 2010.

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
FEBRUARY 2010

Unit Cost Goals. The budget reflects the following FY 2009-2011 unit cost goals:

($ and DLHs in Millions)

	FY 2009	FY 2010	FY 2011
Total Operating Cost	$2,164.9	$1,842.0	$1,871.1
Direct Labor Hours (DLH)	11.966	10.373	10.485
Unit Cost	$180.92	$177.58	$178.46
% Change Workload/DLHs		-13.31%	1.08%
% Change Unit Cost		-1.85%	0.50%

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

SUMMARY OF PERSONNEL RESOURCES

	FY 2009	FY 2010	FY 2011
Civilian Personnel:			
End Strength	9,115	8,660	8,695
FTE Workyears	9,135	8,733	8,749
Military Personnel:			
End Strength	109	122	123
Workyears	95	122	123
Contractor Personnel:			
Workyears	1,007	1,120	1,209

The FRCs budget reflects civilian workforce levels necessary to accommodate firm workload without the use of excessive overtime. Contract personnel are used by the FRCs to address perturbations in workload.

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
FEBRUARY 2010

SUMMARY OF WORKLOAD INDICATORS:

(Inducted Units)

	FY 2009	FY 2010	FY 2011
AIRFRAMES	**499**	**383**	**468**
O&M,N	444	330	424
O&M,NR	35	38	27
RDT&E	13	12	14
Other	7	3	3
ENGINES	**1,396**	**1,134**	**1,524**
O&M,N	1,317	1,064	1,455
O&M,NR	30	13	12
RDT&E	13	14	14
Other	36	43	43

PERFORMANCE INDICATORS:

(Units)

	Goal	FY 2009	FY 2010	FY 2011
Aircraft Scheduled		503	422	493
Aircraft Completed on Time		453	380	444
% Scheduled Work Completed on Time	90%	90%	90%	90%
Engines Scheduled		1,513	1,106	1,501
Engines Completed on Time		1,362	995	1,351
% Scheduled Work Completed on Time	90%	90%	90%	90%
Components Scheduled		39,124	47,026	47,026
Components Completed on Time		37,168	44,675	44,675
% Scheduled Work Completed on Time	95%	95%	95%	95%

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
FEBRUARY 2010

CARRYOVER:

The FRCs were authorized to exceed the outlay-based carryover ceiling for FY 2009 due to crash damage aircraft workload. FY 2010 and FY 2011 are below the ceiling.

($ in Millions)

Depot Maintenance - Aircraft	**FY 2009**	**FY 2010**	**FY 2011**
New Orders	$2,238.4	$1,856.8	$1,976.0
Less Exclusions:			
Foreign Military Sales	$42.9	$28.2	$28.1
Base Realignment & Closure	$0.0	$0.9	$0.9
Other Federal Depts & Agencies	$6.2	$2.7	$2.7
Non-Federal & Others	$79.3	$113.7	$97.6
Major Range & Test Facility Base	$0.0	$0.0	$0.0
Orders for Carryover Calculation	$2,110.0	$1,711.3	$1,846.7
Composite Outlay Rate	64.2%	62.4%	63.5%
Carryover Ceiling Rate	35.8%	37.6%	36.5%
Carryover Ceiling	$755.9	$642.8	$674.4
Balance of Customer Orders at Yr End	$890.0	$897.5	$978.3
Less WIP	$50.6	$51.7	$51.0
Less Exclusions:			
Foreign Military Sales	$32.5	$60.5	$66.9
Base Realignment & Closure	$0.9	$1.2	$1.9
Other Federal Depts & Agencies	$12.4	$14.9	$16.3
Non-Federal & Others	$22.9	$126.5	$180.9
Major Range & Test Facility Base	$0.0	$0.0	$0.0
Carryover Budget	$770.7	$642.7	$661.3

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
FEBRUARY 2010

SUMMARY OF CAPITAL INVESTMENT PROGRAM (CIP):

($ in Millions)

	FY 2009	FY 2010	FY 2011
Equipment-non ADPE &TELECOM	22.3	37.0	32.6
Minor Construction	4.6	3.9	8.1
Equipment-ADPE &TELECOM	3.3	3.9	4.6
Software Development	3.0	0.0	0.0
Total	$33.2	$44.8	$45.3

REVENUE AND EXPENSE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE
FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	2122.9	1804.5	1849.9
Surcharges	0	0	0
Depreciation excluding Major Construction	38.3	44.8	45.3
Other Income			
Total Income	2161.2	1849.3	1895.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	9.7	10.1	10.4
Civilian Personnel	821.1	796.5	802
Travel and Transportation of Personnel	23	23.5	24.2
Material & Supplies (Internal Operations)	586.7	397.9	421.6
Equipment	333.1	265.8	260.9
Other Purchases from NWCF	17.7	16.3	15.7
Transportation of Things	3.8	3	3
Depreciation - Capital	38.3	44.8	45.3
Printing and Reproduction	1.6	2.3	2.3
Advisory and Assistance Services	12.2	0.2	0.2
Rent, Communication & Utilities	45.5	44.3	48
Other Purchased Services	272.2	237.4	237.6
Total Expenses	2164.9	1842.1	1871.1
Work in Process Adjustment	-10.7	0.2	0.2
Comp Work for Activity Retention Adjustment	-3.7	0	0
Cost of Goods Sold	2150.5	1842.3	1871.3
Operating Result	10.7	7.1	23.8
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	10.7	7.1	23.8
Other Changes Affecting AOR	-0.1	0	0
Accumulated Operating Result	-30.9	-23.8	0

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
1. New Orders	2238.4	1856.8	1976
a. Orders from DoD Components:	1410.6	1155	1264.9
Department of the Navy	1384	1116.6	1225.5
O & M, Navy	995	755.1	873.6
O & M, Marine Corps	0.8	0.7	0.7
O & M, Navy Reserve	53	45.6	43
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	301.1	290.9	281.3
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0.4	0.6	0.6
Shipbuilding & Conversion, Navy	0.2	0.6	1.6
Other Procurement, Navy	0.2	0.1	0.2
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	33.1	23	24.6
Military Construction, Navy	0.2	0	0
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	2.6	1	1
Army Operation & Maintenance	1.5	0.4	0.4
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	1.1	0.6	0.6
Army Other	0	0	0
Department of the Air Force	22.2	29.1	30.3
Air Force Operation & Maintenance	20.7	27.1	28.3
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	1.5	2	2
Air Force Other	0	0	0
DOD Appropriation Accounts	1.9	8.2	8.1
Base Closure & Realignment	0	0.9	0.9
Operation & Maintenance Accounts	1	1.6	1.6
Res, Dev, Test & Eval Accounts	0.6	0.2	0.2
Procurement Accounts	0.3	5.6	5.4
Defense Emergency Relief Fund	0	0	0
DOD Other	0	0	0
b. Orders from other Fund Activity Groups	699.4	557.2	582.7
c. Total DoD	2110	1712.2	1847.6
d. Other Orders:	128.4	144.6	128.4
Other Federal Agencies	6.2	2.7	2.7
Foreign Military Sales	42.9	28.2	28.1
Non Federal Agencies	79.3	113.7	97.6
2. Carry-In Orders	812.8	890	897.5
3. Total Gross Orders	3051.2	2746.8	2873.4
a. Funded Carry-Over before Exclusions	890	897.5	978.3
b. Total Gross Sales	2161.2	1849.3	1895.1
4. End of Year Work-In-Process (-)	-50.6	-51.7	-51
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-68.7	-203.1	-266
6. Net Funded Carryover	770.7	642.7	661.3

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

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATE
FEBRUARY 2010
AMOUNT IN MILLIONS

	Total Costs
FY 2009 Actuals	**2,164.9**
FY 2010 President's Budget	**1,839.3**
Pricing Adjustments:	**1.4**
Fuel Changes	1.7
General Purchase Inflation	-0.3
Efficiency Initiatives	**0.0**
Program Changes:	**0.0**
Other Changes :	**1.4**
Environmental / Safety Remediation	1.4
FY 2010 Estimate:	**1,842.1**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATE
FEBRUARY 2010
AMOUNT IN MILLIONS

	Total Costs
FY 2010 Estimate:	**1,842.1**
Pricing Adjustments:	**35.0**
Annualization of Pay Raises	**4.7**
Civilian Personnel	4.6
Military Personnel	0.1
Pay Raise	**7.8**
Civilian Personnel	7.7
Military Personnel	0.1
Fuel Changes	2.2
General Purchase Inflation	17.0
Other Working Capital Fund Purchases	3.3
Efficiency Initiatives	**0.0**
Program Changes:	**-4.2**
Airframes work	49.1
Engines work	13.6
Components work	-10.3
Other Support work	4.3
Modification work	-41.2
Logistics/Engineering work	-19.7
Other Changes:	**-1.8**
Depreciation	0.5
DFAS Financial Operations	-1.1
Environmental / Safety Remediation	1.4
Other Indirect (Matl, Other Purchases, etc.)	-2.6
FY 2011 Estimate:	**1,871.1**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATE
FEBRUARY 2010
$ in Millions

Line #	Description	FY 2009		FY 2010		FY 2011	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	35	22.281	57	33.020	47	$26.875
	- Productivity Capability	0	$0.000	0	$0.550	0	$0.000
	- New Mission Capability	0	$0.000	1	$3.400	0	$5.675
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
		35	**$22.281**	**58**	**$36.970**	**47**	**$32.550**
2	ADPE and Telecom Equipment						
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$1.280	0	$1.525	0	$1.840
	- Telecommunications	35	$0.000	61	$2.400	48	$0.025
	- Oth Computer & Telecom Spt Equip	0	$2.000	0	$0.000	0	$2.700
		35	**$3.280**	**61**	**$3.925**	**48**	**$4.565**
3	Software Development						
	- Projects = or > $1M	0	$3.000	0	$0.000	0	$0.000
	- Projects < $1M	0	$0.000	0	$0.000	0	$0.000
		0	**$3.000**	**0**	**$0.000**	**0**	**$0.000**
4	Minor Construction						
	- Replacement Capability	0	$3.899	2	$3.765	1	$6.570
	- Productivity Capability	0	$0.000	0	$0.000	0	$0.000
	- New Mission Capability	5	$0.720	0	$0.115	3	$1.580
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
		5	**$4.619**	**2**	**$3.880**	**4**	**$8.150**
	Grand Total	**75**	**$33.180**	**121**	**$44.775**	**99**	**$45.265**
	Total Capital Outlays		**$24.349**		**$47.151**		**$44.978**
	Total Depreciation Expense		**$38.290**		**$44.775**		**$45.265**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2011 PRES BUDGET ESTIMATES								
Department of the Navy / Naval Air Systems Command	#001 - Non-ADPE and Telecommunications							Fleet Readiness Centers		
		FY 2009			**FY 2010**			**FY 2011**		
Non-ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment		35	637	22,281	57	579	33,020	47	572	26,875
Total		35	637	22,281	57	579	33,020	47	572	26,875

Justification:

ITEM 1 APPLIES TO ALL EQUIPMENT

1) The existing equipment allows the three Fleet Readiness Centers (FRCs) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, S-3 Viking, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.

REPLACEMENT EQUIPMENT

2) The proposed capital investments maintain the FRC's equipment infrastructure by replacing existing plant equipment that has reached the end of their economic life due to age and wear. This equipment includes such items as lathes, mills, test stands, and foundry equipment. Replacement of this equipment will continue to maintain the Depot's infrastructure and their capability to achieve their individual missions.

3) Economic analyses have been performed.

4) There are no savings or cost avoidances.

5) If the equipment is not replaced the FRCs would lose the capability to perform their mission.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2011 PRES BUDGET ESTIMATES								
Department of the Navy / Naval Air Systems Command	#001 - Non-ADPE and Telecommunications							Fleet Readiness Centers		
		FY 2009			**FY 2010**			**FY 2011**		
Non-ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity Equipment					1	550	550			
Total					1	550	550			

Justification:

1) The existing equipment allows Fleet Readiness Center North Island (FRC SW) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, CH-53E Sea Stallion, and SH-60 Seahawk.

2) The new equipment will provide productivity enhancements that are not achievable with current equipment. Item to be procured is a Rapid Prototyping System that will enable us to quickly prove-out Computer Aided Design (CAD) models.

3) Economic analysis has been performed.

4) There are no savings, just cost avoidances. The new equipment will provide capabilities that are not currently available at FRC SW.

5) If the equipment is not acquired we will continue proving out aircraft parts using actual material.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2011 PRES BUDGET ESTIMATES								
Department of the Navy / Naval Air Systems Command	#001 - Non-ADPE and Telecommunications							Fleet Readiness Centers		
		FY 2009			**FY 2010**			**FY 2011**		
Non-ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission Equipment					3	1,133	3,400	1	5,675	5,675
Total					3	1,133	3,400	1	5,675	5,675

Justification:

1)) The existing equipment allows Fleet Readiness Center North Island (FRC SW) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, CH-53E Sea Stallion, and SH-60 Seahawk.

2) The new equipment will provide new capability and capacity that cannot be met with current equipment and facilities. A noise suppression equipment for engine testing, a vertical milling machine, a 5-axis machining center, and an electron microscope will be procured.

3) Economic analyses have been performed.

4) There are no cost savings or avoidances as the projects are based upon capability or capacity requirements, not dollar savings.

5) If the projects are not implemented, the FRC's capability and capacity will be restricted resulting in longer turn-around-times to provide aircraft and parts to the fleet.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2011 PRES BUDGET ESTIMATES								
Department of the Navy / Naval Air Systems Command	#002 - ADPE and Telecommunications Capabilities							Fleet Readiness Centers		
		FY 2009			**FY 2010**			**FY 2011**		
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)										
Computer Software (Operating System)		3	427	1,280	2	763	1,525	3	613	1,840
Telecommunications					2	1,200	2,400	1	25	25
Other Computer & Telecommunications Spt Equipment		2	1,000	2,000				3	900	2,700
Total		5	1,427	3,280	4	1,963	3,925	7	1,538	4,565

PROJECTS ABOVE $1M: (All in OTHER EQUIPMENT category)

FY09
1. UPGRADE UNIX SERVER #2 $1.5M FRC SW-NORTH ISLAND
   1) The existing system provides Data Management (DM) services to the Fleet Readiness Center.
   2) This project will replace the Central Processing Unit (CPU) and memory boards on the RP8400 servers which will stabilize the computer environment, increase processing power, and refresh servers that have reached end-of-life.
   3) An economic analysis has been performed.
   4) There will be no cost savings or avoidances. There is no alternative but to upgrade the equipment.
   5) If not acquired, there will be increased maintenance and server downtime which will have an adverse effect on F/A-18 C/D and E/F aircraft.

2. STORAGE ARRAY EXPANSION $1.25M FRC SW-NORTH ISLAND
   1) The existing equipment provides inventory and labor management data to the Fleet Readiness Center.
   2) This project will increase the storage array by 23 terabytes.
   3) An economic analysis has been performed.
   4) There will be no cost savings or avoidances. There is no alternative but to increase the storage capacity.
   5) If not acquired, important DM systems will not function properly.

CONTINUE ON NEXT PAGE

PROJECTS ABOVE $1M: (All in OTHER EQUIPMENT category)

FY10
1. LAN EQUIPMENT/TELECOMMUNICATIONS FOR P-974 $1.60M FRC EAST-CHERRY POINT
    1) New facility that has no access to the depot's Local Area Network (LAN) and telecommunications resources.
    2) This project will provide data communications and telecommunications capability for the corresponding MILCON to construct Engineering Product Support Facility P-974.
    3) An economic analysis has not been performed.
    4) There are no cost savings or avoidances associated with this project.
    5) If not implemented, personnel will have no access to telecommunications or Local Area Network (LAN) services.

FY10
2. UPGRADE WORKLOAD MANAGEMENT SYSTEM FRC EAST-CHERRY POINT AND FRC SW-NORTH ISLAND
    1) The existing In-Service Support Centers (ISSCs) Fast Forward (FF) software application provides for workload management and performance measurement at the FRCs.
    2) This project will upgrade the aging ISSC FF application to enable the use of factual data for the management and measurement of workload projections against actual to improve quality of products and services, increase productivity, reduce costs, and to forecast impact of changes.
    3) A qualitative economic analysis was performed.
    4) There will be no cost savings or avoidances. There is no alternative but to upgrade the system.
    5) Denial of this effort will adversely impact the FRC's ability to effectively manage and measure workflow.

FY11
1. AUTOMATION OF FRC DATA PHASE I $1.50M FRC EAST-CHERRY POINT
    1) The existing system provides technical data and information to production personnel at the Fleet Readiness Center.
    2) This project will modernize and allow for the digitization of maintenance data and technical information for integration with automated systems.
    3) An economic analysis has not been performed.
    4) There will be no cost savings or avoidances. There is no alternative but to upgrade the system.
    5) If not implemented, maintenance data and technical information will continue to be maintained outside of newly acquired configuration controlled electronic systems.

2. UPGRADE WORKLOAD MANAGEMENT SYSTEM FRC EAST-CHERRY POINT AND FRC SW-NORTH ISLAND
    1) The existing In-Service Support Centers (ISSCs) Fast Forward (FF) software application provides for workload management and performance measurement at the FRCs.
    2) This project will upgrade the aging ISSC FF application to enable the use of factual data for the management and measurement of workload projections against actual to improve quality of products and services, increase productivity, reduce costs, and to forecast impact of changes.
    3) A qualitative economic analysis was performed.
    4) There will be no cost savings or avoidances. There is no alternative but to upgrade the system.
    5) Denial of this effort will adversely impact the FRC's ability to effectively manage and measure workflow.

CONTINUE ON NEXT PAGE

PROJECTS ABOVE $1M: (All in OTHER EQUIPMENT category)

COMPUTER SOFTWARE (OPERATING SYSTEM) CAPABILITY
1) The existing software provides various data management services to the Fleet Readiness Center.
2) The subject projects will provide a complete enterprise monitoring solution for the Data Management (DM) system and also provide a means to track and document internal audits within the FRC.
3) Economic analyses have been performed.
4) There are no cost savings or avoidances associated with these projects.
5) If not implemented, the FRC will be greatly restricted in its DM operations.

TELECOMMUNICATIONS CAPABILITY
1) The existing equipment provides various telecommunications and Data Management (DM) services throughout the Fleet Readiness Centers.
2) The subject projects will provide enhancements and equipment to the telecommunications system.
3) Economic analyses have been performed to determine the least costly methods.
4) There are no cost savings or avoidances associated with these projects.
5) If not implemented, the FRCs will experience diminished DM and communication capabilities which will have a detrimental effect on day to day operations.

OTHER COMPUTER & TELECOMMUNICATION SUPPORT EQUIPMENT CAPABILITY
1) The existing equipment provides various telecommunications and Data Management (DM) services throughout the Fleet Readiness Centers.
2) The subject projects will provide enhancements to various business process applications, replacement of aging servers, upgrades to the Video Telephone Communication (VTC) system, and data center upgrades.
3) Economic analyses have been performed to determine the least costly methods.
4) There are no cost savings or avoidances associated with these projects.
5) If not implemented, the FRCs will experience diminished DM and communication capabilities which will have a detrimental effect on day to day operations.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2011 PRES BUDGET ESTIMATES						
Department of the Navy / Naval Air Systems Command	#003 - Software (I & D INTEGRATION, PHASE II)						Fleet Readiness Centers	
		FY 2009			**FY 2010**		**FY 2011**	
Software		Quant	Unit Cost	Total Cost	Quant	Unit Cost / Total Cost	Quant	Unit Cost / Total Cost
I & D INTEGRATION, PHASE II		3	1,000	3,000				
TOTAL		3	1,000	3,000				

Justification:

1) The existing system provides Navy Depot Management Systems (NDMS) for the Fleet Readiness Centers (FRCs).

2) This project supports FRC's migration toward a single set of Business Rules and Processes and continues the effort to support, interface, and merge FRC level management information systems into a comprehensive Naval Aviation Enterprise (NAE) maintenance and repair solution.

3) An economic analysis has been performed.

4) The total combined Phase I and Phase II project is expected to show savings of $349,376 and cost avoidance of $107,503 per year to begin in FY10.

5) Denial of this effort will impact the ability of the NAE community to make time-critical supply chain management and production decisions resulting in aircraft entering a Not Mission Capable Maintenance/Supply (NMCM/NMCS) status.

6) Integration is expected to be completed by end of FY09.

7) Not Applicable.

8) The software is Internally developed with contractor support services.

9) There are no applicable license fees.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		FISCAL YEAR (FY) 2011 PRES BUDGET ESTIMATES								
Department of the Navy / Naval Air System Command	#004 - Minor Construction							Fleet Readiness Centers		
		FY 2009			**FY 2010**			**FY 2011**		
Minor Construction		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement		13	300	3,899	20	188	3,765	18	365	6,570
Productivity										
New Mission		1	720	720	3	38	115	5	316	1,580
Environmental										
Total		14	330	4,619	23	169	3,880	23	354	8,150

Justification:

1) The existing facilities allows the three Naval Air Fleet Readiness Centers(FRCs) to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, S-3 Viking, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.

2) New minor construction projects will allow the FRCs to design, construct, upgrade, restore, and replace the facilities and structures that are required to achieve their mission. No project is greater than the $750,000 maximum threshold.

3) Economic analyses were performed to determine the least costly method to achieve the desired results.

4) No cost avoidance or savings were estimated. Minor construction projects provide the facilities in which work is to be performed, not to provide savings.

5) If minor projects are not approved the facilities will deteriorate and adversely affect mission achievement.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATE
FEBRUARY 2010
$ in Millions

Projects in the FY 2010 President's Budget

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/ Reason for Change
2010	Equipment (Non- ADPE)	$ 1.100	$ 35.870	$ 36.970	$ (1.100)	Two projects cost estimates have decreased. Twenty three projects cost estimates have increased. Six projects were cancelled. Five additional projects were added due to emergent req. One project was deferred to FY11
2010	Equipment - ADPE	-1.350	5.275	3.925	1.350	Three projects were cancelled One project was deferred Two projects were added due to emergent requirements.
2010	Software Development	0.000	0.000	0.000	0.000	
2010	Minor Construction	0.250	3.630	3.880	-0.250	Seven projects had price increases. Four projects had price decreases. Two projects were added due to emergent requirements.
	Total FY 2010 Capital Program	$ -	$ 44.775	$ 44.775	$ -	

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

FY 2009

			----- Peacetime -----	
	Total	Mobilization	Operating	Other
Material Inventory BOP	$ 43.0	$ -	$ 43.0	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 920.0	$ -	$ 920.0	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 920.0	$ -	$ 920.0	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 919.8	$ -	$ 919.8	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 919.8	$ -	$ 919.8	$ -
Material Inventory EOP	$ 43.2	$ -	$ 43.2	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

FY 2010

		----- Peacetime -----	
	Total	Mobilization	Operating	Other
Material Inventory BOP	$ 43.2	$ -	$ 43.2	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 664.2	$ -	$ 664.2	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 664.2	$ -	$ 664.2	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 663.8	$ -	$ 663.8	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 663.8	$ -	$ 663.8	$ -
Material Inventory EOP	$ 43.6	$ -	$ 43.6	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

FY 2011

			----- Peacetime -----	
	Total	Mobilization	Operating	Other
Material Inventory BOP	$ 43.6	$ -	$ 43.6	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 682.4	$ -	$ 682.4	$ -
B. Purchase of long lead items in advance of customer orders	-	-		-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 682.4	$ -	$ 682.4	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 682.5	$ -	$ 682.5	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 682.5	$ -	$ 682.5	$ -
Material Inventory EOP	$ 43.5	$ -	$ 43.5	$ -

DEPOT MAINTENANCE SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
COMPONENT: DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

Total

	Revenue 3-Year Average			Budgeted Capital			Percent of Revenue		
	06-08	07-09	08-10	FY 2009	FY 2010	FY 2011	FY 2009 6%	FY 2010 6%	FY 2011 6%
Revenue									
Working Capital Fund	1,958.2	2,066.2	2,025.9	114.3	102.5	106.1			
Appropriations	0.0	0.0	0.0						
Total Revenue	1,958.2	2,066.2	2,025.9				117.5	124.0	121.6
Working Capital Fund Depot Maintenance Investment									
WCF Capital Investment Program				33.2	44.8	45.3			
Facilities Sustainment, Restoration and Modernization				38.7	29.7	34.8			
Equipment				18.4	18.0	16.0			
Equipment purchase by Depots under Expense/Investment Threshold				13.9	13.6	11.6			
Equipment purchase by Other Organizations under Expense/Investment Threshold				3.3	3.7	3.7			
Equipment purchase by Other Organizations above Expense/Investment Threshold				1.2	0.7	0.7			
Productivity Enhancements				0.0	0.0	0.0			
Total WCF Investment				90.3	92.5	96.1			
Appropriated Funding									
Facility Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				7.2	10.0	10.0			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold (Aircraft Procurement)				5.2	5.0	5.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold (Aircraft Procurement)				2.0	5.0	5.0			
Capital Investment Program (Other Procurement, Navy)				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				16.8	0.0	0.0			
Total Appropriated Funding				24.0	10.0	10.0			
							Budget Minus Six Percent of Revenue Difference		
Component Total				114.3	102.5	106.1	-3.2	-21.5	-15.5

Marine Corps Depots

Narrative Summary of Operations
Department of Navy/ Navy Working Capital Fund
Depot Maintenance – Marine Corps Depots
Fiscal Year (FY) 2011 Budget Estimates
February 2010

Activity Group Functions:

To provide 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 Depot Maintenance Activity Group (DMAG) include repair, rebuild, modification, and Inspect and Repair Only as Necessary (IROAN) for all types of ground combat and combat support equipment. Marine Corps, other Department of Defense (DOD) activities, as well as Foreign Military Sales (FMS) customers utilize the DMAG maintenance services. Performance of maintenance related services such as preservation, testing, technical evaluation, calibration, and fabrication of automated test equipment are examples of other functions performed.

Activity Group Composition:

Activities	Location
MC Maintenance Center	Albany, GA
MC Maintenance Center	Barstow, CA .

Significant Changes in Activity Group:

There are no significant changes in the activity group or composition since the FY 2010 President's Budget.

Special Interest Items

Consistent with estimates in the FY 2010 President's Budget, the impact of Base Realignment and Closure (BRAC) 2005 Recommendations #57 and #177 on Marine Corps depot maintenance operations are reflected in this budget. BRAC Recommendation #57 disestablishes and consolidates specified workload to Anniston Army Depot, AL and Letterkenny Army Depot, PA. BRAC Recommendation #177 also impacts Marine Corps depot maintenance operations since it realigns some inventory, storage and distribution personnel at Albany, GA and Barstow, CA to the Defense Logistics Agency (DLA).

BUDGET HIGHLIGHTS

General

The DMAG Fiscal Year (FY) 2011 President's Budget submission continues to reflect significant fluctuations in workload as a result of battle-damaged equipment and weapons systems returning from the current Overseas Contingency Operations (OCO). Marine Corps equipment requires timely repair in order to reconstitute the Operating Forces and the Marine Corps' Maritime Prepositioning Forces (MPF) Program. Although OCO funded workload for DMAG in FY 2011 may increase above the current projection, there should be no difficulty in accommodating the requirement. The DMAG has regularly employed on-site contractor personnel to address workload surges and will continue to do so.

FY 2009 Operating Results actuals were negative $2.6 million, an increase of $13.7 million from the FY 2010 President's Budget that occurred primarily due to increased workload in support of OCO. DMAG budget projections include a negative operating result of $8.2 million in FY 2010 and a positive operating result of $3.6 million in FY 2011 (to achieve a zero AOR).

Summary of Operations

($ in Millions)

	FY 2009	FY 2010	FY 2011
Orders	551.4	275.0	295.3
Revenue	589.2	440.1	355.5
Cost of Goods Sold	591.8	448.3	348.2
Operating Results	-2.6	-8.2	7.3
Surcharges (CIP)	0	0	-3.7
Accumulated Operating Result (AOR)	4.6	-3.6	0.0

Orders. New reimbursable orders for FY 2009, FY 2010, and FY 2011 are $551.4 million, $275.0 million, and $295.3 million respectively. FY 2010 through FY 2011 new reimbursable orders includes the anticipated receipt of OCO funding. FY 2009 new reimbursable orders increased $209.1 million from the FY 2010 President's Budget mainly due to receipt of funding for the repair of combat-ravaged equipment and weapons systems returning from the current OCO. FY 2010 and FY 2011 new orders decline $128.7 and $14.4 million respectively from the FY 2010 President's Budget. FY 2010 and FY 2011 new orders have been conservatively estimated, but the DMAG is prepared to perform additional OCO-related workload if required.

Revenue. Revenue is $589.2 million for FY 2009, $440.1 million for FY 2010, and $355.5 million for FY 2011.

Costs of Goods Sold. Cost of Operations is $591.8 million in FY 2009, $448.3 million in FY 2010, and $348.2 million in FY 2011.

Revenue less cost. Revenue less cost of goods sold for FY 2009, FY 2010, and FY 2011 is -$2.6 million, -$8.2 million, and $7.3 million respectively.

Surcharge. The $3.7 million surcharge reflected for FY 2011 is for the Capital Investment Program.

Net Cash Outlays

($ in Millions)

	FY 2009	FY 2010	FY 2011
Collections	$582.0	$432.9	$361.4
Disbursements	$568.6	$480.6	$353.3
Net Outlays	-$13.4	$47.7	-$8.1

Performance Indicators

	FY 2009	FY 2010	FY 2011
Schedule Conformance	99.8%	99.8%	99.8%
Quality Deficiency Reports	0.1%	0.1%	0.1%
Inventory Turnover Ratio	5.6:1	4.9:1	4.2:1

Stabilized Customer Rates

	FY 2009	FY 2010	FY 2011
Composite Hourly Rate	$130.88	$131.47	$127.37
Percent Year to Year Change	5.66%	.45%	-3.12%

Unit Cost Goals. The budget reflects the following FY 2009-2011 unit cost goals:

($ and DLHs in Millions)

	FY 2009	FY 2010	FY 2011
Total Operating Cost	$592.2	$448.3	$348.1
Direct Labor Hours (DLH)	4.871	3.516	2.440
Unit Cost	$121.57	$127.52	$142.66
% Change Workload/DLHs	10.0%	-27.8%	-30.6%
% Change Unit Cost	-7.1%	4.9%	11.9%

DLH and unit cost based on civilian and contractor personnel direct labor hours.

SUMMARY OF PERSONNEL RESOURCES

	FY 2009	FY 2010	FY 2011
Civilian Personnel:			
End Strength	2,742	2,266	1,995
FTE Workyears	2,431	2,316	2,046
Military Personnel:			
End Strength	15	11	12
Workyears	16	11	12

The DMAG budget reflects civilian workforce levels necessary to accommodate planned workload without the use of excessive overtime. The Maintenance Centers are using contract personnel to supplement their workforce and meet demand fluctuations in workload.

CARRYOVER

Marine Corps DMAG is below the outlay-based carryover ceiling for FY 2010 and FY 2011. In FY 2009, the carryover ceiling was exceeded by a small amount due to OCO related workload and some delay in receipt of parts and components necessary to complete overhauls or ballistic protection upgrades.

(Dollars in Millions)

Carryover ($M)	FY 2009	FY 2010	FY 2011
New Orders	$551.4	$275.0	$295.3
Less Exclusions:			
FMS	-$0.4	$0.0	$0.0
BRAC	$5.3	$0.0	$0.0
Other Federal Depts. & Agencies	$0.0	$0.0	$0.0
Non-Federal & Others	-$0.2	$0.0	$0.0
Orders for Carryover Calculation	$546.7	$275.0	$295.3
Composite Outlay Rate (SSRCO)	44.6%	43.0%	42.7%
Carryover Ceiling Rate	55.4%	57.0%	57.3%
Carryover Ceiling	$243.8	$118.2	$126.1
Balance of Customer Orders at Yr End	$287.8	$122.7	$62.6
Less Work in Process	$0.5	$0.7	$0.6
Less Exclusions			

FMS	$0.5	$0.5	$0.5
BRAC	$5.2	$3.2	$3.2
Other Federal Depts. & Agencies	$0.0	$0.0	$0.0
Non-Federal & Others	$0.1	$0.1	$0.1
Carryover Budget	$281.4	$118.2	$58.1

Fiscal Year (FY) 2011 Budget Estimates
Revenue and Expenses
Department of the Navy/ Navy Working Capital Fund
Depot Maintenance - Marine Corps Depots
February 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	586.1	434.3	345.4
Surcharges	0	0	-3.7
Depreciation excluding Major Constructior	3	5.8	6.4
Other Income			
Total Income	589.2	440.1	355.5
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	1	0.9	1
Civilian Personnel	218.1	202.8	171.6
Travel and Transportation of Personnel	5.2	3.5	3
Material & Supplies (Internal Operations)	233.4	166	117.8
Equipment	0	0.4	0.1
Other Purchases from NWCF	2.6	1.8	1.6
Transportation of Things	0	0	0
Depreciation - Capital	3	5.8	6.4
Printing and Reproduction	0.1	0.1	0.1
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	9.1	9.1	9.1
Other Purchased Services	119.5	57.8	37.5
Total Expenses	592.2	448.3	348.1
Work in Process Adjustment	-0.4	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	591.8	448.3	348.2
Operating Result	-2.6	-8.2	7.3
Less Surcharges	0	0	-3.7
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	-2.6	-8.2	3.6
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	4.6	-3.6	0

Fiscal Year (FY) 2011 Budget Estimates
Sources of New Orders & Revenue
Department of the Navy/ Navy Working Capital Fund
Depot Maintenance - Marine Corps Depots
February 2010
Amount in Millions

		FY 2009	FY 2010	FY 2011
1.	New Orders	551.4	275.0	295.3
	a. Orders from DoD Components:	532.7	265.1	286.0
	Department of the Navy	509.6	228.2	248.7
	O & M, Navy	1	0	0
	O & M, Marine Corps	425.7	192.1	213.2
	O & M, Navy Reserve	0	0	0
	O & M, Marine Corp Reserve	11.8	8.1	8.7
	Aircraft Procurement, Navy	0	0	0
	Weapons Procurement, Navy	0	0	0
	Ammunition Procurement, Navy/MC	0	0	0
	Shipbuilding & Conversion, Navy	0	0	0
	Other Procurement, Navy	17.4	0	0
	Procurement, Marine Corps	51.3	26.6	25.8
	Family Housing, Navy/MC	0	0	0
	Research, Dev., Test, & Eval., Navy	2.3	0	0
	Military Construction, Navy	0	0	0
	National Defense Sealift Fund	0	0	0
	Other Navy Appropriations	0	1.0	0.5
	Other Marine Corps Appropriations	0	0.5	0.5
	Department of the Army	10.0	35.6	36.6
	Army Operation & Maintenance	9.6	34.7	35.6
	Army Res, Dev, Test, Eval	0	0	0
	Army Procurement	0.9	0	0
	Army Other	-0.5	0.9	1
	Department of the Air Force	4.6	1.2	0.7
	Air Force Operation & Maintenance	4.6	1.2	0.7
	Air Force Res, Dev, Test, Eval	0	0	0
	Air Force Procurement	0	0	0
	Air Force Other	0	0	0
	DOD Appropriation Accounts	8.6	0	0
	Base Closure & Realignment	5.3	0	0
	Operation & Maintenance Accounts	0	0	0
	Res, Dev, Test & Eval Accounts	0	0	0
	Procurement Accounts	0.6	0	0
	Defense Emergency Relief Fund	0	0	0
	DOD Other	2.7	0	0
	b. Orders from other Fund Activity Group	19.3	10.0	9.4
	c. Total DoD	552.0	275.0	295.3
	d. Other Orders:	-0.7	0	0
	Other Federal Agencies	0	0	0
	Foreign Military Sales	-0.4	0	0
	Non Federal Agencies	-0.2	0	0
2.	Carry-In Orders	326.0	287.8	122.7
3.	Total Gross Orders	877.4	562.8	418.0
	a. Funded Carry-Over before Exclusions	287.8	122.7	62.6
	b. Total Gross Sales	589.6	440.1	355.5
4.	End of Year Work-In-Process (-)	-0.5	-0.7	-0.6
5.	Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-5.9	-3.9	-3.9
6.	Net Funded Carryover	281.4	118.2	58.1

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
Depot Maintenance - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($'s in Millions)

		Total Cost
FY 2009	**Actuals**	592.2
FY 2010	**President's Budget:**	460.3
	Estimated Impact in FYCY of Actual FYPY Experience:	**-0.1**
	Pricing Adjustments:	
	a. Fuel	0.5
	b. General Inflation	-0.1
	Program Changes:	
	a. Workload Changes	
	(1) Direct Labor	-6.2
	(2) Direct Materiel & Supplies	-0.1
	(3) Direct Contract/Other Purchases	6.9
	Other Changes	
	a. Indirect Labor	-0.5
	b. Indirect Materiel	-4.6
	c. Depreciation	0.3
	d. Indirect Contract Services	-7.9
	e. Other	-0.2
FY 2010	**Current Estimate:**	**448.3**
	Pricing Adjustments:	
	a. FY 2011 Pay raise	
	(1) Civilian Personnel	1.7
	(2) Military Personnel	0.0
	b. Annualization of Prior Year Pay Raise	
	(1) Civilian Personnel	1.0
	(2) Military Personnel	0.0
	c. General Inflation	4.9
	Program Changes:	
	a. Workload Changes	
	(1) Direct Labor	-22.1
	(2) Direct Material & Supplies	-50.9
	(3) Direct Contract/Other Purchases	-14.0
	Other Changes	
	a. Indirect Labor	-11.8
	b. Indirect Materiel	-1.5
	c. Depreciation	0.5
	d. Indirect Contract Services	-6.5
	e. Other	-1.5
FY 2011	**Current Estimate**	**348.1**

Department of the Navy/ Navy Working Capital Fund
Depot Maintenance - Marine Corps Depots
Activity Group Capital Investment Summary
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

		FY 2009		FY 2010		FY 2011	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment**	**6**	**$4.189**	**7**	**$4.782**	**7**	**$5.750**
	- Replacement Capability	0	$0.000	0	$0.000	7	$5.750
	- Productivity Capability	6	$4.189	7	$4.782	0	$0.000
	- New Mission Capability	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment**	**0**	**$0.000**	**0**	**$0.000**	**1**	**$0.745**
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Oth Computer & Telecom Spt Equip	0	$0.000	0	$0.000	1	$0.745
3	**Software Development**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction**	**9**	**$5.935**	**8**	**$5.280**	**5**	**$3.605**
	- Replacement Capability	0	$0.000	0	$0.000	0	$0.000
	- Productivity Capability	7	$4.470	8	$5.280	4	$2.905
	- New Mission Capability	1	$0.745	0	$0.000	0	$0.000
	- Environmental Capability	1	$0.720	0	$0.000	1	$0.700
	Grand Total	**15**	**$10.124**	**15**	**$10.062**	**13**	**$10.100**
	Total Capital Outlays	**0**	**$3.775**	**0**	**$8.635**	**0**	**$9.384**
	Total Depreciation Expense	**0**	**$3.048**	**0**	**$5.838**	**0**	**$6.371**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				Fiscal Year (FY) FY2011 Budget Estimates February 2010								
Department of the Navy / Depot Maintenance - Marine Corps Depots	#001 - Non-ADPE and Telecommunications Equipment									Marine Corps Depot Maintenance (DMAG)		
	FY 2009			**FY 2010**			**FY 2011**					
Non-ADPE and Telecommunications Equip	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Capability							7	821	5,750			
Productivity Capability	6	698	4,189	7	683	4,782						
New Mission												
Environmental Capability												
Total	6	698	4,189	7	683	4,782	7	821	5,750			

Justification:

FY 2009
Blast Booth System (MCA), Productivity, $400
Cabinet Blast Upgrade (MCB), Productivity, $413
RMC-V50 CNC Machining Center (MCB), Productivity, $190
Personnel Support Equipment(MCB) , Productivity, $515
Mult-Purpose Facility (MCB), Productivity, $731
Modular Air Pollution System (MCB), Productivity, $1,940

FY2010
Cross Drive Dyno(MCA, Productivity), $1,000
Dyno for Large Engines (MCA, Productivity), $970
Additional CNC Machine (MCA, Productivity), $500
100 Ton Cranes for 2242 Extension(MCA, Productivity), $500
Wire Electro-Static Discharge Machine (EDM) (MCB, Productivity), $300
Hydraulic Test Bench (MCB, Productivity), $927
Machine Cell (MCB), Productivity, $700

FY 2011
Robotic Camoflauge Painting Sydtem (MCB), Replacement, $3,000
Radiator Repair/Rehbuild System (MCB), Replacement, $330
Steam Cleaning System (MCB), Replacement, $1,070
In Line Dyno (3) (MCA), Replacement, $1,350

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				Fiscal Year (FY) FY2011 Budget Estimates February 2010								
Department of the Navy / Depot Maintenance - Marine Corps Depots	#002 - ADPE and Telecommunications Equipment									Marine Corps Depot Maintenance		
	FY 2009			**FY 2010**			**FY 2011**			**FY**		
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)												
Computer Software (Operating System)												
Telecommunications												
Other Computer & Telecommunications Spt Equipment							1	745	745			
Total							1	745	745			

Justification:

2011
Wireless LAN (MCA), $745

($ in Thousands)	Fiscal Year (FY) FY2011 Budget Estimates February 2010											
Department of the Navy / Depot Maintenance - Marine Corps Depots	#004 - Minor Construction									Marine Corps Depot Maintenance		
	FY 2009			**FY 2010**			**FY 2011**					
Minor Construciton	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Capability												
Productivity Capability	7	639	4,470	8	660	5,280	4	726	2,905			
New Mission	1	745	745									
Environmental	1	720	720				1	700	700			
Total	9	659	5,935	8	660	5,280	5	721	3,605			

Justification:

Minor Construction:

FY 2009

Construct CRS Shop (MCA, Productivity), $744
Multi-purpose Clear Span (MCA Productivity), $457
Maintenance Support Facility (MCA) Productivity), $745
Addition to Building 2242 (MCA), Productivity, $745
Blast Booth 5 Extension (MCA), Productivity, $416
Addition to Program Management (MCA, Productivity), $693
B2203 /Addition for /two In-Line Dynos (MCA, Productivity), $669
Decontamination Facility (MCB, Environmental), $720
Non Destructive Test Facility (MCB, Productivity), 746

FY 2010

Automotive Facility(MCB, Productivity), $725
Light Armor Facility(MCB, Productivity), $710
Security Control Facility, (MCB) Productivity, $300
Forward Kit Staging Facility (MCB), Productivity, $700
Armor Disassembly/Repair Facility (MCB), Productivity, $700
Alleyway Clearspan (MCA), Productivity, $150
Touch Up Paint Facility (MCA), Productivity, $745
Test Track Renovation, (MCA), Productivity, $1.250

FY2011

Construct Clearspan, Westend B2200 (MCA, Productivity), $745
Floor and Enclose building 2460(MCA, Replacement), $745
Construct Clearspan Westend B2253 (MCA,Productivity), $745
Vehicle Yellow/Green Tag Facility (MCA, Productivity), $670
Fluid Recovery Facility (MCB, Environmental), $700

Department of the Navy/ Navy Working Capital Fund
Depot Maintenance - Marine Corps Depots
Capital Budget Execution
Fiscal Year (FY) 2011 Budget Estimates
February 2010
(Dollars in Millions)

FY	Approved Project Title	Reprogs	Approved Project Cost	Current Project Cost	Asset/ Deficiency	Explanation
	Equipment except ADPE and TELECOM					
2010	Cross Drive dynamometer (MCA)	0.000	1.000	1.000	0.000	Productivity
2010	Dyno for Large Engines (MCA)	0.120	0.850	0.970	0.000	Productivity
2010	Additional CNC Machine (MCA)	0.085	0.300	0.385	0.000	Productivity
2010	100 ton Cranes for 2242 Extension (MCA)	0.000	0.500	0.500	0.000	Productivity
2010	Wire Electro-Static discharge Machine(EMD) (MCB)	0.000	0.300	0.300	0.000	Replacement
2010	Hydraulic Test Bench(MCB)	0.117	0.810	0.927	0.000	Productivity
2010	Machine Cell (MCB)	0.700	0.000	0.700	0.000	Productivity
	Sub-total Equipment	**1.022**	**3.760**	**4.782**	**0.000**	
	Equipment - ADPE and TELECOM	0.000	0.000	0.000	0.000	
	Subtotal Equip - ADPE and TELECOM	**0.000**	**0.000**	**0.000**	**0.000**	
	Software Development	0.000	0.000	0.000	0.000	
	Subtotal Software	**0.000**	**0.000**	**0.000**	**0.000**	
	Minor Construction					
2010	Automotive Facility (MCB)	0.000	0.725	0.725	0.000	Productivity
2010	Light Armor Facility(MCB)	0.000	0.710	0.710	0.000	Productivity
2010	Security Control Facility (MCB)	0.300	0.000	0.300	0.000	Productivity
2010	Forward Kit Staging Facility (MCB)	0.700	0.000	0.700	0.000	Productivity
2010	Armor Disassembly/Repair Facility (MCB)	0.700	0.000	0.700	0.000	Productivity
2010	Alleyway Clearspan (MCA)	0.150	0.000	0.150	0.000	Productivity
2010	Touch Up Paint Facility (MCA)	0.745	0.000	0.745	0.000	Productivity
2010	Test Track Renovocation (MCA)	1.250	0.000	1.250	0.000	Productivity
	Sub-total Minor Construction	**3.845**	**1.435**	**5.280**	**0.000**	
	FY 2010 Estimate	**4.867**	**5.195**	**10.062**	**0.000**	

Department of the Navy/ Navy Working Capital Fund
Depot Maintenance - Marinc Corps Depots
Material Inventory Data
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($'s in Millions)
Fiscal Year 2009

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP	114.6	0.0	114.6	0.0
Purchases				
A. Purchases to Support Customer Orders	173.3	0.0	173.3	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	173.3	0.0	173.3	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders	192.7	0.0	192.7	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	192.7	0.0	192.7	0.0
Material Inventory EOP*	95.2	0.0	95.2	0.0

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

Department of the Navy/ Navy Working Capital Fund
Depot Maintenance - Marinc Corps Depots
Material Inventory Data
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($'s in Millions)
Fiscal Year 2010

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	95.2	0.0	95.2	0.0
Purchases				
A. Purchases to Support Customer Orders	142.3	0.0	142.3	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	142.3	0.0	142.3	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders	151.1	0.0	151.1	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	151.1	0.0	151.1	0.0
Material Inventory EOP*	86.4	0.0	86.4	0.0

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

Department of the Navy/ Navy Working Capital Fund
Depot Maintenance - Marinc Corps Depots
Material Inventory Data
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($'s in Millions)
Fiscal Year 2011

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	86.4	0.0	86.4	0.0
Purchases				
A. Purchases to Support Customer Orders	94.9	0.0	94.9	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	94.9	0.0	94.9	0.0
Material Inventory Adjustment				
A. Material Used in Maintenance (and billed/charged to customer orders	103.6	0.0	103.6	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	103.6	0.0	103.6	0.0
Material Inventory EOP*	77.7	0.0	77.7	0.0

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

DEPOT MAINTENANCE SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
COMPONENT: DEPOT MAINTENANCE - MCDEPOTS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

Total

	Revenue 3-Year Average			Budgeted Capital			Percent of Revenue		
	06-08	07-09	08-10	FY 2009	FY 2010	FY 2011	FY 2009 6%	FY 2010 6%	FY 2011 6%
Revenue									
Working Capital Fund	509.9	537.2	527.3	21.3	18.3	16.6			
Appropriations	0.0	0.0	0.0						
Total Revenue	509.9	537.2	527.3				30.6	32.2	31.6
Working Capital Fund Depot Maintenance Investment									
WCF Capital Investment Program				10.1	10.1	10.1			
Facility Sustainment, Restoration and Modernization				11.2	7.8	6.4			
Equipment				0.0	0.4	0.1			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.4	0.1			
Equipment purchase by Other Organizations under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Total WCF Investment				21.3	18.3	16.6			
Appropriated Funding									
Facility Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				0.0	0.0	0.0			
Equipment purchase by Depots under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations under Expense/Investment Threshold				0.0	0.0	0.0			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.0	0.0	0.0			
Capital Investment Program (Other Procurement, Navy)				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				0.0	0.0	0.0			
Total Appropriated Funding				0.0	0.0	0.0			
							Budget Minus 6 Percent of Revenue Difference		
Component Total				21.3	18.3	16.6	-9.3	-13.9	-15.0

Naval Air Warfare Center

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Mission Statement / Overview

The Naval Air Warfare Center (NAWC) budget submission includes the Aircraft Division (AD) and the Weapons Division (WD). The NAWCAD 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 scope of the Aircraft Division mission includes the acquisition and in-service support of manned and unmanned air vehicles (UAVs) as well as air operations ashore and afloat. The NAWCWD mission is to be the Navy's full spectrum research, development, test, evaluation, and in-service engineering center for weapons systems associated with air warfare (except antisubmarine warfare systems), missiles and missile subsystems, aircraft weapons integration, and assigned airborne electronic warfare systems, and to maintain and operate the air, land, and sea Naval Western Test Range complex. NAWC receives Major Range Test Facility Base funding (RDT&E,N appropriation) to maintain and support designated range facilities.

Financial Highlights/Assumptions

- The budget reflects workload changes as indicated from NAWC customers. The increase of workload over the FY 2010 President's Budget required increases to direct workforce, direct costs, and revenue.
- Carryover estimates are within the allowable ceilings. Management of carryover continues to be a high priority of the NAWC.

Activity Group Composition:

The NAWC is comprised of two business units, the Aircraft Division (AD), with the primary location at Patuxent River, MD, and the Weapons Division (WD), with the primary location at China Lake, CA and Point Mugu, CA.

Significant Changes Since the FY 2010 President's Budget:

The budget proposes to realign the Naval Air Warfare Center Training Systems Division (NAWCTSD) from mission funding to the NWCF beginning in FY 2011. NAWCTSD provides a full range of innovative training solutions products and services. Their core competencies include requirements analysis, systems engineering, systems acquisition, fielding and sustainment over the training systems life cycle. Customers include Navy, Department of Defense (DoD), Army, Air Force, and Coast Guard. NAWCTSD is the only NAWC activity that is mission funded. However, in recent years the majority of NAWCTSD's workload has become reimbursable. The NWCF financial management offers the most advantageous alignment for NAWCTSD by making it possible to

identify and bill the full costs of operations to NAWCTSD customers. NAWCTSD will be aligned with NAWCAD. This realignment will increase revenue and costs by approximately 5%. NAWCTSD adds 995 civilian personnel and 36 military personnel to NAWCAD.

Base Realignment and Closure:

As was true of the FY 2010 President's Budget, this submission reflects the impact of the Base Realignment and Closure (BRAC) V recommendation to consolidate the Weapons & Armaments (W&A) Research, Development & Acquisition, and Test and Evaluation (RDTA&E) into a Naval Integrated RDAT&E center at NAWC, China Lake, CA. China Lake provides a diverse set of open air-range and test environments to support RDTA&E functions. The consolidation will provide synergy between the mission and lifecycle/sustainment functions in air-to-air, air-to-ground, and surface launched mission areas.

Also, consistent with the FY 2010 President's Budget, this submission reflects the impact of the BRAC V recommendation to consolidate Aircraft Maintenance within the Fleet Readiness Centers (FRCs). This involves disestablishing the Aircraft Intermediate Maintenance Departments (AIMDs) at NAWCAD and NAWCWD and transferring them to the mission funded portion of the FRCs (which execute intermediate maintenance for the Fleets). The recommendation also transfers the NAWCAD Lakehurst Voyage Repair Team Detachment to the NWCF portion of the FRCs (which already performs a similar function).

The recommendation results in a small net decrease in the manpower profiles and is not expected to have a material financial impact on the total NAWC operations.

Financial Profile:

Revenue/Expense/Operating Results ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Revenue	$3,468.1	$3,557.1	$3,719.1
Expense	3,486.5	3,553.0	3,712.7
Operating Results	-$18.4	$4.1	$6.4
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Results (AOR)	-$10.5	-$6.4	$0.0

Revenue and Expense: The trend in revenue and expense across the budget years reflects updated estimates for workload and pricing adjustments.

NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Collections/Disbursements/Outlays ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Collections	$3,548.3	$3,560.9	$3,718.8
Disbursements	3,480.1	3,532.9	3,692.6
Outlays	-$68.2	-$28.0	-$26.2

Reimbursable Orders ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	$3,506.3	$3,563.2	$3,647.6

Direct Labor Hours (000)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	16,574	16,489	17,834

Performance Indicator:

Unit Cost	**FY 2009**	**FY 2010**	**FY 2011**
Total Stabilized Cost ($Millions)	$1,527.9	$1,514.7	$1,697.7
Workload (DLHs) (000)	16,574	16,489	17,834
Unit cost (per DLH)	$92.19	$91.86	$95.19

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.

Stabilized / Composite Rates	**FY 2009**	**FY 2010**	**FY 2011**
Stabilized Rate	$102.57	$108.29	$109.57
Change from Prior Year		+5.57%	+1.19%
Composite Rate Change		+2.72%	+1.32%

Rate changes reflect adjustments to direct workload and pricing changes.

Staffing Profile:

Civilian/Military ES & Workyears	**FY 2009**	**FY 2010**	**FY 2011**
Civilian End Strength	11,410	11,364	12,447
Civilian Workyears (Less OT)	10,912	10,992	12,046
Military End Strength	140	190	232
Military Workyears	130	140	176

NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Civilian Personnel: Civilian end strength and workyear data is based on coordination with customers. Hiring actions are also kept in synchronization with customer demand.

Military Personnel**:** Military end strength and workyear numbers are relatively stable.

Capital Investment Program (CIP):

CIP Authority ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Equipment, Non-ADPE / Telecom	$18.0	$20.3	$22.5
Equipment, ADPE / Telecom	7.9	7.9	10.0
Software Development	0.7	1.9	0.3
Minor Construction	7.4	8.0	5.3
Total	$34.0	$38.1	$38.1

Carryover Compliance:

Carryover ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
New Orders	$3,506.3	$3,563.2	$3,647.6
Less Exclusions:			
Foreign Military Sales	138.1	131.4	133.1
Base Realignment and Closure	21.4	20.0	19.5
Other Federal Departments & Agencies	57.7	45.7	36.7
Non-Federal Agencies & others	21.6	19.2	19.2
Major Range & Test Facility Base	306.7	340.4	315.7
Orders for Carryover Calculation	$2,960.8	$3,006.5	$3,123.4
Composite Outlay Rate	53.9%	53.5%	53.3%
Carryover Ceiling Rate	46.1%	46.5%	46.7%
Carryover Ceiling	$1,363.8	$1,397.3	$1,459.3
Balance of Customer Orders at Year End	$1,620.6	$1,626.7	$1,555.2
Less Work-in-Process	0.0	0.0	0.0
Less Exclusions			
Foreign Military Sales	145.9	157.2	100.6
Base Realignment and Closure	5.4	8.4	9.4
Other Federal Departments & Agencies	48.8	63.7	62.2
Non-Federal Agencies & Others	21.7	24.5	16.8
Major Range & Test Facility Base	131.2	108.9	84.7
Carryover Budget	$1,267.6	$1,264.0	$1,281.5

Budgeted carryover is within the ceiling allowed by outlay rates.

Revenue and Expenses
Department of the Navy
Research and Development
Naval Air Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	3,425.4	3,518.6	3,680.6
Surcharges	-	-	-
Depreciation excluding Major Construction	42.7	38.5	38.4
Other Income			
Total Income	3,468.1	3,557.1	3,719.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	11.5	9.5	13.9
Civilian Personnel	1,316.3	1,377.7	1,529.2
Travel and Transportation of Personnel	80.3	61.7	62.5
Material & Supplies (Internal Operations)	321.8	333.5	334.0
Equipment	22.4	15.5	15.0
Other Purchases from NWCF	86.8	108.4	111.3
Transportation of Things	3.0	2.9	2.9
Depreciation - Capital	42.7	38.5	38.4
Printing and Reproduction	1.4	1.1	1.1
Advisory and Assistance Services	0.6	0.7	0.8
Rent, Communication & Utilities	74.1	69.3	84.0
Other Purchased Services	1,525.6	1,534.0	1,519.6
Total Expenses	3,486.5	3,553.0	3,712.7
Work in Process Adjustment	-	-	-
Comp Work for Activity Retention Adjustment	-	-	-
Cost of Goods Sold	3,486.5	3,553.0	3,712.7
Operating Result	(18.4)	4.1	6.4
Less Surcharges	-	-	-
Plus Appropriations Affecting NOR/AOR	-	-	-
Other Changes Affecting NOR/AOR	-	-	-
Extraordinary Expenses Unmatched	-	-	-
Net Operating Result	(18.4)	4.1	6.4
Other Changes Affecting AOR	-	-	-
Accumulated Operating Result	(10.5)	(6.4)	-

Sources of Revenue
Department of the Navy
Research and Development
Naval Air Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
1. New Orders	3,506.3	3,563.2	3,647.6
a. Orders from DoD Components:	3,205.3	3,289.2	3,379.2
Department of the Navy	2,693.6	2,832.9	2,916.9
O & M, Navy	567.4	456.2	448.7
O & M, Marine Corps	4.7	4.7	10.3
O & M, Navy Reserve	1.2	0.8	0.9
O & M, Marine Corp Reserve	-	-	-
Aircraft Procurement, Navy	528.2	573.5	617.2
Weapons Procurement, Navy	65.7	48.1	52.6
Ammunition Procurement, Navy/MC	25.2	28.5	25.6
Shipbuilding & Conversion, Navy	67.1	54.4	55.8
Other Procurement, Navy	108.7	85.1	88.6
Procurement, Marine Corps	7.1	4.9	6.2
Family Housing, Navy/MC	-	-	-
Research, Dev., Test, & Eval., Navy	1,316.9	1,576.0	1,610.4
Military Construction, Navy	0.1	-	-
National Defense Sealift Fund	0.6	0.7	0.7
Other Navy Appropriations	0.6	-	-
Other Marine Corps Appropriations	-	-	-
Department of the Army	105.5	92.9	96.7
Army Operation & Maintenance	32.5	31.2	30.8
Army Res, Dev, Test, Eval	50.0	39.3	40.5
Army Procurement	22.6	22.1	25.0
Army Other	0.3	0.4	0.4
Department of the Air Force	132.2	121.4	121.7
Air Force Operation & Maintenance	23.0	19.1	19.2
Air Force Res, Dev, Test, Eval	38.6	34.3	35.7
Air Force Procurement	70.3	67.5	66.3
Air Force Other	0.2	0.4	0.5
DOD Appropriation Accounts	274.1	242.1	243.9
Base Closure & Realignment	21.5	20.0	19.5
Operation & Maintenance Accounts	48.3	50.1	51.9
Res, Dev, Test & Eval Accounts	120.9	104.4	106.0
Procurement Accounts	77.8	61.7	60.6
Defense Emergency Relief Fund	-	-	-
DOD Other	5.7	5.8	5.8
b. Orders from other Fund Activity Groups	83.6	77.6	79.4
c. Total DoD	3,288.9	3,366.9	3,458.6
d. Other Orders:	217.4	196.3	189.0
Other Federal Agencies	57.7	45.7	36.7
Foreign Military Sales	138.1	131.4	133.1
Non Federal Agencies	21.6	19.2	19.3
2. Carry-In Orders	1,571.6	1,620.6	1,626.7
3. Total Gross Orders	5,077.9	5,183.8	5,274.3
a. Funded Carry-Over before Exclusions	1,620.6	1,626.7	1,555.2
b. Total Gross Sales	3,457.3	3,557.1	3,719.1
4. End of Year Work-In-Process (-)	-	-	-
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	(353.0)	(362.7)	(273.7)
6. Net Funded Carryover	1,267.6	1,264.0	1,281.5

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

Department of the Navy
Changes in Cost of Operations
Research and Development/Naval Air Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
Februay 2010
($ in Millions)

		Total Costs
FY 2009 Actual	**$**	**3,486.5**
FY 2010 President's Budget	**$**	**3,246.6**
Pricing Adjustments		
Fuel Price Changes		19.5
Generall Purchase Inflation		(1.8)
Program Changes		
Fixed Wing Aircraft		167.6
Guided Weapons		3.0
Rotor Craft		14.5
Avionics		22.1
Other		75.4
Other Changes		
BRAC Workload Realignment		6.6
FECA		(0.1)
Defense Finance and Accounting Service		(0.5)
Integrated Logistics Support		0.1
FY 2010 Current Estimate	**$**	**3,553.0**
Pricing Adjustments		
Annualization of Pay Raises		
Civilian Personnel		7.0
Military Personnel		0.1
Pay Raise		
Civilian Personnel		14.3
Military Personnel		0.1
Working Capital Fund Price Changes		6.8
General Purchases Inflation		30.5
Program Changes		
Fixed Wing Aircraft		(5.2)
Guided Weapons		(3.4)
Rotor Craft		(10.8)
Avionics		(17.5)
Other		(22.2)
Other Changes		
TSD Orlando realignment from mission funding		172.9
Base Realignment and Closure		(13.0)
FECA		0.3
Defense Finance and Accounting Service		0.3
VSIP		(0.3)
Depreciation		(0.1)
FY 2011 Current Estimate	**$**	**3,712.7**

Capital Investment Summary
Department of the Navy
Research and Development / Naval Air Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

		FY 2009		FY 2010		FY 2011	
Line #	**Description**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	27	$13.504	16	$8.709	10	$5.142
	- Productivity Capability	7	$2.593	12	$7.511	16	$8.915
	- New Mission Capability	6	$1.874	9	$4.109	16	$8.373
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
		40	**$17.971**	**37**	**$20.329**	**42**	**$22.430**
2	ADPE and Telecom Equipment						
	- Computer Hardware (Production)	6	$3.336	1	$0.600	5	$1.700
	- Computer Software (Operating)	3	$1.561	3	$1.725	2	$0.841
	- Telecommunications	1	$0.650	9	$4.114	9	$7.493
	- Oth Computer & Telecom Spt Equip	4	$2.352	3	$1.435	0	$0.000
		14	**$7.899**	**16**	**$7.874**	**16**	**$10.034**
3	Software Development						
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	2	$0.745	3	$1.845	1	$0.300
		2	**$0.745**	**3**	**$1.845**	**1**	**$0.300**
4	Minor Construction						
	- Replacement Capability	3	$1.901	1	$1.800	0	$0.000
	- Productivity Capability	0	$0.000	0	$0.000	0	$0.000
	- New Mission Capability	8	$5.472	11	$6.235	8	$5.319
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
		11	**$7.373**	**12**	**$8.035**	**8**	**$5.319**
	Grand Total	**67**	**$33.988**	**68**	**$38.083**	**67**	**$38.083**
	Total Capital Outlays		**$31.968**		**$33.687**		**$33.767**
	Total Depreciation Expense		**$42.681**		**$38.543**		**$38.448**

Capital Investment Justification ($ in Thousands)				Fiscal Year (FY) 2011 Budget Estimates February 2010								
Department of the Navy / Naval Air Systems Command	#001 - Non-ADPE and Telecommunications									NAWC		
				FY 2009			FY 2010			FY 2011		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment				27		13,504	16		8,709	10		5,142
Productivity Equipment				7		2,593	12		7,511	16		8,915
New Mission Equipment				6		1,874	9		4,109	16		8,373
Environmental Compliance												
Total				40		17,971	37		20,329	42		22,430

Justification:

1 . Projects within this capability will assist NAWC in creating solutions that will address deficiencies in capabilities that will allow us to better perform mission efforts. Existing equipment provides limited capabilities due to age of equipment, speed of operation, and technological advances. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWC creates a need to procure investment equipment.

Equipment replacement will benefit support equipment such as a universal lathe and boring mill, various systems and equipment for mechanical, electronic, acoustic, and temperature/altitude testing efforts, as well as, several areas of the aircraft launch and recovery equipment work. Additionally, equipment processors and mechanical systems are slow and afford limited abilities to record, mix and/or process energetic materials and test processes. Increased work loads in laser technology and high energy lasers have exceeded the capacity and capabilities of current equipment. Improved equipment is required to characterize and coat dielectric and optical windows used in advanced seeker, sensor and directed energy components. Expansion in surveillance and communications projects have created a need for a ground terminal providing wideband, line of site capability. Electromagnetic testing capabilities need to be expanded to higher frequencies to meet the requirements of future systems. Airborne instrumentation capability for testing of countermeasure systems is limited by the unavailability of suitable aircraft. Testing of electronic warfare equipment is limited by an insufficient number of radar environment simulators. New equipment will provide process control of energetic operations, test operations and data collection; signal processing capabilities for continued development of test equipment and flight hardware to support missile development; installation of new controllers for climatic chambers for continued test of operational hardware and fleet approved weapons; continued development of guidance equipment various weapon systems. A high energy laser laboratory and improved laser characterization equipment will provide an increased ability to develop and evaluate the effects of directed energy devices. A portable ground terminal equipped with advanced antenna and communication gear will allow interfaces with manned and unmanned surveillance platforms and support of numerous customers. The third phase of the Electromagnetic Laboratory upgrade will include receiver and amplifier systems that increase the laboratory's frequency capability to the level that will be required by future platforms. An additional Advanced Multiple Environment Simulator will provide an enhanced capability to support the development of EW suites in a more cost effective and timely manner. Increased capacity will allow longer run times for testing of high speed propulsion systems and components. An expanded capability will allow more effective testing of electronic safe arm devices.

Upgrades to productivity equipment will benefit support equipment for antennas, radars, networks, ID Friend or Foe, heat treatment, hydraulic press, valve plug lathe and night vision testing efforts. Laboratories that will be upgraded include the mobile lighting lab, antenna lab, and battery lab. Other capabilities to be upgraded include the ejection tower, windblast efforts, avionics, and sensor integration work.

New mission equipment will support various NAWC efforts, including pulsed power load banks, the materials lab, the synthetic lab, night vision photometrics, radio frequency and microwave electronic systems, crashworthy systems, cold atom magnetometers, and highly accelerated life tests. Additional efforts will assist in developing weaponization of unmanned vehicles and development of new high energy laser systems in support of war fighter operations. Utilizing newly developed materials and components, war fighters will be able to find, track, target and destroy enemy assets out of harms way. New capabilities in photonics will also be initiated.

2. The investment will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.

3. Economic analysis were performed.

4. Cost avoidance will begin upon project completion.

5. If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals, and reduce overall Naval warfighting effectiveness.

Capital Investment Justification ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates February 2010								
Department of the Navy / Research and Development / Naval Air Warfare Center	#002 - ADPE and Telecommunications Capabilities				NAWC					
		FY 2009			FY 2010			FY 2011		
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)		6		3,336	1		600	5		1,700
Computer Software (Operating System)		3		1,561	3		1,725	2		841
Telecommunications		1		650	9		4,114	9		7,493
Other Computer & Telecommunications Spt Equipment		4		2,352	3		1,435			
Total		14		7,899	16		7,874	16		10,034

Justification:

ADPE and Telecommunications: FY 2009-FY 2011

1. Projects will support various NAWC areas to include networks, ADPE security, analysis tools, simulators, acoustic warfare, modeling and simulation, servers, technology enhancement and engineering computer upgrades. Current capability in network connectivity is inadequate to participate to the extent required in network centric operations. Improvements are required to upgrade information sharing capability for developing and testing of network centric systems. NAWC will develop an open architecture, high bandwidth, secure network which will provide the desired capability and provide connectivity with networks such as the Global Information Grid. Capability will also be developed to support weaponization of unmanned aerial vehicles. Safe operation requires continuous communication links between the air vehicles and ground operations. While interim solutions are being pursued for near term testing, a beyond the line of sight communication link is ultimately required to provide this capability. An instrumentation system will be put in place that allows direct communications with airborne systems throughout the test complex. Several isolated laboratories currently perform electronic combat simulation functions, leading to the inefficient use of resources. A centralized data center with servers and terminals will be developed to provide more cost effective support to a broad range of programs. Computer hardware assets currently used in support of unmanned system weaponization studies are either being shared with other projects or are in need of upgrade. With the transition of this work to the Unmanned Systems Weaponization Lab in FY 2008, dedicated resources will be required. High end PC and networking equipment will be installed to support weapons control station, stores management suites, safe separation analysis, real time operating systems, and data link and ground station suites. Present computer assets do not permit full application of current and future tools used in advanced computational fluid dynamics, aerodynamic analysis, and thermal analysis. Current systems for these analyses are at full capacity, with no capability to support additional customer needs. The current system will be upgraded with additional CPU nodes, storage and related hardware provided required additional capacity.

2. The projects will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWC would be limited in the ability to increase our existing capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

FY2009

Greater than $1M:

Advanced Diagnostic Simulator

1. The purpose of this project is to procure an advanced avionic simulator to enhance the development of avionic diagnostics across all Naval Air Warfare Center Aircraft Division (NAWCAD) platforms. An MH-60S/R simulator will be built and reside in the state of the art laboratory at NAWCAD. This simulator will enable the development of innovative diagnostic procedures which will include tools such as case based reasoned, neural networks and synthetic instrument applications. The aim of the research is to develop an advanced diagnostics tool that can be used across all NAWCAD platforms.

2. Presently there is a great disparity across NAWCAD platforms when it comes to diagnostics. Some platforms, like the H-60, are developing advanced diagnostics, while other platforms like the E-2C, or V-22 have none. The plan is to use the diagnostics developed by the H-60 program as a springboard for future advancements in the diagnostics field, with the goal being the development of diagnostics that can be applied to any platform.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If investment is not made, NAWC will not be able to support increasing capabilities the diagnostics field, which will have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.

FY2009

Greater than $1M:

Platform Laboratories Maritime Surveillance Aircraft Upgrade Program

1. Naval Air Warfare Center Aircraft Division (NAWCAD) is responsible for the implementation of system an engineering resource center to support the Naval Air Systems Command (NAVAIR). As a result, NAWCAD will continue to support the development and maintenance of distributed facilities to implement and validate the C5ISR architectures that will be required in the 21st century to support asynchronous warfare. These include facilities for platform validation, modeling and simulation. The facilities will also support Battlespace Engineering and Airship Integration and Development, as well as, platform capabilities. Platforms include the Multi Mission Aircraft (MMA), Joint Strike Fighter (JSF) and Hawkeye 2000, as well as, legacy platforms such as the P-3, E-2C and E-6B. Each of the major platforms is driving technology towards what industry offers under Commercial Off-the-Shelf (COTS)/Non Development Item (NDI). In order for these multi-million dollar facilities to keep pace with the changing technological environment, systems need to be upgraded and new systems added to the inventory. This project covers all the major Platform labs at NAWCAD and will benefit both NAWCAD and the War Fighter.

2. Current Commercial-Off-the-Shelf Software (COTS)/NDI Lab assets are/or will be aging out over the next few years. Technology is changing at a more rapid pace, further rendering these systems out-of-date. The platforms NAWC supports are integrating more and more of this technology into their traditional proprietary platforms and increasing their dependence on networked systems. Upgrading facilities into multi-use facilities provides customers and Fleet users assets to make their job easier and give the war fighter the tools he needs.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If investment is not made, NAWC will be unable to support the programs aimed at increasing the capabilities of networks, sensors, weapons, and related platforms and there will be a significant negative result on the success, efficiency and war fighting effectiveness of the aviation platforms and systems within the Navy.

FY2009

Greater than $1M:

Integrated Battlespace Arena (IBAR) Computer Replacements/UAV Lab (Phase 1 of 4)

1. The Integrated Battlespace Arena is a collection of several laboratories and facilities that are dedicated to battlespace engineering investigations at all levels of Research, Development, Test and Evaluation (RDT&E). The limitations of current computational equipment in terms of capability and supportability are taxing the ability of the Integrated Battlespace Arena to meet the needs of current and future program requirements. The multiyear equipment upgrade program will provide the needed processing, scene generation, and data backup improvements.

2. The current simulation requirements from the broad IBAR customer base continues to tax the current capability of the various IBAR components. The high performance computing capability acquired in 1999 has an average lifespan of three to five years. For seven years, this computing capability has been relied upon by not only the IBAR, but by other science and technology initiatives. These Silicon Graphics, Inc. (SGI) computers procured in 1999 are no longer supported by SGI and must be replaced. In addition, as program dollars become increasingly scarce and the need to reduce the number of in-flight and live-fire tests increases, reliance on the IBAR will also increase.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If investment is not made, NAWC will continue to use outdated equipment to support operations and critical tests.

FY2009-FY2010

Greater than $1M:

Operations Research Immersive & Optimization Network

1. Operations Research Immersive and Optimization Network (ORION) is necessary to support Naval Air Warfare Center Aircraft Division's (NAWCAD) effort to use modeling and simulation to analyze and streamline aviation shipboard operations. ORION provides the resources to visualize the ship state dynamically as various ship systems are exercised, straining both physical space and personnel resources. An immersive presentation technique allows subject matter experts (SMEs) to easily see what is going on, experience the problem, and possibly formulate a solution without ever reading a simulation report, or viewing model data.

2. The Immersive Design and Optimization Environment (IDOS) system currently employed to accomplish much of the visualization tasks at NAWCAD provides only one of a set of solutions to accomplish the visualization, and is currently capable of only helping a single customer at a time. ORION will provide additional services for more simultaneous customers, and will be less expensive than before. The Modeling and Simulation spaces at Lakehurst will be revitalized with the addition of more resolute projectors and modern computer systems. ORION will augment this with new technologies such as stereo projection, head mounted displays, 3D plasma displays (which do not require glasses), Virtual Reality (VR) tablets, and Web technologies. All enhancements will enable the proper level of emersion to be provided to the customer, in a less restrictive manner than is currently possible, and in the location where the system is being tested. Two specific areas can finally be addressed. They are the maintenance and team VR. In addressing maintenance, VR can help with assembly issues, parts and tool placement, and space arrangement (as in weapon assembly magazines). Team VR allows each person to see the others but move and act independently in the environment. This will allow several designers to use the VR space as a team would on the ship. Currently, VR is generally used from a single person perspective. Web technologies will also be available in ORION. VR can then be more easily shared with remote sites with little or no specialized equipment, allowing more broad based collaboration. Through the use of the existing network, these views of the ship's state will be synchronized, and present the same view to all those participating. These views of ship state will be generated by a series of process models, starting with the flight deck and working down to the lower levels of the ship (as in the case for weapons).

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If investment is not made, NAWC will be limited in the ability to support the programs for developing enhanced capabilities in modeling and simulation and virtual reality.

FY2009-FY2010
Greater than $1M:
Video Technologies Refreshment

1. The purpose of this project is to install the hardware and software required for technology refreshment of video services to Naval Air Warfare Center Aircraft Division (NAWCAD) customers. This application will allow for the following types of services: video teleconferencing (VTC), data collaboration, Closed Circuit Television (CCTV), Visions (NAS Patuxent River's dedicated training channel), networked distance learning, streaming audio and video broadcasts. Upgrading, modernizing and increasing the capacity of existing systems will facilitate the use of video technologies to conduct long-distance meetings and training thereby reducing travel.

2. NAWC continues to benefit from efficiencies realized by the centralization of video services. To ensure the delivery of reliable services, video hardware and software must be periodically refreshed. This refresh includes end user systems, conference bridges, and gateway servers. The goal is to sustain reliable services, maintain compatibility among systems, minimize hardware maintenance costs, and reduce the mean time between failures for all video system components.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWCAD would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.

FY2009-FY2010
Greater than $1M:
SE & ALRE Design & Analysis Lab

1. The Support Equipment (SE) and Aircraft Launch and Recovery Equipment (ALRE) Design and Analysis Lab provides engineers with the latest state of the art design tools to perform complex designs and engineering analysis to support critical Fleet requirements. This project expands the high powered design and analysis capability from the initial lab to engineers performing complex design and engineering analysis located at Lakehurst and Patuxent River. This expanded capability will link NAVAIR sites, Carrier Suitability, land based Fleet Readiness Centers (FRCs), Aircraft Intermediate Maintenance Departments (AIMDs), and deployed ships for support of ALRE and SE In-Service Engineering functions. For example, performance, diagnostic, testing and/or engineering data will be transmitted real-time or near real-time for evaluation among engineering and/or maintenance facilities. Deployed ships at sea will also have the capability to transmit real-time or near real-time performance and diagnostic data for evaluation by engineers to prevent system problems or failures before they occur.

2. Currently, Design and In-Service Engineers do not have a sufficient number of high powered engineering workstations, software and system software interfaces to perform complex designs or engineering analysis on assigned projects. This results in delays in design project schedules and engineering investigations. High end engineering work stations, analytical software, and interfaces to SE/ALRE system software are necessary to perform the complex designs and engineering analysis. With an adequate number of high powered work stations and software, design projects and engineering investigations can be performed quickly without having to share work stations or having to utilize contract support services. With adequate engineering tools, engineers will be able to execute design and engineering investigations more efficiently. Today, engineers must travel to testing facilities, AIMDs, and ships to assess and trouble shoot SE/ALRE system performance problems. The new hardware and software will enable engineers to analyze system performance and diagnostics at their desk top rather then traveling to testing sites and ships.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If the investment is not made, NAWC engineers will not be able to perform design and in-service engineering functions across these NAVAIR sites, AIMDs, Competencies, Deployed Ships, etc. as efficiently and effectively as is possible. Being able to assess system performance data at their desk top will enable engineers to assess multi-ship problems at once resulting in major improvements to Fleet Readiness.

FY2009-2011

Greater than $1M:

Secure Horizontal Access to RDT&E Enterprise Network

1. The Secure Horizontal Access to RDT&E Enterprise Network (SHARE-Net) project will build on a streamlined information architecture within the NAWCAD RDT&E enterprise by tying together a significantly reduced number of websites, servers, applications, and databases in a secure, Intranet environment using commercial web services and sophisticated, multi-level information assurance technologies. The result will be a shared data environment that facilitates RDT&E collaboration on technical engineering and testing information across the NAWCAD enterprise, as well as with other Naval systems and operational commands. This alternative will provide significantly reduced operating and support costs, when compared with other methods of operation.

2. With increased pressure for systems interoperability across Naval Aviation and other Naval and Joint Warfare communities, technical collaboration had become extremely important. However, current methods for sharing technical information tend to be cumbersome, inefficient and costly, due to an information infrastructure that is unable to fully exploit emerging commercial Internet-based technologies. The SHARE-Net project converts existing databases to XML format and enables full connectivity of technical information sources via powerful and cost-effective web services technologies. The result is shared RDT&E technical communication in a secure, easily-maintainable operating environment.

3. Economic analysis were developed.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWCAD would be limited in the ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

FY2010-2011

Greater than $1M:

SE/ALRE Integrated Supt Environment Information System

1. The Support Equipment (SE) and Aircraft Launch and Recovery Equipment (ALRE) Integrated Support Environment (ISE) Information System (IS) project will provide an over-arching environment that links SE/ALRE System design, tech data, training and system/equipment existing and future information systems into one cohesive integrated system. This project will leverage the existing and future fleet support initiatives being implemented. ISE IS will create a support infrastructure for new and legacy systems that can be adaptable to ALRE and SE systems of varying complexity. The ISE IS will be an environment built upon near and real time information exchange between design, supply, and maintenance environments utilizing contemporary engineering, acquisition, prognostics, and supply chain management methodologies. The integration of SE/ALRE ISE IS Systems will enable the efficient transmitting of needed information throughout the SE/ALRE community including engineering, program management, logistics, and the Fleet. ISE IS effort will be targeted to the advanced recovery control system, expeditionary airfield (EAF) systems, and consolidated automated support system.

2. Currently the numerous SE/ALRE design, technical data, training, and system support information systems are not integrated or linked. This results in fragmented, out dated, or conflicting information being provided to system users. Current integrated support solutions being developed for weapons systems platforms, such as autonomic logistics, have created fleet expectations of support levels that are unable to be achieved by the current ALRE/SE support infrastructure. Without a comprehensive program to create an overarching support environment for the many individual ALRE/SE systems, many sub-optimized support approaches will be developed.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. Without a comprehensive program to create an overarching support environment for the many individual ALRE/SE systems, many sub-optimized support approaches will be developed.

FY2011
Greater than $1M:
SUN Server/SAN Upgrade

1. The purpose of this project is to upgrade and consolidate selected Naval Air Warfare Center Aircraft Division (NAWCAD) SUN servers and Storage Area Network (SAN) hardware. The SUN enterprise 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 non-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. SAN technology provides for the height availability, protection, management, and retrieval of corporate data. SAN technology reduces processor loading on servers allowing for more efficient use of hardware resources. This upgrade effort will provide robust platforms for the hosting of corporate applications and data, while reducing the overall IT footprint required in the B1490 data center.

2. Many of the current SUN and SAN systems will approach end of life in FY 2011. NAWC's data center continues to grow as our IT office takes on new work for customers throughout the command. Investment in new systems will permit the data center to efficiently respond to new hosting requirements while controlling support costs and making the best use of facility resources. The goal of this project is to manage resources at an optimal service level for the lowest possible cost to the organization, thereby improving efficiencies. When systems are consolidated and new technology is deployed, an experienced system administrator can do a much better job of bringing together multiple, disparate platforms and run them as a single, seamless environment.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWCAD would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

FY2011
Greater than $1M:
SIPRNET Web and Database Environment

1. The SIPRNET web and database environment/services initiative will upgrade the classified network by including necessities such as document management, collaboration, workflow, database, web application development platform, and web development services. Currently these services are not readily available on SIPRNET due to lack of infrastructure and software. The result is redundancies and/or development using non-standard technologies that are not compliant with functional area manager (FAM), cyber asset reduction security (CARS), and other Navy level consolidation efforts. This initiative will provide the infrastructure to greatly increase efficiencies and interoperability among many disparate platforms, systems, databases, and applications by leveraging new technology standards on the classified side.

2. There is neither the capability, mechanism, nor infrastructure in place on SIPRNET to build & maintain the web services described above that automate business processes, consolidate and portalize redundant applications, and reduce the IT footprint using existing technologies. This project will provide the hardware, software, and resources necessary to build and maintain an infrastructure which enables developing & hosting multiple web services in direct support of warfighter initiatives. Disparate pockets of personnel are addressing this problem in an isolated and stovepiped manner. Consolidation of these efforts is essential for security, cost savings and interoperability.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWCAD would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

FY2011
Greater than $1M:
IBAR INFRASTRUCTURE (1 of 4 PHASES)

1. The IBAR supports NAWCWD with connectivity via multiple networks i.e. DREN, DISA, SIPRNET, NIPRNET, JTEN, JMTIC and coalition forces. This requires a very expansive video and data network, to keep up with the expansion of 4 new large labs and systems. Currently there are multiple arenas' that are not able to communicate due to various age of technology. There is a requirement for connectivity from the existing IBAR to accommodate the new building/labs infrastructure. Routers, switches, video networking to pass along imagery do not exist to support this requirement.

2. This project is to build the Interconnectivity with Existing Integrated Battle Space Arena (IBAR) Network video/data. This will also assist in the infrastructure for the Security systems to accommodate System Under Test (SUT) in Bldg 745, Security for access, basic stabilizing infrastructure to connect the separated labs, Bldg 5 IBAR and Engineering Bldg. 745. The current IBAR security system is not compatible with the proposed system associated with Bldg 745, it will require an upgrade to interconnect the buildings.

3. An economic analysis has been performed for this project included in this capability.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5 If investment is not made, old outdated equipment will continue to be used to support operations and critical tests.

Capital Investment Justification ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates February 2010								
Department of the Navy / Research and Development / Naval Air Warfare Center	#003 - Software				NAWC					
		FY 2009			FY 2010			FY 2011		
Software		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Projects <$1M		2		745	3		1,845	1		300
Projects = or > $1M										
TOTAL		2		745	3		1,845	1		300

Justification:

Software: FY2009-FY2011

1. Projects within this category and capability will assist NAWC in creating solutions to address deficiencies in capabilities and better perform mission efforts. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWC creates a need for mission efforts. Projects will support various NAWCAD areas to include test management and reporting tools, radar and computational electromagnetics modeling lab, multispectral image processing and advanced tracking, as well as, document management efforts.

2. The projects will enable NAWC to meet customers' expectations, improve operational efficiencies, and provide new state-of-the-art technology to increase NAWC customer support for all mission efforts.

3. Economic analysis were developed and included with individual project submissions.

4. Cost avoidance for the equipment in this capability will begin upon project completion.

5. If investment is not made, NAWC would be limited in the ability to increase capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and will have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy.

Capital Investment Justification ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates February 2010						
Department of the Navy / Research and Development / Naval Air Warfare Center	#004 - Minor Construction				NAWC			
		FY 2009			FY 2010		FY 2011	
Minor Construction		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement		3		1,901	1		1,800	0		0
Productivity										
New Mission		8		5,472	11		6,235	8		5,319
Environmental										
Total		11		7,373	12		8,035	8		5,319

Justification:

Minor Construction: FY2009-FY2011

1. Projects within this category and these capabilities will assist NAWC in creating solutions to address deficiencies in capabilities and enhance the performance of mission efforts. Minor Construction projects work to modify existing spaces, replace obsolete facilities, and contruct new facilities that allow for improved efficiencies and provide greater security and suitable space to research, develop, acquire, test and evaluate aircraft systems (often in a secure environment) for the War fighter. Projects will support various NAWC areas including an integration lab facility, antenna test tower, test team facilities, control station center, sonobuoy test site, annodize lab facility, Thermal Detonation Characteristics lab, the Optical Coating lab, Weapons systems control facility, and Systems integration facility. Additional projects will construct laboratory and engineering spaces for a Multi-level Casting facility, Test Article Towpath, and a Detonation Sciences Spectroscopy lab. Finally, projects are planned to support weapons systems research such as the Hydrostatic Test Room. Suitable spaces do not exist to house these functions.

2. The following Minor Construction projects exceed the current Military Construction threshold levels of $750K, using Laboratory Revitalization Program authority.

Project Name

FY 2010 Hangar 101 Test Team Facility $2.0M
FY 2010 Multi-Level Casting Facility $1.8M
FY 2011 Mission Systems T&E Facility $2.0M

3. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.

Capital Budget Execution
Department of the Navy
Research and Development/Naval Air Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

Projects on the FY 2010 President's Budget

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/ Reason for Change
2010	Equipment except ADPE and TELECOM	$ 1.373	$ 18.956	$ 20.329	$ (1.373)	Two projects cost estimates have decreased. Four projects cost estimates have increased. One project was cancelled. Five additional projects were added due to emergent requirements.
2010	Equipment - ADPE and TELECOM	0.142	7.732	7.874	-0.142	Three projects cost estimates have decreased. Three additional projects were added due to emergent requirements. One project cost estimate increased.
2010	Software Development	0.000	1.845	1.845	0.000	
2010	Minor Construction	-1.515	9.550	8.035	1.515	One project cancelled. Five additional projects were added due to emergent requirements. One project cost estimate decreased.
	Total FY 2010 Capital Purchase Program	$ -	$ 38.083	$ 38.083	$ -	

Naval Surface Warfare Center

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Mission Statement / Overview

The Naval Surface Warfare Center provides research, development, test and evaluation; in-service engineering; and fleet and integrated logistic support for surface ship combat systems, surface and mine warfare combat systems, ordnance, explosive ordnance disposal technology, mines, amphibious warfare systems, mine countermeasures, special warfare and strategic systems, systems interfaces, weapon systems and subsystems, unique equipment and related expendable ordnance of the Navy surface fleet. In addition, they provide primary technical capability in energetics through engineering, fleet and operational support, manufacturing technology, limited production, industrial base support and research, development, test and evaluation for energetic materials, ordnance devices and components and related ordnance engineering standards.

Activity Group Composition:

The Center is comprised of eight 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, analysis, acquisition support, in-service engineering, logistics and integration of surface and undersea vehicles and associated systems. Carderock develops and applies science and technology associated with naval architecture and marine engineering, and provides support to the maritime industry. Additionally, it also executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. 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 serve warfighters and program managers as the Navy's independent performance assessment agent throughout systems' lifecycles by gauging the Navy's warfighting capability of weapons and integrated combat systems, from unit to force level, through assessment of those systems' performance, readiness, quality, supportability, and the adequacy of training. It also executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has one primary operating site, Corona, CA, with a small engineering site at Seal Beach, CA.

CRANE DIVISION: The mission of this division is to provide acquisition engineering, in-service engineering and technical support for sensors, electronics, electronic warfare

and special warfare weapons. It also applies component and system level product and industrial engineering to surface sensors, strategic systems, special warfare devices and electronic warfare/information operations systems and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. 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, analysis, systems engineering, integration and certification of complex naval warfare systems related to surface warfare, strategic systems, combat and weapons systems associated with surface warfare. The division also provides system integration and certification for weapons, combat systems and warfare systems and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has two primary operating sites, Dahlgren, VA, and Dam Neck, VA. The division also operates a small detachment in San Diego, CA.

INDIAN HEAD DIVISION: The mission of this division is to provide research, development, test and evaluation and in-service support of energetics and energetic materials for warheads, propulsion systems, ordnance and pyrotechnic devices and fuzing for Navy, Joint Forces, and the Nation, to include research, test, and engineering of chemicals, propellants, explosives, related electronic devices, associated ordnance equipment and special weapons support. It also carries out other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The primary site of operations is Indian Head, MD, with smaller operations at Yorktown, VA, MacAlester, OK, and Earle, NJ.

PORT HUENEME DIVISION: The mission of this division is to provide test and evaluation, systems engineering, integrated logistics support, in-service engineering and integration of surface ship weapons, combat systems and warfare systems. Port Hueneme Division also provides the leading interface to the surface force for in-service maintenance and engineering support provided by the Warfare Centers and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The primary operating site is Port Hueneme, CA. The division also operates small detachments in, Louisville, KY and Dam Neck, VA.

EXPLOSIVE ORDNANACE DISPOSAL (EOD) TECHNOLOGY DIVISION: The mission of this division is to provide EOD technology and logistics management for the Joint Services, and developing war essential elements of intelligence, equipment, and procedures to counter munitions, both U.S. and foreign, as required to support DoD components and the security needs of other agencies; to provide ground based Counter Radio-Controlled IED Electronic Warfare (CREW) Technology; and to support the

Executive Manager for EOD Technology and Training in his Joint Forces role. The primary operating site is Rison, MD.

PANAMA CITY DIVISION: The mission of this division is to conduct research, development, test and evaluation and in-service support of mine warfare systems, mines, Naval Special Warfare Systems, diving and life support systems, amphibious /expeditionary maneuver warfare systems and other missions that occur primarily in coastal (littoral) regions. It also executes other responsibilities as assigned by Commander, Naval Surface Warfare Center. The primary operating site is Panama City, FL.

Significant Changes Since the FY 2010 President's Budget:
NSWC has increased end strength and workyear levels above the FY 2010 President's Budget to address customer demand and critical knowledge deficiencies.

Financial Profile:

Revenue/Expense/Operating Results ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Revenue	$3,816.2	$3,846.0	$3,947.1
Expense	3,794.3	3,873.1	3,987.5
Operating Results	$21.9	-$27.1	-$40.4
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Results (AOR)	$67.5	$40.4	$0.0

Revenue and Expense: The trend in revenue and expense from year-to-year reflects the Center's efforts to size itself to meet customer demand while becoming more efficient. The FY 2009 operating results figure reflects a gain of $39.9M from the FY 2010 President's Budget. The negative AOR recoupment in FY 2011 will return projected cumulative gains and will achieve a zero Accumulated Operating Result balance in FY 2011.

The FY 2010 prices for fuel in this submission are calculated using the current fuel composite rate of $118.02 per barrel versus the FY 2010 President's Budget rate of $89.46. This will result in a projected revenue shortfall of $1.7M; $1.5M of this amount is being requested as a direct Working Capital Fund (WCF) appropriation in the FY 2010 supplemental and the remainder will be handled from either WCF cash balances or through an additional customer surcharge.

NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Collections/Disbursements/Outlays ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Collections	$3,807.0	$3,845.9	$3,947.1
Disbursements	3,745.1	3,869.9	$3,988.2
Outlays	-$61.9	$24.0	$41.1

Budgeted collections and disbursements are based on revenue, cost, and Capital Investment Program (CIP) outlay estimates.

Workload:

Reimbursable Orders ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	$3,850.4	$3,759.1	$3,870.3

For FY 2009 through FY 2011, NSWC has estimated reimbursable orders in coordination with major recurring customers.

Direct Labor Hours (000)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	21,516	21,592	21,618

Direct labor hours are consistent with funded customer demands.

Performance Indicators: The primary performance indicator is unit cost, which represents the average cost of delivering goods and services to our customers

Unit Cost	**FY 2009**	**FY 2010**	**FY 2011**
Total Stabilized Cost ($Millions)	$2,064.9	$2,165.8	$2,249.6
Workload (DLHs) (000)	21,516	21,592	21,618
Unit cost (per DLH)	$95.97	$100.31	$104.06

The Center's unit cost reflects a steady increase over the budget period and is primarily affected by inflation and the cost of implementing Navy Enterprise Resource Planning (NERP) on 1 October 2011.

Stabilized / Composite Rates	**FY 2009**	**FY 2010**	**FY 2011**
Stabilized Rate	$96.51	$99.61	$102.88
Change from Prior Year		+3.2%	+3.3%
Composite Rate Change		+2.2%	+2.4%

NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Staffing:

Civilian/Military ES & Workyears	**FY 2009**	**FY 2010**	**FY 2011**
Civilian End Strength	15,119	14,836	14,857
Civilian Workyears (Straightime)	14,462	14,778	14,858
Military End Strength	201	232	231
Military Workyears	175	235	231

Civilian Personnel: Projected end strength estimates for FY 2010 - FY 2011 have been sized to meet funded customer demand.

Military Personnel: Military workyears remain stable over the budget period.

Capital Investment Program (CIP):

CIP Authority ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Equipment, Non-ADP / Telecom	$16.5	$21.0	$19.3
Equipment, ADPE / Telecom	7.3	8.1	7.1
Software Development	0.9	0.0	7.3
Minor Construction	4.9	4.5	5.5
Total	$29.6	$33.6	$39.2

The NSWC CIP program procures mission essential equipment to support a wide customer base. The FY 2011 budget request includes six Minor Construction Projects utilizing the Laboratory Revitalization Program authority.

NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Carryover Compliance:

Carryover ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
New Orders	$3,850.4	$3,759.1	$3,870.3
Less Exclusions:			
Foreign Military Sales	165.8	119.4	137.3
Base Realignment and Closure	6.8	0.0	0.0
Other Federal Departments & Agencies	76.5	50.1	60.1
Non-Federal Agencies & others	20.6	24.2	26.5
Major Range & Test Facility Base	0.0	0.0	0.0
Orders for Carryover Calculation	$3,580.7	$3,565.4	$3,646.4
Composite Outlay Rate	56.1%	55.3%	55.5%
Carryover Ceiling Rate	43.9%	44.7%	44.5%
Carryover Ceiling	$1,572.1	$1,593.8	$1,623.7
Balance of Customer Orders at Year End	$1,806.1	$1,719.2	$1,642.4
Less Work-in-Process	109.1	109.2	109.2
Less Exclusions			
Foreign Military Sales	235.4	179.3	147.5
Base Realignment and Closure	1.4	1.4	1.4
Other Federal Departments & Agencies	77.0	75.8	82.5
Non-Federal Agencies & Others	27.4	22.5	26.6
Major Range & Test Facility Base	0.0	0.0	0.0
Carryover Budget	$1,355.8	$1,331.0	$1,275.2

Budgeted carryover is within the ceiling allowed by outlay rates.

Revenue and Expenses
Department of the Navy
Research and Development
Naval Surface Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	3,782.8	3,810.3	3,910.7
Surcharges	-	-	-
Depreciation excluding Major Construction	33.4	35.7	36.4
Other Income			
Total Income	3,816.2	3,846.0	3,947.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	15.5	15.6	16.0
Civilian Personnel	1,768.4	1,854.7	1,895.8
Travel and Transportation of Personnel	132.5	131.8	135.3
Material & Supplies (Internal Operations)	202.2	271.9	280.1
Equipment	57.8	81.5	83.2
Other Purchases from NWCF	202.2	156.1	159.6
Transportation of Things	2.9	4.3	4.4
Depreciation - Capital	33.4	35.7	36.4
Printing and Reproduction	5.3	7.1	7.2
Advisory and Assistance Services	2.2	2.1	2.2
Rent, Communication & Utilities	93.0	91.1	95.4
Other Purchased Services	1,268.8	1,221.3	1,272.0
Total Expenses	3,784.2	3,873.1	3,987.5
Work in Process Adjustment	10.4	-	-
Comp Work for Activity Retention Adjustment	(0.3)	-	-
Cost of Goods Sold	3,794.3	3,873.1	3,987.5
Operating Result	21.9	(27.1)	(40.4)
Less Surcharges	-	-	-
Plus Appropriations Affecting NOR/AOR	-	-	-
Other Changes Affecting NOR/AOR	-	-	-
Extraordinary Expenses Unmatched	-	-	-
Net Operating Result	21.9	(27.1)	(40.4)
Other Changes Affecting AOR	-	-	-
Accumulated Operating Result	67.5	40.4	-

Sources of Revenue
Department of the Navy
Research and Development
Naval Surface Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
1. New Orders	3,850.4	3,759.1	3,870.3
a. Orders from DoD Components:	3,357.7	3,367.6	3,428.6
Department of the Navy	2,833.3	2,922.7	2,923.9
O & M, Navy	940.0	855.1	867.1
O & M, Marine Corps	20.1	19.8	41.7
O & M, Navy Reserve	3.6	12.8	18.8
O & M, Marine Corp Reserve	0.2	1.0	1.0
Aircraft Procurement, Navy	51.8	53.6	54.1
Weapons Procurement, Navy	88.2	109.9	107.7
Ammunition Procurement, Navy/MC	76.8	81.9	76.4
Shipbuilding & Conversion, Navy	288.0	303.0	293.5
Other Procurement, Navy	367.8	407.7	399.1
Procurement, Marine Corps	63.1	90.5	91.0
Family Housing, Navy/MC	-	2.6	0.5
Research, Dev., Test, & Eval., Navy	911.5	974.5	962.6
Military Construction, Navy	0.1	0.4	0.4
National Defense Sealift Fund	16.6	3.0	3.0
Other Navy Appropriations	5.5	7.1	7.1
Other Marine Corps Appropriations	-	-	-
Department of the Army	97.8	88.2	91.2
Army Operation & Maintenance	26.9	23.4	24.9
Army Res, Dev, Test, Eval	23.2	31.3	31.7
Army Procurement	30.5	25.1	26.1
Army Other	17.2	8.4	8.4
Department of the Air Force	60.6	64.3	69.4
Air Force Operation & Maintenance	22.5	22.7	27.3
Air Force Res, Dev, Test, Eval	19.8	21.8	21.0
Air Force Procurement	18.3	19.8	21.1
Air Force Other	-	-	-
DOD Appropriation Accounts	366.0	292.4	344.1
Base Closure & Realignment	6.8	-	-
Operation & Maintenance Accounts	70.8	64.0	63.4
Res, Dev, Test & Eval Accounts	244.7	191.1	243.2
Procurement Accounts	41.5	35.1	34.8
Defense Emergency Relief Fund	(0.2)	-	-
DOD Other	2.4	2.2	2.6
b. Orders from other Fund Activity Groups	229.7	197.9	217.9
c. Total DoD	3,587.4	3,565.4	3,646.5
d. Other Orders:	262.9	193.6	223.8
Other Federal Agencies	76.5	50.1	60.1
Foreign Military Sales	165.8	119.4	137.3
Non Federal Agencies	20.6	24.2	26.5
2. Carry-In Orders	1,772.0	1,806.1	1,719.2
3. Total Gross Orders	5,622.3	5,565.2	5,589.5
a. Funded Carry-Over before Exclusions	1,806.1	1,719.2	1,642.4
b. Total Gross Sales	3,816.2	3,846.0	3,947.1
4. End of Year Work-In-Process (-)	(109.1)	(109.2)	(109.2)
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	(341.2)	(279.1)	(258.0)
6. Net Funded Carryover	1,355.8	1,331.0	1,275.2

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
Department of the Navy
Research and Development/Naval Surface Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

		Total Cost
FY 2009 Actual	**$**	**3,794.3**
FY 2010 President's Budget	**$**	**3,667.5**
Estimated Impact in FY 2010 of Actual FY 2009 Experience		93.6
Pricing Adjustments		
Fuel Price Changes		1.7
General Purchase Inflation		(1.5)
Program Changes		
Additional Customer Workload		82.6
Other Changes		
BRAC Workload Realignment		18.2
Sustainment, Restoration and Modernization		7.5
Navy Enterprise Resource Planning		5.9
Defense Finance and Accounting Service		(2.4)
FY 2010 Current Estimate	**$**	**3,873.1**
Pricing Adjustments		
Annualization of Prior Year Pay Raises		
Military		0.1
Civilian		9.4
FY 2010 Pay Raises		
Military		0.2
Civilian		19.4
Working Capital Fund Price Changes		8.7
General Purchase Inflation		25.2
Program Changes		
Workload		22.6
Other Changes		
Navy Enterprise Resource Planning		35.3
BRAC Workload Realignment		(6.5)
FY 2011 Current Estimate	**$**	**3,987.5**

Capital Investment Summary
Department of the Navy
Research and Development/Naval Surface Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

Line Num	Description	FY 2009		FY 2010		FY 2011	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
1	**Non ADP**						
	Replacement	14	6.430	16	7.869	9	8.017
	Productivity	11	7.338	22	11.229	20	10.833
	New Mission	4	2.376	3	1.926	1	0.460
	Environmental	1	0.304	0	0.000	0	0.000
	Non ADP Total:	**30**	**16.448**	**41**	**21.024**	**30**	**19.310**
2	**ADP**						
	Hardware	13	6.333	14	6.616	8	3.853
	Telecommunications Equip.	1	0.324	1	0.600	3	2.700
	Other Support Equip.	2	0.619	1	0.900	1	0.500
	ADP Total:	**16**	**7.276**	**16**	**8.116**	**12**	**7.053**
3	**Software**						
	ERP Licenses	0	0.000	0	0.000	1	6.107
	Software Projects < $1.000M	1	0.950	0	0.000	2	1.215
	Software Total:	**1**	**0.950**	**0**	**0.000**	**3**	**7.322**
4	**Minor Construction**						
	Replacement	0	0.000	3	1.173	1	0.866
	Productivity	8	3.184	8	2.931	8	4.660
	New Mission	3	1.744	0	0.000	0	0.000
	Environmental	0	0.000	1	0.400	0	0.000
	Minor Construction Total:	**11**	**4.929**	**12**	**4.504**	**9**	**5.526**
	Grand Total:	**58**	**29.603**	**69**	**33.644**	**54**	**39.211**
	Total Capital Outlays:		**30.497**		**32.523**		**37.136**
	Total Depreciation Expense:		**33.436**		**35.719**		**36.432**

Capital Investment Justification ($ in Thousands)			A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates						
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2010	C. Line# and Description 1 - Non ADP - Replacement					D. Site Identification NSWC			
	FY 2009			FY 2010			FY 2011		
Non ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Replacement	14		6,430	16		7,869	9		8,017
Total	14		6,430	16		7,869	9		8,017

Replacement Equipment:
Non-ADP equipment investments support the replacement of mission essential research, development, test and evaluation equipment that is unsafe, beyond economical repair, technically obsolete, or otherwise unusable. Replacement equipment supports Warfare Center Core Equities including ship/ship systems, ship weapon systems, ship combat systems, ordnance, and littoral combat systems. Equipment supporting this mission includes explosive detection equipment, ship hull test equipment, and test and evaluation equipment for various surface ship systems. Based on useful life guidance provided by OMB circular A-94, all investments replace equipment beyond the original intended life cycle.

Benefit:
Replacement of research and development equipment that is unsafe, beyond economic repair, or unusable. Mission essential research and development equipment must operate at optimal efficiency to achieve proper test and evaluation results. Equipment is replaced with modern reliable equipment to support the research and development mission of the Naval Warfare Centers.

Impact of not Funding:
The Naval Surface Warfare Center activities are responsible for new product testing as well as system In-Service-Engineering. The ability of the Surface Warfare Centers to provide mission essential research and development for new systems Mission essential investments for replacement of equipment will not be made resulting in work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life.

Economic Analysis: There are 5 projects with an individual cost greater than or equal to $1,000K. An economic analysis was performed on all individual projects greater than the DoD capitalization threshold. The useful life for these projects is 10 years and the average payback period is 3.53 years.

Capital Investment Justification ($ in Thousands)			A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates						
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2010		C. Line# and Description 1 - Non ADP - Productivity				D. Site Identification NSWC			
	FY 2009			FY 2010			FY 2011		
Non ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Productivity	11		7,338	22		11,229	20		10,833
Total	11		7,338	22		11,229	20		10,833

Productivity Equipment:
These investments increase the productivity of surface warfare research and development activities by procuring non-ADP equipment that reduces overall operating costs. Operating costs are reduced by reducing labor, reducing energy consumption, eliminating inefficiencies or duplicate processes, developing test platforms that more closely emulate conditions at sea, or providing advancements that increase the technological capability.

Benefit:
Productivity investments reduce costs by establishing remote operation, automation , and reducing ship board testing. These investments increase the operational efficiency of the research and development mission by procuring equipment that reduces operating costs. For example, productivity investments reduce energy consumption, operational test time, floor space required for equipment. Additionally, inefficient test processes are replaced with a single specialized asset.

Impact:
These investments support the Sea Power 21 initiatives for surface ships and their systems. Investments provide for test results that are accurate and emulate shipboard environments eliminating the need to schedule ship board testing and speeding the retest of ships systems.

Economic Analysis:
Four projects are equal to or greater than $1,000K in budgeted cost. The average Benefit to Investment Ratio (BIR) for these projects is 3.06. An economic analysis was performed on all individual projects greater than the DoD capitalization threshold. All non-ADP'E productivity projects have an estimated useful life of 10 years and an average payback period of 3.05 years.

Capital Investment Justification ($ in Thousands)			A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates						
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2010			C. Line# and Description 1 - Non ADP - New Mission			D. Site Identification NSWC			
	FY 2009			FY 2010			FY 2011		
Non ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
New Mission	4		2,376	3		1,926	1		460
Total	4		2,376	3		1,926	1		460

New Mission Equipment:
These Non-ADP equipment investments support the acquisition of mission essential research, development, test and evaluation equipment that support new research and development initiatives. Equipment procurements will support initiatives such as:
- Advanced munitions and high energy materials
- New Shipboard technologies
- Hypervelocity penetrating weapons and kinetic energy weapons
- Thermobaric and variable yield warheads

Benefit:
These investments provide research and development equipment to support new mission areas or new test and evaluation techniques to enhance the overall effectiveness of the warfare center mission. Investments categorized as new mission are required to support a new capability or capacity that can not be met with current equipment or capabilities.

Impact:
These investments support the Sea Power 21 initiatives for surface ships and their systems. Investments provide for new mission research and development equipment essential to the test and evaluation of emerging ship-board technologies.

Economic Analysis:
One project is equal to or greater than $1,000K in budgeted cost. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. All non-ADPE new mission projects have an estimated useful life of 10 years and an average payback period 0f 5.3 years.

Capital Investment Justification ($ in Thousands)				A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates					
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2010			C. Line# and Description 1 - Non ADP - Environmental			D. Site Identification NSWC			
	FY 2009			FY 2010			FY 2011		
Non ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Environmental	1		304						
Total	1		304						

Environmental Equipment:
These investments are necessary to mitigate environmental, safety, or workplace deficiencies at the surface warfare center activities. Environmental equipment includes control systems and equipment required to meet environmental compliance for hexane and mercury reductions and safety measures.

Benefit:
These investments will correct regulatory compliance deficiencies, enhance safety in the workplace, or correct environmental deficiencies. Work processes that involve hazardous materials will be controlled, reducing the possibility of contamination.

Impact:
The impact of not making these equipment investments will result in the non compliance with environmental, safety or workplace deficiencies within the Warfare Center activities.

Economic Analysis:
There are no projects with an individual cost greater than $1,000K. An economic analysis was performed on all individual projects greater than the DoD capitalization threshold. All non-ADP environmental projects have an estimated useful life of 10 years and an average payback period 0f 7.3 years.

Capital Investment Justification ($ in Thousands)				A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates					
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2010				C. Line# and Description 2 - ADP			D. Site Identification NSWC		
	FY 2009			FY 2010			FY 2011		
ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Hardware	13		6,333	14		6,616	8		3,853
Telecommunications Equip.	1		324	1		600	3		2,700
Other Support Equip.	2		619	1		900	1		500
Total	16		7,276	16		8,116	12		7,053

ADP Equipment and Telecommunications Equipment and Capabilities:
These investments will support the acquisition of automated data processing and telecommunications equipment for the surface ship research and development community. Funds will provide networks/connectivity to all Naval Warfare Center activities and procurement of hardware for mission essential research and development computing needs and centralized system hosting including: Business System Replacement, High Speed Computing, and Research, Development, Test, and Evaluation Networks. Investments will include routers, servers, firewalls, etc.

Benefit:
The projected benefits include technology tools for the research and development community and continuity of operations for standard business systems throughout the Warfare Center.

Impact:
ADP Equipment supporting the research and development community must remain on the cutting edge of technology for to conduct complex simulations, perform predictive analysis, and analyze surface ship system performance. The capability to conduct cutting edge scientific computing within the R&D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. To ensure continuity of business operations, new hardware platforms must be operational.

Economic Information: An economic analysis was conducted for all projects greater than $1,000K (1 project). All projects listed below have a useful life of 5 years according to guidance provided in the OMB A-94 circular. The payback period for the following projects range from 1.8 to 3.4 years.

Capital Investment Justification ($ in Thousands)				A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates					
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2010	C. Line# and Description 3 - Software				D. Site Identification NSWC				
	FY 2009			FY 2010			FY 2011		
Software	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ERP Licenses							1		6,107
Enterprise Search and Reporting	1		950						
Software Projects < $1.000M							2		1,215
Total	1		950				3		7,322

Enterprise Resource Planning (ERP): Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides management visibility across the enterprise, and increases effectiveness and efficiency. ERP will provide consistent and streamlined business activities that operate under s single system. During ERP implementation, business processes will be updated and simplified, redundancies will be eliminated, and efficiencies realized.

Enterprise Search and Reporting: By exploiting emerging data identification and integration technologies, this initiative has direct benefit to the information/content management processes that will support the delivery of product and services to the warfighter resulting in increased readiness via more rapid product delivery. Military value will be provided by improved Operational Readiness at reduced total ownership cost through rapid technical information delivery to the warfighter.

Benefits: These investments 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 deck plate -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. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels.

Capital Investment Justification ($ in Thousands)			A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates						
B. Component/Business Area/Date Department of the Navy, Research and Development, Naval Surface Warfare Centers, February 2010	C. Line# and Description 4 - Minor Construction					D. Site Identification NSWC			
	FY 2009			FY 2010			FY 2011		
Minor Construction	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Replacement				3		1,173	1		866
Productivity	8		3,184	8		2,931	8		4,660
New Mission	3		1,744			-			-
Environmental			-	1		400			-
Total	11		4,929	12		4,504	9		5,526

Minor Construction
Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DoD capitalization criteria, however, 6 projects exceed the threshold specified by 10 USC 2805. These projects utilize Sec. 2804 of the FY08 National Defense Authorization Act (NDAA) authority for the Laboratory Revitalization Program authority.

Minor Construction is used at the Naval Warfare Centers to:
- modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community.
- improve security measures and provide increase security for new initiatives
- reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance space, or portable space may be vacated.
- reduce energy consumption by installing energy efficient building systems
- modify existing systems to bring facilities up to current building, safety, or environmental codes.

The following Minor Construction Projects exceed the current Military Construction Threshold levels of $750K using Laboratory Revitalization Program authority.

		$ 000
	Project Name	Total
FY 2009	Mines & Shallow Water Systems Facility	0.887
FY 2010	Radar Annex Addition	0.960
FY 2010	CBR Fleet Support & Integration Laboratory	0.997
FY 2011	RDT&E Communication Shed 15	0.866
FY 2011	Enhancement of Underwater Multi-Sensor Instr. Bldg.	0.900
FY 2011	Building 4 Shipboard Machinery Support Space	0.975

Capital Budget Execution
Department of the Navy
Research and Development/Naval Surface Warfare Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
$2010	**1**	**Non ADP**		**$21.428**	**$21.024**	**$0.404**	
			Replacement	$7.098	$7.869	-$0.771	Warfare Ctr. Inv. Brd. (WCIB) Project Changes
			Productivity	$12.254	$11.229	$1.025	Warfare Ctr. Inv. Brd. (WCIB) Project Changes
			New Mission	$1.816	$1.926	-$0.110	Warfare Ctr. Inv. Brd. (WCIB) Project Changes
			Environmental	$0.260	$0.000	$0.260	Warfare Ctr. Inv. Brd. (WCIB) Project Changes
	2	**ADP**		**$7.766**	**$8.116**	**-$0.350**	
			Hardware	$6.266	$6.616	-$0.350	Warfare Ctr. Inv. Brd. (WCIB) Project Changes
			Telecommunications Equip.	$0.600	$0.600	$0.000	
			Other Support Equip.	$0.900	$0.900	$0.000	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
			Software Projects < $1.000M	$0.000	$0.000	$0.000	
	4	**Minor Construction**		**$4.453**	**$4.504**	**-$0.051**	
			Replacement	$1.173	$1.173	$0.000	
			Productivity	$2.880	$2.931	-$0.051	Warfare Ctr. Inv. Brd. (WCIB) Project Changes
			New Mission	$0.000	$0.000	$0.000	
			Environmental	$0.400	$0.400	$0.000	
	All	**Total FY 2010**	**All**	**$33.647**	**$33.644**	**$0.003**	

Naval Undersea Warfare Center

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Mission Statement/Overview:
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.

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.

NEWPORT DIVISION: The mission of this division is to provide research, development, test and evaluation, engineering, analysis and assessment, and fleet support capabilities for submarines, autonomous underwater systems, and offensive and defensive undersea weapon systems. As the steward for existing and emerging technologies in support of undersea warfare, Newport Division executes responsibilities as assigned by the Commander, Naval Undersea Warfare Center. The primary operating site is in Newport, RI with smaller operations at West Palm Beach, FL, Andros Island Bahamas and Norfolk, VA.

KEYPORT DIVISION: The mission of this division is to provide test and evaluation; in-service engineering, maintenance, and repair; Fleet readiness, and industrial-base support for undersea warfare systems, countermeasures, and sonar systems. It also executes other responsibilities as assigned by the Commander, Naval Undersea Warfare Center. The major operating site is at Keyport WA, with detachments in Hawthorne, NV, San Diego, CA, Pearl Harbor, Hawaii and Nanoose, British Columbia**.**

Significant Changes Since the FY 2010 President's Budget:
NUWC has increased its workforce from the President's Budget levels to address customer demand and critical knowledge requirements.

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Financial Profile:

Revenue/Expense/Operating Results /AOR/($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Revenue	$1,147.0	$1,022.1	$1,048.6
Expense	$1,146.2	$1,032.6	$1,055.1
Operating Results	$0.8	($10.5)	($6.5)
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	$17.0	$6.5	($0.0)

Revenue/Expense: Revenue and cost estimates have increased slightly from the FY 2010 President's Budget level. Estimates for FYs 2010 and 2011 are in line with our customer workload, which results in NUWC achieving a zero AOR by FY 2011. The FY 2010 prices for fuel in this submission are calculated using the current fuel composite rate of $118.02 per barrel versus the FY 2010 President's Budget rate of $89.46. This will result in a projected revenue shortfall of $1.362M; $1.190M of this amount is being requested as a direct Working Capital Fund (WCF) appropriation in the FY 2010 supplemental and the remainder will be handled from either WCF cash balances or through an additional customer surcharge.

Operating Results: NUWC completed FY 2009 with Operating Results of $0.8M. This is $5.9M better than the President's budgeted level of -$5.1M. In FY 2010, NUWC is budgeting for an operating result of $-10.5M, which is $0.6M better than the President's budget level. In FY 2011 NUWC will have a $6.5M loss to achieve a zero AOR balance.

Collections/Disbursements/Outlays ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Collections	$1,152.0	$1,021.1	$1,050.7
Disbursements	$1,148.8	$1,034.1	$1,060.6
Outlays	($3.2)	$13.1	$9.9

Disbursements and collections slightly decreased from FY 2009 to FY 2010 and will slightly increase in FY 2011 as a result of changes in revenue and expense.

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Workload:

Reimbursable Orders ($Millions):	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	$1,128.2	$1,013.8	$1,024.6

NUWC's reimbursable orders are budgeted to decrease slightly in FY 2010 then increase in FY 2011.

Direct Labor Hours (000)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	5,695	5,685	5,686

Direct labor hours in FYs 2009, 2010, and 2011 are above those reflected in the FY 2010 President's budget. The increase in DLHs is consistent with funded customer workload.

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 Operating Results and Accumulated Operating Results, which are found in various tables throughout the narrative.

Stabilized Cost ($Millions)	$558.8	$579.6	$600.5
Direct Labor Hours (000)	5,695	5,685	5,686
Unit Cost	$98.12	$101.95	$105.61

Unit costs are modestly increasing as a result of pay raise, inflation and Navy Enterprise Resource Planning implementation (primarily FY 2011 impact).

Stabilized/Composite Rates	**FY 2009**	**FY 2010**	**FY 2011**
Stabilized Rate	$100.45	$101.67	$106.67
Change from Prior Year	4.0%	1.2%	4.9%
Composite Rate Change	2.8%	1.2%	3.2%

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Staffing:

Civilian/Military ES & Workyears	**FY 2009**	**FY 2010**	**FY 2011**
Civilian End Strength	4,186	4,115	4,182
Civilian Workyears (Straight time)	4,057	4,073	4,113
Military End Strength	33	40	40
Military Workyears	35	38	38

Civilian Personnel: NUWC's civilian end strength numbers are higher than those in the FY 2010 President's budget and have been set to meet budgeted workload. The budget includes a small number of SIPs each year to facilitate efforts to balance workforce to workload.

Military Personnel: Military end strength increased from the FY 2010 President's budget by one.

Capital Investment Program (CIP):

CIP Authority ($Millions)

	FY 2009	**FY 2010**	**FY 2011**
Equipment, Non-ADP/Telecom	$7.5	$6.4	$10.5
Equipment, ADPE/Telecom	$3.5	$4.8	$3.9
Software Development	$1.4	$2.3	$1.6
Minor Construction	$2.8	$3.6	$2.6
Total	**$15.2**	**$17.1**	**$18.5**

NUWC's Capital Purchase Program is used to purchase general purpose mission essential equipment. This submission reflects one Minor Construction Project, R&D Test Vehicle Facility Renovation & Consolidation, that is utilizing the Laboratory Revitalization Program authority.

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Carryover:
($ Millions)

Carryover Compliance:

Carryover($M):	**FY 2009**	**FY 2010**	**FY 2011**
New Orders	$1,128.2	$1,013.8	$1,024.6
Less Exclusions:			
Foreign Military Sales	$54.8	$35.0	$38.4
Base Realignment and Closure	$0.2	$2.7	$4.2
Other Federal Departments & Agencies	$2.9	$1.3	$1.3
Non-Federal Agencies & others	$26.0	$21.1	$19.2
Major Range & Test Facility Base	$58.7	$55.1	$57.1
Orders for Carryover Calculation	$985.6	$898.7	$904.4
Composite Outlay Rate	54.6%	54.7%	54.7%
Carryover Ceiling Rate	45.4%	45.3%	45.3%
Carryover Ceiling	$447.4	$407.1	$409.5
Balance of Customer Orders at Year End	$518.1	$509.8	$485.8
Less Work-in-Process	$17.3	$20.1	$20.1
Less Exclusions			
Foreign Military Sales	$77.0	$75.8	$65.1
Base Realignment and Closure	$0.1	$0.9	$1.5
Other Federal Departments & Agencies	$3.1	$2.1	$1.7
Non-Federal Agencies & Others	$21.4	$24.3	$14.4
Major Range & Test Facility Base	$13.6	$27.8	$24.2
Carryover Budget	$385.5	$358.9	$358.8

Budgeted carryover is within the ceiling allowed by outlay rates.

REVENUE AND EXPENSE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	1130.1	1004.5	1032
Surcharges	0	0	0
Depreciation excluding Major Construction	16.9	17.6	16.6
Other Income			
Total Income	1147	1022.1	1048.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	2.7	2.9	2.8
Civilian Personnel	506.3	525.9	540.2
Travel and Transportation of Personnel	36.1	29.2	29.6
Material & Supplies (Internal Operations)	85.8	90.9	94.3
Equipment	10.6	12.4	13.5
Other Purchases from NWCF	67.1	63.2	64
Transportation of Things	2	2	2
Depreciation - Capital	16.9	17.6	16.6
Printing and Reproduction	1.6	1.6	1.6
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	21.1	21.7	22.7
Other Purchased Services	374.6	265.2	267.6
Total Expenses	1124.7	1032.5	1055
Work in Process Adjustment	22.5	0.1	0.1
Comp Work for Activity Retention Adjustment	-0.9	0	0
Cost of Goods Sold	1146.2	1032.6	1055.1
Operating Result	0.8	-10.5	-6.5
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	0.8	-10.5	-6.5
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	17	6.5	0

SOURCES OF NEW ORDERS AND REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
1. New Orders	1128.2	1013.8	1024.6
a. Orders from DoD Components:	981.4	887.3	895.7
Department of the Navy	959.1	867	873.7
O & M, Navy	240.7	219.7	226.3
O & M, Marine Corps	0.3	0	0
O & M, Navy Reserve	0.2	0.2	0.2
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	15.3	14.5	14.5
Weapons Procurement, Navy	82.2	62.8	63
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	61.9	56.3	57.9
Other Procurement, Navy	216	218.8	224.7
Procurement, Marine Corps	0.4	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	342	294.4	286.8
Military Construction, Navy	0	0	0
National Defense Sealift Fund	0.1	0	0
Other Navy Appropriations	0	0.2	0.2
Other Marine Corps Appropriations	0	0	0
Department of the Army	4.8	2.5	2.5
Army Operation & Maintenance	0	0	0
Army Res, Dev, Test, Eval	2.6	0.2	0.2
Army Procurement	2.2	2.2	2.2
Army Other	0	0	0
Department of the Air Force	0.4	0.3	0.3
Air Force Operation & Maintenance	0.2	0.2	0.2
Air Force Res, Dev, Test, Eval	0.1	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	17.2	17.6	19.2
Base Closure & Realignment	0.2	2.7	4.2
Operation & Maintenance Accounts	2.4	1.9	1.9
Res, Dev, Test & Eval Accounts	14.4	12.9	13
Procurement Accounts	0.1	0.1	0.1
Defense Emergency Relief Fund	0	0	0
DOD Other	0	0	0
b. Orders from other Fund Activity Groups	63.1	69.2	70.1
c. Total DoD	1044.5	956.5	965.8
d. Other Orders:	83.7	57.4	58.9
Other Federal Agencies	2.9	1.3	1.3
Foreign Military Sales	54.8	35	38.4
Non Federal Agencies	26	21.1	19.2
2. Carry-In Orders	536.9	518.1	509.8
3. Total Gross Orders	1665.1	1531.9	1534.5
a. Funded Carry-Over before Exclusions	518.1	509.8	485.8
b. Total Gross Sales	1147	1022.1	1048.6
4. End of Year Work-In-Process (-)	-17.3	-20.1	-20.1
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-115.3	-130.8	-106.9
6. Net Funded Carryover	385.5	358.9	358.8

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

CHANGES IN COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

	Total Cost
FY 2009 Actual	**$1,146.2**
FY 2010 Estimate in FY 2010 President's Budget	**$1,014.3**
Estimated Impact in FY 2010 of Actual FY 2009 Experience	
Increased civilian workforce due to impact of additional workload	**$18.4**
Price Changes	
Change in FY 2010 Fuel Price Assumptions	**$1.4**
Change in FY 2010 General Inflation Assumptions	**-$0.4**
Productivity Initiatives and Other Efficiencies	
Capital Investment Program Savings	**-$0.1**
Program Changes	
Customer Workload	**-$1.6**
Other Changes	
Defense Finance and Accounting Service	**-$0.6**
Depreciation	**-$0.5**
Navy Enterprise Resource Planning	**$1.7**
FY 2010 Current Estimate	**$1,032.6**

CHANGES IN COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

	Total Cost
FY 2010 Current Estimate	**$1,032.6**
Price Changes	
Annualization of Prior Year Pay Raises	
Military	**$0.0**
Civilian	**$2.4**
FY 2011 Pay Raises	
Military	**-$0.1**
Civilian	**$6.2**
Fuel Price Changes	**$0.5**
Working Capital Fund Price Changes	**$2.3**
General Purchase Inflation	**$5.4**
Productivity Initiatives and Other Efficiencies	
Capital Investment Program Savings	**-$0.7**
Lean Six SIGMA	**-$1.5**
Program Changes	
Other Workload	**-$7.4**
Other Changes	
Additional workload due to BRAC Tech 0042AR Maritime C4ISR	**$6.9**
Defense Finance and Accounting Service	**-$0.1**
Depreciation	**-$1.0**
Navy Enterprise Resource Planning	**$9.6**
Sustainment, Restoration, and Modernization	**$0.2**
Other	**-$0.1**
FY 2011 Estimate	**$1,055.1**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

		FY 2009		FY 2010		FY 2011	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment**	**16**	**$7.499**	**12**	**$6.358**	**20**	**$10.450**
	Replacement Capability	2	$1.291	3	$1.390	7	$3.355
	Productivity Capability	11	$4.301	5	$2.723	10	$4.500
	New Mission Capability	3	$1.907	4	$2.245	3	$2.595
	Environmental Capability	0	$0.000	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment**	**8**	**$3.519**	**11**	**$4.815**	**9**	**$3.895**
	Computer Hardware (Production)	6	$2.376	8	$3.645	7	$3.145
	Computer Software (Operating)	0	$0.000	1	$0.275	2	$0.750
	Telecommunications	0	$0.000	1	$0.495	0	$0.000
	Oth Computer & Telecom Spt Equip	2	$1.143	1	$0.400	0	$0.000
3	**Software Development**	**5**	**$1.350**	**4**	**$2.275**	**2**	**$1.616**
	AMHF Control Upgrade	0	$0.000	1	$1.200	0	
	Enterprise Resource Planning (ERP)					1	$1.068
	Projects < $1M	5	$1.350	3	$1.075	1	$0.548
4	**Minor Construction**	**8**	**$2.821**	**9**	**$3.605**	**7**	**$2.570**
	Replacement Capability	1	$0.415	2	$1.180	1	$0.120
	Productivity Capability	2	$0.498	5	$1.775	2	$0.875
	New Mission Capability	0	$0.000	0	$0.000	0	$0.000
	Environmental Capability	5	$1.908	2	$0.650	4	$1.575
	Grand Total	**37**	**$15.190**	**36**	**$17.053**	**38**	**$18.531**
	Total Capital Outlays		**$13.653**		**$17.707**		**$17.558**
	Total Depreciation Expense		**$16.912**		**$17.643**		**$16.630**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2011 BUDGET ESTIMATES	FEBRUARY 2010
Department of the Navy / Research and Development / Naval Undersea Warfare Center		Location Newport / Keyport

	FY 2009			FY 2010			FY 2011		
Non ADPE Equipment	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement Equipment	2		$1,291	3		$1,390	7		$3,355
Total	**2**		**$1,291**	**3**		**$1,390**	**7**		**$3,355**

Replacement Equipment:
These investments support the replacement of mission essential non-ADPE research and development equipment that is unsafe, beyond economical repair, technically obsolete, or unusable. Mission essential research and development equipment includes automatic test equipment, environmental testing equipment, vibration test equipment, bridge crane replacements, industrial services equipment, and other equipment that support the development of undersea systems. Based on the useful life guidance provided by OPM (via circular A-94), all investments replace equipment that is beyond the original intended life cycle.

Benefit:
Replacement of research and development equipment that is unsafe, beyond economic repair, or unusable. Mission essential research and development equipment must operate at optimal efficiency to achieve proper test and evaluation results. Equipment is replaced with modern reliable equipment to support the research and development mission of the Naval Warfare Centers. Investment in replacement equipment also improves efficiencies and enhances system sustainment and material availability for the war-fighter.

Impact:
Investments for replacement equipment will not be made resulting in work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life. If investments in replacement equipment are not made, the risk of irreparable failure increases, process downtime increases, and maintenance and repair costs increases.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2011 BUDGET ESTIMATES	FEBRUARY 2010
Department of the Navy / Research and Development / Naval Undersea Warfare Center		Location Newport / Keyport

	FY 2009			FY 2010			FY 2011		
Non ADPE Equipment	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Productivity Equipment	11		$4,301	5		$2,723	10		$4,500
Total	**11**		**$4,301**	**5**		**$2,723**	**10**		**$4,500**

Productivity Equipment:

These investments increase the productivity of undersea warfare research and development activities by procuring non-ADPE equipment that reduces the overall operating costs, eliminates process inefficiencies and provides advanced technological capability. Productivity investments reduce labor costs by establishing remote operation, automation and reduction in testing; operating costs are lower through efficiency achieved by reducing energy consumption, developing autonomous operation of capability, reducing operational development and test time, reducing floor space required, and replacing inefficient test processes with a single specialized asset. Investments in productivity equipment include testing facility upgrades, industrial services equipment, power supply test station, test sets, rapid prototyping equipment, power supply equipment, equipment to characterize advanced transduction materials, testbeds for autonomous operations including vehicle launch and recovery and controller systems, antenna impedance measurement equipment and other equipment that support the development of undersea systems to increase productivity.

Benefit:

The Naval Undersea Warfare Center is the lead Navy activity dedicated 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. Constrained budgets necessitate the development of affordable, innovative, evolving systems for applications in undersea warfare. Investment in mission essential research and development equipment will ensure the warfare operates at optimal efficiency to achieve proper test and evaluation results.

Impact:

If this equipment is not acquired, the Warfare Center will be unable to support and test critical undersea warfare components and provide the Navy with affordable, innovative capabilities to meet future fleet needs. The Warfare Center can expect to incur loss of personnel productivity, decreased customer satisfaction, rapidly escalating maintenance costs, reduced services to the technical community, and technical obsolescence. Not being able to test and evaluate systems early in the development phase will increase the cost to the Navy by increasing development time and at-sea testing. Consequently, the Warfare Center will be unable to protect the fleet and make the necessary contributions to prepare for the future.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2011 BUDGET ESTIMATES	FEBRUARY 2010
Department of the Navy / Research and Development / Naval Undersea Warfare Center		Location Newport / Keyport

	FY 2009			FY 2010			FY 2011		
Non ADPE Equipment	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
New Mission Equipment	3		$1,907	4		$2,245	3		$2,595
Total	**3**		**$1,907**	**4**		**$2,245**	**3**		**$2,595**

New Mission Equipment:
These investments support the acquisition of non-ADPE equipment that is required to support a new capability that can not be met with current equipment or capabilities. These include investments in equipment to support new mission capabilities such as testing candidate persistent power source technologies, developing a testbed for inground and underwater surveillance using advanced sensor technology, experimentation, sensor technology evaluation and next generation autonomous systems. Investments in these capabilities will enable the Warfare Center to rapidly & efficiently develop and evaluate distributed network and sensor technologies and systems that support future undersea network-centric warfare C4ISR goals.

Benefit: The Navy has identified a strong need for highly-coordinated, "networked" forces with advanced sensors and requiring persistent power sources technology. Consistent with Network Centric Warfare doctrine, future concepts require significant amounts of information (from a variety of sensor types) to be transferred and shared among all contributing Naval components (other sensor platforms, command & control, weapons platforms, etc.). The ease and efficiency of this information transfer will determine the level of success with which the Navy can execute future missions. If information cannot be transferred to the appropriate nodes in the operation, then the Navy's combat effectiveness is significantly constrained. Investment in these capabilities can evaluate emerging technologies, exercised in littoral waters that are equivalent to tactical areas of interest. Investments will enable the Warfare Center and the Navy to develop technologies required to meet the challenges associated with Distributed networked systems (DNS).

Impact: If equipment is not purchased, the Warfare Center will be unable to develop and test candidate technologies such as persistent power sources and advanced sensors required to meet the challenge associated with DNS. In the DNS functional decomposition, the Sensing, Transport, Networking and Communications events that take place in the marine environment require innovation advanced concepts. The DNS challenge relies heavily on the development and testing of advanced sensors, power sources and autonomous systems. If equipment is not purchased, the Warfare Center and the Navy will be unable to support the needs of the future warfighter.

688 CLASS Payload Integration Facility ($1.325M) - Design and manufacture a high-fidelity, ship-like facility to support 688 Class payload integration resulting in 1/3 of a 688 Class Weapons Handling System (Torpedo Room). The facility will facilitate the land based integration of new and under development submarine weapons and payloads prior to initial shipboard integration. The facility will ensure proper fit, operation and integration of new weapons or payloads prior to initial integration to and deployment from a 688 class submarine. It will provide sponsors & developers (navy & non navy) a venue to explore & validate payload-to-submarine launcher system interfaces while not impacting operational availability of fleet assets. The payloads of most concern are the non-weapon, ISR type payloads that utilize the Submarine weapons system for their stowage & deployment. The current approach to system development requires developers to design & build new systems with no means to fully evaluate shipboard launcher interfaces short of an operational submarine. The proposed facility allows for this validation and checkout, reducing development cost & time lines, while providing greater probability of first pass success.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2011 BUDGET ESTIMATES	FEBRUARY 2010
Department of the Navy / Research and Development / Naval Undersea Warfare Center		Location Newport / Keyport

	FY 2009			FY 2010			FY 2011		
ADPE Equipment	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Computer Hardware	6		$2,376	8		$3,645	7		$3,145
Computer Software	0		$0	1		$275	2		$750
Telecommunications	0		$0	1		$495	0		$0
Other Support Equipment	2		$1,143	1		$400	0		$0
Total	**8**	**0**	**$3,519**	**11**	**0**	**$4,815**	**9**	**0**	**$3,895**

ADPE and Telecommunications Equipment and Capabilities:

These investments will support the acquisition of automated data processing and telecommunications equipment for the undersea research and development community. Funds will provide networks/connectivity to Warfare Center activities procurement of hardware for mission essential research and development scientific computing needs, development of collaborative environment to support undersea warfare test and evaluation, development of testbeds to support undersea warfare information operations, virtual systems, decision making and distributed networked systems. Investments will include routers, servers, firewalls, networks, high performance computational/visualization hardware, communications equipment and other automated data processing and telecomms equipment required to support the mission of undersea warfare.

Benefit:

In order to provide the necessary scientific computer resources at the Naval Undersea Warfare Center, adequate resources must be acquired to meet the research, development, test and evaluation needs. These computational engines, visualization engines, and repositories of DoD high performance computer systems are required for engineers and scientists to develop innovative undersea warfare solutions. Replacement of obsolete computer equipment will provide the Warfare Center with more reliable and more cost effective resources which will ensure that the technical areas have the capabilities they need to meet requirements. Increased reliability will reduce maintenance costs, increase overall efficiency, and enhance compatibility throughout the Warfare Center. Investment in equipment will also provide enhanced test and evaluation capabilities which will help the Warfare Center implement technologies and reach back capability that enables forward deployed technical resources to be more efficient and effective.

Impact:

ADPE Equipment supporting the research and development community must remain on the cutting edge of technology to conduct complex simulations, perform predictive analysis, and analyze Submarine Undersea Warfare System performance. The capability to conduct cutting edge scientific computing within the R&D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. Investment in network infrastructure to support RDT&E laboratories at the Warfare Center is required in order to support Fleet customers. Without a network infrastructure in place, the RDT&E laboratories will not be able to function, support their customers or allow the Warfare Center to pursue its mission.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2011 BUDGET ESTIMATES	FEBRUARY 2010
Department of the Navy / Research and Development / Naval Undersea Warfare Center		Location Newport / Keyport

	FY 2009			FY 2010			FY 2011		
Software	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Projects	5		$1,350	4		$2,275	2		$1,616
Total	**5**		**$1,350**	**4**		**$2,275**	**2**		**$1,616**

Benefits:

These investments 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 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. Investments in software development will develop or enhance undersea warfare analysis and assessment models, distance support initiatives, and modules to support warfare center authoritative data sources. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels. Software development projects include both internally developed initiatives and externally developed initiatives.

Impact:

Without these investments, the warfare center will be unable to continue implementation of DoD and Navy standard systems in a common, integrated fashion. Undersea warfare models need to be reviewed in light of modern computing architectures and futuristic ASW concepts such as distributed netted systems (DNS) and improved, redesigned, or replaced as appropriate so that NUWC's mission-level USW modeling and analysis capability can be sustained for the next generation of analysis problems. Without these investments, the undersea simulation environment will not be fully equipped for high-level architecture (HLA) operation to support high-fidelity Hardware in the Loop (HWIL) Synthetic Ocean for joint warfighting training operations. Furthermore, the simulation environment will not have the flexibility to tailor training scenarios to any realistic scenario future operational commanders need to intensively prepare for and strategic/tactical analysis. Without investments, programs will continue to invest in unique software solutions for search and retrieval of information that is presently accessible only from separate, "stove-pipe" data, resulting in increased life-cycle costs and different levels of technical integrity. Additionally, lack of data sharing will impact ability to function as a warfare center enterprise conflicting with Sea Enterprise objectives.

AMHF Control Upgrade ($1.200M) - Upgrade and replace the obsolete control system software for the Automated Material Handling Facility (AMHF). This software is integral to operation of the AMHF to locate and deliver hardware from the AMHF high-rise storage to the Keyport Depot and Intermediate Maintenance Activity (IMA) shops. No viable alternative to upgrading the AMHF control system software exists as the current software cannot be accredited beyond the start of FY11. Without this investment, the AMHF would be shutdown and Fleet deliveries could not be made.

Enterprise Resource Planning (ERP) ($1.068M) - Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides management visibility across the enterprise, and increases effectiveness and efficiency. ERP will provide consistent and streamlined business activities that operate under a single system. During ERP implementation, business processes will be updated and simplified, redundancies will be eliminated, and efficiencies realized. Economic Analysis has been completed for the Navy ERP program.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	FISCAL YEAR (FY) 2011 BUDGET ESTIMATES	FEBRUARY 2010
Department of the Navy / Research and Development / Naval Undersea Warfare Center		Location Newport / Keyport

	FY 2009			FY 2010			FY 2011		
Minor Construction	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement	1		$415	2		$1,180	1		$120
Productivity	2		$498	5		$1,775	2		$875
New Mission	0		$0	0		$0	0		$0
Environmental	5		$1,908	2		$650	4		$1,575
Total	**8**	**0**	**$2,821**	**9**	**0**	**$3,605**	**7**	**0**	**$2,570**

Minor Construction

Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the D0D capitalization criteria, however, 1 MCON project exceeds the threshold specified by 10 USC 2805. This MCON project utilizes Sec. 2804 of the FY 2008 National Defense Authorization Act (NDAA) authority for the Lab Revitalization Program.

Minor Construction is used at the Naval Warfare Centers to:

- modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community
- improve security measures and provide increase security for new initiatives
- reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance and space, or portable may be vacated.
- reduce energy consumption by installing energy efficient building systems
- modify existing systems to bring facilities up to current building, safety, or environmental codes.

The following Minor Construction Project exceeds the current Military Construction Threshold levels of $750K using Laboratory Revitalization Program authority.

Project Name

FY 2010 R&D Test Vehicle Facility Renovation & Consolidation .880

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
AMOUNT IN MILLIONS

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2010	**1**	**Non-ADP Equipment**		**$7.483**	**$6.358**	**-$1.125**	
			Replacement Capability	$1.390	$1.390	$0.000	No Change
			Productivity Capability	$4.223	$2.723	-$1.500	Reprioritization of Requirements
			New Mission Capability	$1.870	$2.245	$0.375	Reprioritization of Requirements
			Environmental Capability	$0.000	$0.000	$0.000	No Change
	2	**ADP & Telecom Equipment**		**$5.070**	**$4.815**	**-$0.255**	
			Computer Hardware	$3.645	$3.645	$0.000	No Change
			Computer Software	$0.275	$0.275	$0.000	No Change
			Telecommunications	$0.495	$0.495	$0.000	No Change
			Oth Computer & Telecom Spt Equip	$0.655	$0.400	-$0.255	Reprioritization of Requirements
	3	**Software**		**$2.020**	**$2.275**	**$0.255**	
			Projects < $1 Million	$2.020	$2.275	$0.255	Reprioritization of Requirements
	4	**Minor Construction**		**$2.480**	**$3.605**	**$1.125**	
			Replacement Capability	$1.180	$1.180	$0.000	No Change
			Productivity Capability	$1.300	$1.775	$0.475	Reprioritization of Requirements
			New Mission Capability	$0.000	$0.000	$0.000	No Change
			Environmental Capability	$0.000	$0.650	$0.650	Reprioritization of Requirements
	All	**Total FY 2010**	**All**	**$17.053**	**$17.053**	**$0.000**	

SPAWAR Systems Center

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Activity Group Function:

The Space and Naval Warfare Systems Centers (SSCs) bring knowledge superiority to the warfighter. Their mission is to provide Naval, Joint and National knowledge superiority through quality Research, Development, Acquisition, Test and Evaluation (RDAT&E) to rapidly deploy and provide full cycle support for sustainable, survivable and interoperable Command, Control, Communication, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR), Information Operations (IO), Enterprise Information Services (EIS) and Space capabilities. The Space and Naval Warfare Systems Command is the primary ForceNet systems command and the SSCs are SPAWAR's principal technical agent. ForceNet implements the theory of network-centric warfare and will dramatically enhance how the Navy acquires, shares, and capitalizes on information superiority to generate transformational combat effectiveness.

The SSCs 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 SSCs 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 of 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 SSCs are under the management of 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 Pacific has its headquarters in San Diego, CA,

with offices in Philadelphia, Pearl Harbor, Guam, and Japan. SSC Atlantic has its headquarters in Charleston, SC, with offices in Norfolk, VA, Washington, DC and Pensacola, FL. The Pensacola office will close in FY 2011 in accordance with planned Base Realignment and Closure (BRAC) actions.

Significant Changes since FY 2010 President's Budget:
There are no significant changes in the activity group or composition since the FY 2010 President's Budget.

Base Realignment and Closure (BRAC):
As was the case in the FY 2010 President's Budget, the current submission incorporates the impact of the Base Realignment and Closure (BRAC) V recommendation to consolidate Maritime Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and create multifunctional and multidisciplinary Centers of Excellence. This will reduce overlapping infrastructure, increase the efficiency of operations, support an integrated approach to maritime C4ISR, and reduce cycle time for fielding systems to the warfighter.

Workload:

Reimbursable Orders ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	$2,719.5	$2,704.8	$2,646.9

Reimbursable Orders
The SSC's current new orders estimates for FY 2010 are above projections in the FY 2010 President's Budget and reflect a robust customer base. New orders projections for FY 2011 reflect a decrease of 2.1% from the prior year. These changes are not a reflection of a reduced business base, but show the impact of BRAC realignment of C4ISR research and development functions, as discussed above. The SSC customer base is expected to remain strong.

Direct Labor Hours (000)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	8,602	8,507	8,603

Direct Labor Hours
Direct labor hours remain stable over the budget period and reflect the SSCs efforts to establish the correct balance of organic to contractor expertise to execute the mission. Changes from FY 2010 President's Budget levels reflect the impact of actual execution, updated estimates and the impact of BRAC realignments.

SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Financial Profile:

Revenue/Expense/Operating Results

($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Revenue	$2,523.0	$2,759.0	$2,653.8
Cost of Goods and Services	$2,464.6	$2,749.5	$2,704.2
Operating Results	$58.4	$9.5	-$50.4
Other Changes Affecting AOR	$0.0	$0.0	-$6.1
Accumulated Operating Results (AOR)	$46.9	$56.4	$0.0

Revenue and Cost of Goods and Services
Changes from year to year are primarily the result of updated new orders estimates and pricing adjustments. The downward trend in both revenue and cost of goods and services in FY 2011 is primarily due to the impact of BRAC actions at the centers.

Operating Results
FY 2011 Operating Results include a $6.1 million rate surcharge to fund a Capital Investment Program (CIP) increase that is higher than depreciation.

Cash Collections, Disbursements, and Net Outlays:

Collections/Disbursements/Outlays ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Collections	$2,716.4	$2,663.8	$2,662.8
Disbursements	$2,516.1	$2,754.9	$2,661.8
Net Outlays	-$200.3	$91.1	-$1.0

Current net outlay projections reflect updated operating estimates, completion of the initial Navy Enterprise Resource Planning (ERP) deployment and changes in customer workload, primarily due to the BRAC realignment of C4ISR research and development functions.

Performance Indicators:
The Centers 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 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 and the average total stabilized cost per direct labor hour for the SSC's are discussed below.

Stabilized / Composite Rate Changes	**FY 2009**	**FY 2010**	**FY 2011**
Stabilized Rate	$107.11	$111.34	$100.32
Change from Prior Year		+3.9%	-9.9%
Composite Rate Change		+2.1%	-2.1%

Rate changes incorporate adjustments in direct workload as well as overhead adjustments in support of direct efforts.

Unit Cost	**FY 2009**	**FY 2010**	**FY 2011**
Total Stabilized Cost ($Millions)	$871.1	$905.1	$921.7
Workload (DLHs) (000)	8,602	8,507	8,603
Unit Cost (per DLH)	$101.27	$106.40	$107.13

Staffing:

Civilian/Military ES & Work Years	**FY 2009**	**FY 2010**	**FY 2011**
Civilian End Strength	6,860	6,660	6,717
Civilian Work Years	6,534	6,547	6,604
Military End Strength	70	78	79
Military Work Years	70	78	79

Civilian Personnel

The SSCs continue their efforts to revitalize the workforce and balance the skills mix to shape force capabilities to address current and future threats. A major focus is the hiring of new professionals, but the recruitment and retention of more experienced personnel is also being addressed. The Human Capital plan includes attrition through Voluntary Separation Incentives for a total of 35 in FY 2009, 92 in FY 2010, and 62 in FY 2011.

Military Personnel

Military workforce levels are projected to be stable throughout the budget period.

Capital Investment Program (CIP):

SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

CIP Authority ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Equipment, Non-ADP/Telecommunications	$0.7	$2.8	-
Equipment, ADPE/Telecommunications	$3.2	$3.6	$2.7
Software Development	-	$0.7	-
Minor Construction	$4.3	$4.7	$13.9
Total	**$8.2**	**$11.8**	**$16.6**

The SSC's modest investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. The software development investment is to develop temporary interfaces for existing legacy applications not initially supported by Navy ERP, and to maintain mission critical functionalities until legacy applications are shut down. Minor construction includes projects meeting the criteria of the Defense Laboratory Revitalization Program. The projects will replace aging temporary buildings and upgrade and expand lab capability to accommodate workload growth and increase efficiency. $6.1 million of the FY 2011 program is funded through a capital surcharge.

Carryover Compliance:

Budgeted carryover is within the ceiling allowed by the approved outlay rates.

Carryover ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
New Orders	$2,719.5	$2,704.8	$2,646.9
Less Exclusions:			
Foreign Military Sales	$54.8	$82.0	$77.4
Base Realignment and Closure	$11.1	$5.6	$19.8
Other Federal Departments & Agencies	$495.1	$329.5	$339.5
Non-Federal Agencies & others	$14.0	$19.2	$15.3
Major Range & Test Facility Base	$0.0	$0.0	$0.0
Orders for Carryover Calculation	$2,144.5	$2,268.5	$2,194.9
Carryover Outlay Rate	53.2%	53.9%	53.9%
Balance of Customer Orders at Year End	$1,463.8	$1,409.6	$1,402.7
Less Work-in-Process	$0.0	$0.0	$0.0
Less Exclusions			
Foreign Military Sales	$54.7	$46.1	$38.0
Base Realignment and Closure	$5.6	$6.8	$8.8
Other Federal Departments & Agencies	$405.5	$410.9	$426.3
Non-Federal Agencies & Others	$20.5	$12.6	$8.4
Major Range & Test Facility Base	$0.0	$0.0	$0.0
Carryover Budget	$977.5	$933.3	$921.2

Revenue and Expenses
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	2,514.2	2,748.9	2,637.3
Surcharges	0.0	0.0	-6.1
Depreciation excluding Major Construction	8.7	10.1	10.5
Other Income			
Total Income	2,523.0	2,759.0	2,653.8
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	6.8	7.2	7.5
Civilian Personnel	805.4	838.1	860.8
Travel and Transportation of Personnel	58.4	58.0	56.5
Material & Supplies (Internal Operations)	290.8	319.3	301.5
Equipment	110.9	127.4	118.1
Other Purchases from NWCF	72.6	71.9	72.6
Transportation of Things	6.1	7.9	7.6
Depreciation - Capital	8.7	10.1	10.5
Printing and Reproduction	0.6	0.6	0.6
Advisory and Assistance Services	0.0	0.2	0.2
Rent, Communication & Utilities	27.1	34.1	35.8
Other Purchased Services	1,054.3	1,274.8	1,232.6
Total Expenses	2,441.7	2,749.5	2,704.2
Work in Process Adjustment	22.9	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,464.6	2,749.5	2,704.2
Operating Result	58.4	9.5	-50.4
Less Surcharges	0.0	0.0	-6.1
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	58.4	9.5	-56.4
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	46.9	56.4	0.0

Exhibit Fund-14 Revenue and Expense

Sources of New Orders & Revenue
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
1. New Orders	2,719.5	2,704.8	2,646.9
a. Orders from DoD Components:	2,052.8	2,175.6	2,118.5
Department of the Navy	1,451.9	1,547.8	1,502.1
O & M, Navy	419.7	481.5	470.4
O & M, Marine Corps	32.6	40.8	38.3
O & M, Navy Reserve	3.5	6.0	5.7
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	8.4	7.2	6.9
Weapons Procurement, Navy	4.6	7.5	7.6
Ammunition Procurement, Navy/Marine Corps	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	86.9	83.6	79.3
Other Procurement, Navy	523.2	516.0	496.6
Procurement, Marine Corps	74.4	86.7	83.9
Family Housing, Navy/MC	0.6	0.7	0.6
Research, Development, Test & Evaluation, Navy	282.0	302.7	299.1
Military Construction, Navy	3.3	6.4	6.3
National Defense Sealift Fund	12.5	8.6	7.4
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	68.6	55.1	49.9
Army Operation & Maintenance	28.2	31.7	26.7
Army Research, Development, Test & Evaluation	4.0	2.7	2.7
Army Procurement	32.2	18.5	18.4
Army Other	4.2	2.1	2.1
Department of the Air Force	120.0	136.3	128.4
Air Force Operation & Maintenance	44.2	49.4	45.4
Air Force Research, Development, Test & Evaluation	38.1	44.9	46.1
Air Force Procurement	37.7	38.8	33.7
Air Force Other	0.0	3.2	3.3
DOD Appropriation Accounts	412.2	436.4	438.1
Base Closure & Realignment	11.0	5.6	19.8
Operation & Maintenance Accounts	117.7	94.6	91.4
Research, Development, Test & Evaluation Accounts	149.9	162.6	161.3
Procurement Accounts	104.9	110.7	104.7
Defense Emergency Relief Fund	-0.1	0.0	0.0
DOD Other	28.7	63.0	60.8
b. Orders from other Fund Activity Groups	102.8	98.5	96.2
c. Total DoD	2,155.6	2,274.1	2,214.7
d. Other Orders:	563.9	430.7	432.2
Other Federal Agencies	495.1	329.5	339.6
Foreign Military Sales	54.8	82.0	77.4
Non Federal Agencies	14.0	19.2	15.3
2. Carry-In Orders	1,267.3	1,463.8	1,409.6
3. Total Gross Orders	3,986.8	4,168.6	4,056.5
a. Funded Carry-Over before Exclusions	1,463.8	1,409.6	1,402.7
b. Total Gross Sales	2,523.0	2,759.0	2,653.8
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-486.3	-476.4	-481.5
6. Net Funded Carryover	977.5	933.3	921.2

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
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

	Cost of Goods/Svcs
FY 2009 Actual Execution	**$2,464.6**
FY 2010 Estimate in FY 2010 President's Budget:	**$2,384.7**
Estimated Impact in FY 2010 of Actual FY 2009 Experience	$0.0
Price Changes	
Change in FY 2010 Fuel Price Assumptions	$0.1
Change in FY 2010 General Inflation Assumptions	-$1.8
Productivity Initiatives and Other Efficiencies	
Capital Investment Program Savings	-$0.6
Program Changes	
Customer Workload	$366.8
Other Changes	
Defense Finance and Accounting Service	-$0.8
Depreciation	-$0.3
Facility Sustainment, Restoration, and Modernization	$0.4
Purchased Utilities	$0.1
Engineering Support and Technical Services	-$0.6
Communications	$0.1
Equipment maintenance	$0.1
Training	$1.3
FY 2010 Current Estimate	**$2,749.5**

Changes in the Cost of Operations
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

	Cost of Goods/Svcs
FY 2010 Current Estimate	**$2,749.5**
Price Changes:	
Annualization of Prior Year Pay Raises	
Military	$0.0
Civilian	$4.2
FY 2011 Pay Raise	
Military Personnel	$0.1
Civilian Personnel	$8.8
Fuel Price Changes	$0.0
Working Capital Fund Price Changes	$3.2
General Purchase Inflation	$25.4
Productivity Initiatives and Other Efficiencies	
Capital Investment Program Savings	-$0.4
Program Changes	
Customer Workload	-$76.6
Navy ERP Deployment	-$10.7
Other Changes:	
Defense Finance and Accounting Service (DFAS)	-$0.2
Depreciation	$0.4
Military Labor	$0.2
Facility Sustainment, Restoration, and Modernization	$0.2
FY 2011 Current Estimate	**2,704.2**

Capital Investment Summary
Department of the Navy
Research and Development - Space and Naval Warfare Systems Centers
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

		FY 2009		FY 2010		FY 2011	
Line #	**Description**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**
1	Non-ADPE and Telecom Equipment > or = $.250M	**1**	**$0.686**	**4**	**$2.790**	**0**	**$0.000**
	- Replacement Capability	0	$0.000	1	$0.400	0	$0.000
	- Productivity Capability	0	$0.000	1	$1.160	0	$0.000
	- New Mission Capability	1	$0.686	2	$1.230	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
2	ADPE and Telecom Equipment > or = $.250M	**6**	**$3.196**	**6**	**$3.613**	**4**	**$2.674**
	- Computer Hardware (Production)	3	$2.033	5	$1.793	3	$1.384
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	1	$0.331	0	$0.000	0	$0.000
	- Oth Computer & Telecom Spt Equip	2	$0.832	1	$1.820	1	$1.290
3	Software Development > or = $.250M	**0**	**$0.000**	**1**	**$0.683**	**0**	**$0.000**
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	0	$0.000	1	$0.683	0	$0.000
4	Minor Construction (> or = $.100M and < or = $2.000M)	**7**	**$4.297**	**6**	**$4.674**	**15**	**$13.867**
	- Replacement Capability	1	$1.745	0	$0.000	2	$2.469
	- Productivity Capability	4	$1.903	5	$3.974	5	$2.778
	- New Mission Capability	2	$0.649	1	$0.700	7	$7.480
	- Environmental Capability	0	$0.000	0	$0.000	1	$1.140
	Grand Total	**14**	**$8.179**	**17**	**$11.760**	**19**	**$16.541**
	Total Capital Outlays		**$7.356**		**$13.688**		**$13.898**
	Total Depreciation Expense		**$8.727**		**$10.066**		**$10.470**

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				Fiscal Year (FY) 2011 Budget Estimates February 2010					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#001 - Non-ADPE and Telecommunications / Replacement Capabilities						SPAWAR Systems Centers		
	FY 2009			**FY 2010**			**FY 2011**		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement				1	$ 400	$ 400			
Total				1	$ 400	$ 400			

Justification:

Non-ADPE and Telecommunications:

REPLACEMENT

Currently, SSC Pacific has limited vibration test capability, thus they are unable to fully meet current fleet requirements in the area of non-ADPE and telecommunications support. Their capability is further limited by the age of the equipment, making it necessary to make repeated repairs. The benefit received from the FY 2010 project will be a more reliable vibration test capability. This project will result in a reduction in the need to out-source to meet the needs of the Navy. A cost analysis has been performed on this project. A cost savings of approximately $99 thousand per year is expected from the FY 2010 project, beginning in FY 2011. Not funding this project will have a critical impact on SSC Pacific's ability to deliver quality Command, Control, Communications, Computers and Intelligence (C4I) products to the fleet in support of their customers.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				Fiscal Year (FY) 2011 Budget Estimates February 2010					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#001 - Non-ADPE and Telecommunications / Productivity Capabilities						SPAWAR Systems Centers		
	FY 2009			**FY 2010**			**FY 2011**		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity				1	$ 1,160	$ 1,160			
Total				1	$ 1,160	$ 1,160			

Justification:

Non-ADPE and Telecommunications:

PRODUCTIVITY

The FY 2010 project involves the design and build of a cooling system for cooling capability with diesel backup in case of a power loss in SSC Pacific's Data Center. Any outage could cause servers, network equipment, and disk drives to fail due to overheating. This investment would provide an environment that would utilize the existing building cooling capabilities unless there was an outage in the building cooling system. Then, an independent system within the data center would energize and be maintained by diesel power until cooling was restored to the building. A cost analysis has been performed. Although cost savings are not envisioned as a result of this project, cost avoidance may occur. If this project is not implemented, loss of service would occur since equipment would need to be turned off if the building cooling system was compromised. This would necessitate system administrators taking down and restarting applications after cooling was restored. The minimum outage would be approximately 4 hours due to the number of servers that would need to be restarted, but unexpected failures would extend this outage time.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				Fiscal Year (FY) 2011 Budget Estimates February 2010					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#001 - Non-ADPE and Telecommunications / New Mission Capabilities						SPAWAR Systems Centers		
	FY 2009			**FY 2010**			**FY 2011**		
Non-ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission	1	$ 686	$ 686	2	$ 615	$ 1,230			
Total	1	$ 686	$ 686	2	$ 615	$ 1,230			

Justification:

Non-ADPE and Telecommunications:

NEW MISSION

All equipment will provide new mission capabilities. No equipment currently exists that support the necessary mission capability.

This investment involves one project in FY 2009 and two in FY 2010.

The **FY 2009** "**Uninterrupted Technical Power Supply (UPS) and Backup Generator**" project provides auxiliary "no break" UPS technical power to laboratories and enterprise IT infrastructure in support of the central communications hub for the SSC Atlantic enterprise for C4ISR transport and net-centric IT systems. This will create an integrated connectivity between all administrative and technical facilities located at St. Julien's Creek Annex and support facilities throughout the Tidewater Region including other SPAWAR corporate entities, services, agencies, Unified Combatant Commanders, and academia.

The first project in **FY 2010**, "**CAEI Corporate Production Operations Support Area (RUBB BLDG)**", provides new capability and capacity to support current and projected growth. Current facilities are no longer adequate to support either current or projected workloads or customers. The new facility would create capacity for projected growth and realize an increase of efficiency and effectiveness of current work. The support area will house the Integrated Intra-Squad Radio System (IIRS)and the Vehicular Radio Communications (VRC)-110/111 series. Future programs will allow for more efficient organization of material and cut down on the time it takes for material storage and retrieval. C4ISR Acquisition Engineering & Integration (CAEI) Corporate Production provides Cable Fabrication, Systems Integration and Logistics Services to the SPAWAR Technical departments and their programs. The second project, "**Chiller Installation, Building 50**" installs a single 100 ton air cooled chiller, pumps, controls and electrical panels and constructs a new mechanical enclosure to house it.

A cost savings of approximately $225 thousand per year is expected from the "**CAEI Corporate Production Operation Support Area (RUBB BLDG)**" project beginning in FY 2011. There is also a potential cost avoidance of approximately $540 thousand per annum for the "**Uninterrupted Technical Power Supply (UPS) and Backup Generator**" project, should a power failure occur. Without the "**Uninterrupted Technical Power Supply and Backup Generator**", building 166 could suffer from loss of power and / or loss of productivity during power outages causing a significant negative impact to SPAWAR's support posture to the warfighter. Also, without the "**Corporate Production Operations Support Area (RUBB BLDG)**", off-site storage facilities would be required. Continuing CAEI Corporate Production without increased capacity could increase schedule risk and adversely impact customer confidence in SPAWAR.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				Fiscal Year (FY) 2011 Budget Estimates February 2010					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#002 - ADPE and Telecommunications (Projects <$1 Million)						SPAWAR Systems Centers		
	FY 2009			**FY 2010**			**FY 2011**		
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	2	$ 444	$ 887	4	$ 348	$ 1,393	2	$ 475	$ 950
Computer Software (Operating System)									
Telecommunications	1	$ 331	$ 331						
Other Computer & Telecommunications Spt Equipment	2	$ 416	$ 832						
Total	5	$ 410	$ 2,050	4	$ 348	$ 1,393	2	$ 475	$ 950

Justification:

ADPE and Telecommunications Equipment:

Computer Hardware (Production):

This investment includes two projects in FY 2009, four projects in FY 2010, and two projects in FY 2011.

There is an "**RDT&E Network Upgrade**" and "**Database Engine Upgrade & License for Cluster**" project in each of the three years. In addition, FY 2010 includes a "**Guam Intrusion Detection System, Building 4175**" project and an "**Enterprise, Engineering, and Certification Video Teleconferencing System**" which will provide new capability.

The "**Database Engine Upgrade & License for Cluster**" project in its current capability has limited memory capacity resulting in degraded through-put for database queries. The "**Database Engine Upgrade & License for Cluster**" project will allow for the following capabilities:

In FY 2009, the investments resulted in replacement of the existing Storage Area Network (SAN), upgrade of network interfaces, and procurement of a virtual machine environment and associated licenses. Benefits realized will be consolidation of applications, reduced costs for operating the SAN environment, and improved network throughput. In FY 2010 and FY 2011, funds will provide for the purchase of upgraded server capability via blade technology, additional storage and backup capability, and associated licenses.

The "**RDT&E Network Upgrade**" project currently provides a local area network for the laboratories of SSC Pacific as well as a high-speed connection to the Defense Research and Engineering Network (DREN) and Non-Classified Internet Protocol Router Network (NIPRNET) using both Transmission Control Protocol/Internet Protocol (TCP/IP) and Asynchronous Transfer Mode (ATM) protocols. The "**RDT&E Network Upgrade**" project in FY 2009, FY 2010, and FY2011 will provide a technology refresh that will allow the network to continue operations and support future needs.

In FY 2010, the "**Guam Intrusion Detection System, Building 4175**" will procure IT and peripheral equipment and capabilities (intrusion detection and access control systems) to accomodate additional employees and equipment . The facility was a former elementary school, and lacks the access control capabilities required for operations. This investment will support the additional personnel growth required for the upcoming military build-up on Guam.

The "**Enterprise, Engineering, & Certification Video Teleconferencing System**" project will provide the capability to display systems that are being tested, such as the Global Command and Control System - Maritime (GCCS-M), in real-time while they are being tested and to display real-time network statistics. It will also allow Video Teleconferences to be conducted between activities supported by video feeds from the Enterprise, Engineering and Certification Laboratory. The current Video Teleconferencing System is a very low end point-to-point system that does not possess the technology requirements to achieve the advanced collaborative environment required with multiple research facilities at the same time.

ADPE and Telecommunications Equipment: (Cont.)

An economic analysis has been performed for all projects. There will be no cost savings as all projects increase productivity.

If the "**Database Engine Upgrade & License for Cluster**" and the "**RDT&E Network Upgrade**" projects are not funded, it would result in continued limited memory capacity and degraded unit capability through-put for database queries. Portions of the current RDT&E Network architecture will not support the future networking needs of the Research, Development, and In-service Engineering communities at SPAWAR. If the "**Guam Intrusion Detection System, Building 4175**" is not funded the Guam Facility will not be able to support the required personnel needed to support the military build-up.

Telecommunications:

This investment includes one project in FY 2009.

The "**Integrated Teleport Upgrade**" project created new capability that includes combining numerous SATCOM terminals and support equipment into a common and integrated environment. This new capability supports SPAWAR's participation in numerous Navy and Joint exercises and demonstrations. The upgrade will also create a virtual laboratory with global reach to ensure that any customer or Command requirement for high bandwidth communications testing is met. Programs and customers will use this resource to help develop, test, and validate the fundamental requirement for reliable, high bandwidth communications. The development of NetCentric applications, as the Navy pursues a FORCEnet (Fn) vision, requires a tremendous amount of information to be rapidly disseminated among widely dispersed Naval assets. Traditional UHF, VHF, and HF channels of communication cannot meet this task. This project will provide the capability to ensure complete "end to end" evaluation and testing for high bandwidth communications. No savings or cost avoidance is expected in the near term. Failure to invest in the Integrated Teleport Upgrade could expose SSC Atlantic to the risk of failing to provide customers with cutting edge engineering services and impact customer confidence in communication areas.

Other Computer & Telecommunications Spt Equipment:

The FY 2009 projects are a "**Continuity of Operations (COOP) Initiative**" and a "**Wideband SATCOM Lab Enhancement**".

The "**Continuity of Operations (COOP) Initiative**" provides SSC Atlantic with an alternative capability to continue business operations during and after a declared disaster in conjunction with the command's continuity of operations plan (COOP). Final delivery shall provide a fully tested and executable continuity of operations capability with a means and methodology to account for all command personnel and communicate with the SPAWAR chain-of-command. SSC Atlantic currently lacks a comprehensive strategy and plan to ensure continuity of operations in the event of hurricanes, acts of terrorism, or other types of disasters. Project deliverables shall include but will not be limited to standard operating procedures, alternative business and work process plans, alternative work site design plans, command-wide plans including alternative communication plans, equipment and material acquisition list, documented network centric network connectivity plans and applicable FORCEnet interface requirement plans. All plans and requirements shall incorporate DOD/DON data storage, information sharing, information assurance, and physical security requirements. No savings or cost avoidance is expected in the near term, however this initiative supports mission continuance and safety of command personnel in the event of natural or man-made catastrophic disaster. Not investing in the COOP Initiative could render SSC Atlantic incapable of mission readiness in the wake of a disaster and cause the incurrence of needless personnel safety risk.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates September 2009
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#002 - ADPE and Telecommunications Capabilities (Projects <$1 Million)	SPAWAR Systems Center

ADPE and Telecommunications Equipment: (Cont.)

The SATCOM lab performs satellite communications research and development for both Navy and Joint Programs of Record. The " **Wideband SATCOM Lab Enhancement**" deliverables will increase the capability of In Service Engineering Agent (ISEA) functions to accurately provide test data for analysis, run realistic scenarios such as satellite delay and hand-over, provide full insight into the Radio Frequency (RF) spectral regions to detect anomalies, and decompose the SATCOM systems to facilitate efficient trouble-shooting efforts. Further, these enhancements will lead to In-Service Engineering efficiency by reducing the amount of iterations associated with setting up test scenarios and improve the response time to support the FLEET. Net benefits of this project are estimated at $118 thousand per year for FY 2009 through FY 2013.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				Fiscal Year (FY) 2011 Budget Estimates February 2010					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#002 - ADPE and Telecommunications (Projects = or > $1 Million)						SPAWAR Systems Centers		
	FY 2009			**FY 2010**			**FY 2011**		
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	1	$ 1,146	$ 1,146	1	$ 400	$ 400	1	$ 434	$ 434
Other Computer & Telecommunications Spt Equipment				1	$ 1,820	$ 1,820	1	$ 1,290	$ 1,290
Total	1	$ 1,146	$ 1,146	2	$ 1,110	$ 2,220	2	$ 862	$ 1,724

Justification:

ADPE and Telecommunications Equipment:

Computer Hardware (Production):
This investment includes one project in FY 2009, with follow-on procurements for additional equipment / capability in FY 2010 and FY 2011.

In FY 2009, the "**Data Center Shared Services Environment**" procured servers plus licenses to support data center based applications in the Navy Marine Corps Intranet (NMCI) environment. SPAWAR has been identified as a Navy Data Center (NDC) and this procurement will provide sufficient capacity to support current known requirements for production environments as well as provide an environment with growth potential. In FY 2010 and FY 2011 the " **Data Center Shared Services Environment**" will procure additional equipment and provide additional computing capability to support business growth of the NDC as more Cyber Asset Reduction and Security (CARS) cases come in to the data center. There are no anticipated cost savings for the " **Data Center Shared Services Environment**" because this is a new business initiative and the equipment is required to provide an initial offering of services for the NDC. Without this procurement, the ability to host Navy applications will be severely limited.

Other Computer & Telecommunications Spt Equipment:
This investment includes one project in FY 2010 and one project in FY 2011.

The current equipment that the "**Online Disk Filer System**" and the "**Disk Based Data Backup/Recovery Filer System**" projects will replace and upgrade supports virtual hosting systems for Windows, Linux, and Solaris Operation Systems. The current equipment is used daily across all SPAWAR users, sponsors and functions. SPAWAR has established a Collaboration Solutions Environment (CSE), which includes virtual hosting systems to support the Windows, Linux, and Solaris Operation System. The " **Online Disk Filer System**" will provide a clustered disk based subsystem providing storage for all virtual servers and load balancers to provide a highly fault tolerant hosting system. The "**Disk Based Data Backup/Recovery Filer System**" would provide data backup for all production and development virtual servers and an offsite disaster recovery disk subsystem for corporate production data. The cost savings for the "**Online Disk Filer System**" is approximately $243 thousand per year for FY 2011 through FY 2015. The cost savings for the "**Disk Based Data Backup/Recovery Filer System**" are $118 thousand per year for FY 2012 to FY 2016. If the "**Online Disk Filer System**" were deconstructed, it would equate to greater than 40 independent servers and 40 stand alone disk subsystems. If the " **Disk Based Data Backup/Recovery Filer System**" were deconstructed, it would equate to greater than 20 independent servers, 20 stand alone disk subsystems, numerous stand alone data backup subsystems and the inability to provide a corporate offsite disaster recovery solution. The stand alone systems would be much less fault tolerant, be less secure and consume much more power and floor space. The stand alone systems would require 10 times the system administrative support than the CSE system currently requires. Numerous Information Assurance (IA) documents would be required for the independent systems over the single CSE IA System Security Aproval authority (SSAA). The existing equipment is approaching end of life and will become un-maintainable by local system administrators or commercial vendor support.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				Fiscal Year (FY) 2011 Budget Estimates February 2010					
Department of the Navy / Research and Development / Naval Surface Warfare Center	#003 - Software (Projects < $1 Million)						SPAWAR Systems Centers		
	FY 2009			**FY 2010**			**FY 2011**		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Interface Performance and Application Conversions and Extensions for N avy ERP				1	$ 683	$ 683			
TOTAL				1	$ 683	$ 683			

Justification:

Software:

The FY 2010 project proposes an "**Interface Performance and Application Conversion for Navy ERP**". This project represents a solution for mission critical services to be provided to users through a more flexible and controlled environment, with all updated data and Reports/Interfaces/Conversions/Extensions (RICE) modifications or improvements. SSC Atlantic will transition to the approved and mandated standard systems as directed by DoD and Navy and will work directly with RICE sub-team of the ERP Program's Technical and Business Process Teams with regard to all site related RICE issues. SSC Atlantic will develop interfaces with Virtual Systems Command representatives to determine Navy enterprise strategy for archiving, legacy data retention and retrieval requirements, architecture and strategy along with the lead site team's resources with regard to validating site reporting requirements, data conversions, system interfaces and any required extensions to ERP solution. This project will develop software tools and interfaces to Commercial off the Shelf (COTS) Bolt-on applications that interface with the Navy ERP system, such as Primavera or Artemis. These products are generally accepted bolt-on COTS products that complete the SAP application environment to achieve comprehensive project management, not otherwise provided in the native SAP application. The data and RICE modifications/improvements provided by the Interface Performance and Application Conversion for Navy ERP project are vital to complete mission critical services.

Initiatives began in FY 2008 in preparation for Navy ERP and continue into FY 2010. A spiral development is not applicable for these software projects. A cost analysis has been performed for this projects. Cost savings are not expected in the near term. Projects will be externally developed and license fees are not applicable.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates February 2010	
Department of the Navy / Research and Development / Space and Naval Warfare Systems	#004 - Minor Construction		SPAWAR Systems Centers

	FY 2009			FY 2010			FY 2011		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	1	$ 1,745	$ 1,745				2	$ 1,235	$ 2,469
Productivity	4	$ 476	$ 1,903	5	$ 795	$ 3,974	5	$ 556	$ 2,778
New Mission	2	$ 325	$ 649	1	$ 700	$ 700	7	$ 1,069	$ 7,480
Environmental							1	$ 1,140	$ 1,140
Total	7	$ 614	$ 4,297	6	$ 779	$ 4,674	15	$ 924	$ 13,867

Justification:

Minor Construction:

No project described herein exceeds the current Mlitary Construction (MILCON) threshold.

All projects are within the $2 million threshold for minor construction afforded by the Defense Lab Revitalization Program.

REPLACEMENT

The majority of the replacement projects are for trailers that have seriously deteriorated due to age, weather exposure (due to their locations), and multiple past alterations. Other existing permanent facility replacements are requested because the building currently in use is unable to meet high tech lab requirements. The proposed projects will replace unusable or limited use space with fully functional spaces able to support the type of advanced technology work done at the SSCs in support of the Overseas Contingency Operations (OCO). Cost analyses have been performed for all projects. Due to the replacement nature of these projects, the expected cost savings is minimal. If these projects are not funded, and space is not available, there may be a degradation of mission capabilities available to the war fighter due to lost opportunities to develop programs and emerging technologies.

PRODUCTIVITY

The majority of projects requested are due to SPAWAR's growth and/or to support technical requirements that are restricted in current facilities. In addition, due to a shortfall in the design of the Naval Ordnance Test Station (NOTS) Pier , it is necessary to construct a large vessel mooring system. The proposed projects will add fully functional spaces to support the type of advanced technology work done at the SSC's. The additions will also support growth in programs across the Center allowing more rapid response to requirements and reducing safety concerns. Teams will be able to be co-located which will allow improved interaction within the team and more efficient use of equipment and personnel. In addition, the primary benefit of constructing improvements to NOTS pier is to provide a safe mooring for a large vessel at the pier and safe personnel and equipment transfer to/from the vessel to/from the pier. Cost analyses have been performed for all projects. These projects are intended to increase productivity rather than reduce cost so there is no cost savings projected. If these projects are not funded, and space is not available, the Navy will lose the capability of providing needed support to DoD customers, jeopardizing mission performance and mission capabilities that could be available to the war fighter. If the project to improve NOTS Pier is not funded, the inefficient, cumbersome and risky procedures for vessel-to-pier transfers of personnel and equipment will continue.

NEW MISSION

No existing facilities currently support the necessary new mission capability.

The minor construction projects outlined below provide additional production capacity and capability to meet the commitments made to our customers as well as an enhanced security posture for one of our building complexes. Lack of production capacity would expose the command to schedule risk, raise production costs, and reduce our credibility to customers. Failure to upgrade our facility security to DoD Minimum Antiterrorism Standards for Buildings could expose SPAWAR's personnel and property to the risk of terrorist attack. A cost analysis has been performed and estimated savings/cost avoidance for the projects over the cost benefit period are minimal.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates February 2010
Department of the Navy / Research and Development / Space and Naval Warfare Systems	#004 - Minor Construction	SPAWAR Systems Centers

Minor Construction: (Cont.)

These investments involve two projects in FY 2009, one in FY 2010, and seven in FY 2011.

"**Building 1602 Restrooms**" **(FY09)** will provide additional restrooms, increased water service, and additional operational space to provide suitable working conditions for a 100,000 SF facility used for protyping, evaluation, testing and electronic integration of military vehicles. Currently, the facility does not meet building code or occupational health and safety standards.

"**Bldg 198 HVAC**" **(FY09)** will provide a sufficient ventilation and air conditioning system to support the work being performed. Production areas lacking proper air conditioning during the summer could pose health risks for production personnel and degradation risks for equipment being assembled.

"**Bldg 198 Capacity Increase**" **(FY10)** will modify an existing facility to make it meet needed workspace for the personnel working on C4ISR. The facility is currently under-utilized due to limited and inadequate egresses from the facility. The additional egress point will expand the occupancy of the 2nd floor of the building by 200 people.

"**North Yard Security Upgrade**" **(FY11)** project will greatly enhance the security posture of a complex of buildings at the former naval base and shipyard sites with the objective of meeting the unified facility criteria for DoD Minimum Antiterrorism Standards for Buildings. The complex currently has no defined perimeter or security protection normally provided by a naval base or shipyard.

"**Modernize Labs BLDG 172 St Juliens**" **(FY11)** will expand mission areas by providing additional lab space that will match expanding workload and technical requirements for both employees and customers. Additional lab space provided will enhance personnel interoperability as well as provide optimal FLEET support. Improving this capability will significantly improve warfighter responsiveness and contiguous interoperability between SPAWAR and its vital customers. BLDG 172 currently lacks the lab space required to enhance SPAWAR's current operational posture.

"**Command and Emergency Response Center**" **(FY11)** will provide the capability necessary to monitor SPAWAR infrastructure to determine the state of readiness from a centralized facility. Response Center will collocate an emergency response capability with the command center to provide a single location to coordinate recovery efforts. Response Center will aid SPAWAR in the state of readiness against events such as hurricanes, workplace violence, and acts of terrorism. Providing this level of situational awareness will maintain SPAWAR business continuity with its employees and customers. The facility will be provided with backup services and equipment.

"**Upgrade BLDG 1621 from Warehouse to Production Facility**" **(FY11)** will provide a capable work area for the SSC Atlantic C4ISR Acquisition Engineering & Integration (CAEI) Department. BLDG 1621 will be renovated and remodeled into 18 cubicles, a conference room, and two lavatories. CAEI will utilize this space for project engineers, financial analysts, and security personnel and also as a conference location.

"**Medical Programs Facility**" **(FY11)** will provide a capable work area for personnel, which support multiple medical programs. Due to signnificant growth, support personnel have been moved off-site due to insufficient facility resourses impacting execution and team cohesiveness.

Minor Construction: **(Cont.)**

"**North Yard Integration Lab Space**" **(FY11)** will provide additional capability for the C4I efforts. Current workload projections indicate the capability of Bldg 1648 will be exceeded by 2012. This project will increase the integration and test capability of Bldg 1648 by approximately 5,000 sf by expanding the footprint of the building and enclosing an existing unused portion of the building. This workload increase is driven by DoN shipbuilding policy initiatives designed to assure Fleet interoperability and reduce the cost of life cycle sustainment efforts by shifting away for unique Lead Systems Integrator solutions based on Contractor Furnished equipment to Program of Record, Government Furnished equipment.

"**Bldg 166 Lab Expansion**" **(FY11)** will provide expansion to existing laboratories in bldg 166 located at St. Juliens Creek Annex. This facility provides support for a vast array of shipboard and shore net-centric C4SIR transport and IT network systems including Program of Record legacy/extant terrestrial and satellite C4ISR systems. Bldg 166 is the central communications hub for SPAWAR SSC Atlantic enterprise for C4ISR transport and net-centric IT systems, peripherals, and ancillaries and affords an integrated capability and connectivity between all administrative and technical facilities located at the St. Juliens Creek Annex and support facility.

ENVIRONMENTAL

The "**Antenna Ground Plane Replacement**" will remove and dispose of the lead ground plane at the Model Range and replace it with a layer of conductive concrete. The Antenna Pattern Range is used to measure the radiation patterns of antennas on scale models of Navy ships. Since 1982, there have been no refurbishments of the ground plane and the lead surface is deteriorating causing contamination to the surrounding soil. Cost avoidance will occur of costs for Hazardous Material (HAZMAT) abatement for the lead contamination as well as costs to maintain the existing ground plane. The new ground plane would require little or no maintenance. If the current lead ground plane is not replaced it will continue to erode and contaminate the surrounding landscape and future clean-ups would be required at substantial costs.

Capital Budget Execution
Department of the Navy
Research and Development - SPAWAR Systems Centers
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

Projects in the FY 2010 President's Budget

	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
FY 2010						
Equipment (Non-ADPE)	3.691	(0.901)	2.790	2.790	0.000	
Equipment (ADPE)	3.140	0.473	3.613	3.613	0.000	
Software Development	0.683	0.000	0.683	0.683	0.000	
Minor Construction	4.246	0.428	4.674	4.674	0.000	
Total FY 2010	**11.760**	**0.000**	**11.760**	**11.760**	**0.000**	
Non-ADP Equipment >= $.250M	**3.691**	**(0.901)**	**2.790**	**2.790**	**0.000**	Reduction is primarily due to revised Systems Centers priorities resulting in the cancellation of the Signal Characterization Lab.
ADPE and telecommunications resources >= $.250M	**3.140**	**0.473**	**3.613**	**3.613**	**0.000**	Increase reflects the impact of updated Systems Centers' priorities resulting in the addition of the Guam Intrusion Detection System and the Enterprise, Engineering, and Certifcation Video Teleconferencing System.
Software Development >= $.250M	**0.683**	**0.000**	**0.683**	**0.683**	**0.000**	No change.
Minor Construction (>= $.100M and < = $.750M)	**4.246**	**0.428**	**4.674**	**4.674**	**0.000**	Reflects reprioritization of minor construction requirements based on Systems Centers' needs.

Naval Research Laboratory

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Mission Statement / Overview

The Naval Research Laboratory (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.

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 Geospatial-Intelligence Agency.

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 Squadron. The many diverse scientific and technological research and support facilities include a large facility located at the Stennis Space Center in Bay St. Louis, Mississippi, a facility at the Naval Support Activity, Monterey Bay in Monterey, California, the Chesapeake Bay Detachment in Maryland, and additional sites located in Maryland, Virginia, Alabama, and Florida.

The Scientific Development Squadron One (VXS-1), located aboard the Patuxent River Naval Air Station in Lexington Park, Maryland, operates and maintains three uniquely configured P-3 Orion and two RC-12 Huron turboprop aircraft as airborne research platforms for worldwide scientific research operations.

The Chesapeake Bay Detachment occupies a 168-acre site near Chesapeake Beach, Maryland, and provides facilities and support services for research in radar, electronic warfare, optical devices, materials, communications, and fire rescue. 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 collocated with the Fleet Numerical Meteorology and Oceanography Center to support development of numerical atmospheric prediction systems and related user products. This collocation 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.

NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Significant Changes Since the FY 2010 President's Budget:
There are no significant changes in the activity group composition since the FY 2010 President's Budget.

Financial Profile:

Revenue/Expense/NOR/AOR ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Revenue	$675.9	$680.3	$706.7
Expense	670.7	693.7	711.4
Operating Results	$5.2	-$13.4	-$4.7
Other Changes Affecting AOR	-3.5	0.0	0.0
Accumulated Operating Results (AOR)	$18.2	$4.7	$0.0

Revenue and Expense: The trend in revenue and expense from year to year is relatively steady; increases are primarily due to inflation and facility maintenance costs.

Operating Results: The favorable Accumulated Operating Results (AOR) are primarily due to customer requirements in higher average rate work categories. The FY 2011 rate is established to achieve an end-of-year AOR of zero.

Collections/Disbursements/Outlays ($Millions)

	FY 2009	**FY 2010**	**FY 2011**
Collections	$672.6	$702.1	$705.9
Disbursements	663.1	698.8	719.9
Outlays	-$9.5	-$3.3	$14.0

Fluctuations in Net Outlays primarily reflect the timing of end-of-year billings and the impact of operating results, discussed above.

Workload:

Reimbursable Orders ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	$698.0	$675.3	$699.2

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 Defense Advanced Research Projects Agency, Naval Warfare Centers, the Army, the Air Force, other Navy and Department of Defense customers, the

Department of Energy, the National Aeronautics and Space Administration, and the Department of Homeland Security.

Direct Labor Hours (000)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	2,791	2,767	2,767

A conservative and steady workforce profile is projected for FY 2010 through FY 2011 given the relatively consistent customer funding plans.

Performance Indicators:
The primary performance indicator is unit cost.

Unit Cost	**FY 2009**	**FY 2010**	**FY 2011**
Total Stabilized Cost ($M)	$372.4	$388.8	$401.8
Workload (DLHs) (000)	2,790	2,767	2,767
Unit cost (per DLH)	$133.42	$140.55	$145.23

The unit cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in unit cost for FY 2009 through FY 2011 primarily reflects increases for annual inflation/price changes from year to year. Other performance indicators are direct labor hours and operating results, discussed above.

Stabilized / Composite Rates	**FY 2009**	**FY 2010**	**FY 2011**
Stabilized Rate	$126.33	$135.51	$143.52
Change from Prior Year		+7.27%	+5.91%
Composite Rate Change		+4.56%	+3.93%

The Stabilized 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 Rate Change incorporates both the stabilized costs and the reimbursable costs. The FY 2011 rate increase is primarily due to pricing/inflation adjustments, an increase in facility maintenance costs and a reduction in AOR payback.

Staffing:

Civilian/Military ES & Workyears	**FY 2009**	**FY 2010**	**FY 2011**
Civilian End Strength	2,415	2,357	2,357
Civilian Workyears (Straight Time)	2,301	2,301	2,301
Military End Strength	69	67	69
Military Workyears	69	67	69

NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Civilian Personnel: Civilian strength levels, measured by both end strength and full-time equivalents (FTEs), reflect a steady workforce.

Military Personnel: Military personnel levels remain relatively steady in the budget years.

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Equipment, Non-ADPE / Telecom	$10.7	$9.3	$9.6
Equipment, ADPE / Telecom	0.8	2.3	3.0
Software Development	0.0	0.0	0.0
Minor Construction	1.9	2.8	2.0
Total	$13.4	$14.3	$14.5

This CIP plan provides a modest 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.

NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

Carryover Compliance:

Carryover ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
New Orders	$698.0	$675.3	$699.2
Less Exclusions:			
Foreign Military Sales	1.9	0.9	1.0
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Departments & Agencies	66.3	68.2	74.8
Non-Federal Agencies & others	7.3	4.5	4.6
Major Range & Test Facility Base	0.0	0.0	0.0
Orders for Carryover Calculation*	$622.5	$601.7	$618.9
Composite Outlay Rate	55.1%	54.6%	54.5%
Carryover Ceiling Rate	44.9%	45.4%	45.5%
Carryover Ceiling	$279.8	$273.4	$281.5
Balance of Customer Orders at Year End	$276.8	$271.8	$264.4
Less Work-in-Process	0.2	0.2	0.2
Less Exclusions			
Foreign Military Sales	1.6	0.7	0.5
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Departments & Agencies	40.3	31.0	28.8
Non-Federal Agencies & Others	5.3	2.8	2.0
Major Range & Test Facility Base	0.0	0.0	0.0
Carryover Budget*	$229.4	$237.1	$232.9

Budgeted carryover is within the ceiling allowed via published outlay rates.

**Note: Totals may not add due to rounding.*

Revenue and Expenses
Department of the Navy
Research and Development
Naval Research Laboratory
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	658.0	664.8	690.7
Surcharges	3.5	-	-
Depreciation excluding Major Construction	14.4	15.5	16.0
Other Income			
Total Income	675.9	680.3	706.7
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	3.2	4.0	4.4
Civilian Personnel	296.4	303.6	308.9
Travel and Transportation of Personnel	11.1	9.2	9.3
Material & Supplies (Internal Operations)	36.7	36.7	36.2
Equipment	29.1	25.8	26.2
Other Purchases from NWCF	14.2	15.0	15.3
Transportation of Things	1.3	1.5	1.5
Depreciation - Capital	14.4	15.5	16.0
Printing and Reproduction	0.1	0.1	0.1
Advisory and Assistance Services	-	-	-
Rent, Communication & Utilities	28.0	28.2	28.6
Other Purchased Services	236.1	254.1	265.0
Total Expenses	670.6	693.7	711.4
Work in Process Adjustment	0.1	-	-
Comp Work for Activity Retention Adjustment	-	-	-
Cost of Goods Sold	670.7	693.7	711.4
Operating Result	5.2	(13.4)	(4.7)
Less Surcharges	(3.5)	-	-
Plus Appropriations Affecting NOR/AOR	-	-	-
Other Changes Affecting NOR/AOR	-	-	-
Extraordinary Expenses Unmatched	-	-	-
Net Operating Result	1.8	(13.4)	(4.7)
Other Changes Affecting AOR	-	-	-
Accumulated Operating Result	18.2	4.7	-

Sources of Revenue
Department of the Navy
Research and Development
Naval Research Laboratory
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
1. New Orders	698.0	675.3	699.2
a. Orders from DoD Components:	613.4	593.6	610.4
Department of the Navy	418.9	429.2	444.8
O & M, Navy	18.6	17.3	16.7
O & M, Marine Corps	0.5	0.5	0.4
O & M, Navy Reserve	-	-	-
O & M, Marine Corp Reserve	-	-	-
Aircraft Procurement, Navy	0.8	1.1	1.1
Weapons Procurement, Navy	-	-	-
Ammunition Procurement, Navy/MC	-	-	-
Shipbuilding & Conversion, Navy	1.4	1.4	1.4
Other Procurement, Navy	1.0	1.9	2.0
Procurement, Marine Corps	0.6	0.4	0.4
Family Housing, Navy/MC	-	-	-
Research, Dev., Test, & Eval., Navy	395.9	406.8	422.8
Military Construction, Navy	-	-	-
National Defense Sealift Fund	-	-	-
Other Navy Appropriations	-	-	-
Other Marine Corps Appropriations	-	-	-
Department of the Army	33.0	9.8	7.5
Army Operation & Maintenance	25.5	0.5	0.5
Army Res, Dev, Test, Eval	4.0	3.8	3.9
Army Procurement	0.5	0.5	0.5
Army Other	3.0	5.0	2.6
Department of the Air Force	49.2	52.6	54.5
Air Force Operation & Maintenance	2.1	1.8	1.9
Air Force Res, Dev, Test, Eval	40.6	39.8	41.3
Air Force Procurement	6.5	10.9	11.3
Air Force Other	-	0.1	0.1
DOD Appropriation Accounts	112.2	102.0	103.6
Base Closure & Realignment	-	-	-
Operation & Maintenance Accounts	8.0	3.5	2.8
Res, Dev, Test & Eval Accounts	102.1	94.0	96.5
Procurement Accounts	0.6	3.1	2.8
Defense Emergency Relief Fund	-	-	-
DOD Other	1.5	1.4	1.5
b. Orders from other Fund Activity Groups	9.1	8.1	8.4
c. Total DoD	622.5	601.7	618.9
d. Other Orders:	75.5	73.6	80.4
Other Federal Agencies	66.3	68.2	74.8
Foreign Military Sales	1.9	0.9	1.0
Non Federal Agencies	7.3	4.5	4.6
2. Carry-In Orders	254.8	276.8	271.8
3. Total Gross Orders	952.7	952.1	971.1
a. Funded Carry-Over before Exclusions	276.8	271.8	264.4
b. Total Gross Sales	675.9	680.3	706.7
4. End of Year Work-In-Process (-)	(0.2)	(0.2)	(0.2)
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	(47.2)	(34.5)	(31.3)
6. Net Funded Carryover	229.4	237.1	232.9

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
Department of the Navy
Research and Development/Naval Research Laboratory
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

	Total Costs
FY 2009 Actual	**$ 670.6**
FY 2010 Estimate in FY 2010 President's Budget:	**$ 686.1**
Pricing Adjustments:	
General Purchase Inflation	(0.3)
Program Changes:	
Decreased Depreciation Cost	(1.0)
Decreased Defense Finance and Accounting Service Costs	(0.2)
Increase in Capital Purchases Below the CIP Threshold	1.0
Increased Service Cost Center Workload	3.5
Increased Facility Maintenance	4.0
Other	0.6
FY 2010 Current Estimate:	**$ 693.7**
Pricing Adjustments:	
Civilian Personnel Pay Raise	
Impact of 2011 Pay Raise	3.7
Annualization of Prior Year Pay Raise	1.5
Military Personnel Pay Raise	
Impact of 2011 Pay Raise	0.1
Annualization of Prior Year Pay Raise	-
Working Capital Fund Price Changes	0.1
General Purchases Inflation	5.1
Program Changes:	
Decrease in non-CIP equipment	(1.1)
Military Personnel	0.3
Additional Depreciation Cost	0.5
Increased Facility Maintenance	7.4
Other	0.1
FY 2011 Current Estimate:	**$ 711.4**

**Note: Totals may not add due to rounding.*

Capital Investment Summary
Department of the Navy
Research and Development / Naval Research Laboratory
February 2010
$ in Millions

		FY 2009		FY 2010		FY 2011	
Line #	**Description**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**
001	Equipment Capabilities						
	- Replacement	5	$2.388	0	$0.000	0	$0.000
	- Productivity	1	$0.279	2	$0.520	3	$1.123
	- New Mission	20	$8.044	14	$8.743	18	$8.446
	- Environmental	0	$0.000	0	$0.000	0	$0.000
			$10.711		$9.263		$9.569
002	ADPE and Telecommunications Equipment Capabilities						
	- Computer Hardware (Production)	2	$0.801	5	$1.812	4	$2.973
	- Computer Software (Operating System)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	1	$0.460	0	$0.000
	- Oth Computer & Telecom Sup Equip.	0	$0.000	0	$0.000	0	$0.000
			$0.801		$2.272		$2.973
003	Software Development						
	Internally Developed	0	$0.000	0	$0.000	0	$0.000
	Externally Developed	0	$0.000	0	$0.000	0	$0.000
			$0.000		$0.000		$0.000
004	Minor Construction Capabilities						
	- Replacement	0	$0.000	0	$0.000	1	$2.000
	- Productivity	0	$0.000	0	$0.000	0	$0.000
	- New Mission	1	$1.857	2	$2.750	0	$0.000
	- Environmental	0	$0.000	0	$0.000	0	$0.000
			$1.857		$2.750		$2.000
	Grand Total	**29**	**$13.369**	**24**	**$14.285**	**26**	**$14.542**
	Total Capital Outlays		**$13.548**		**$14.285**		**$14.542**
	Total Depreciation Expense		**$14.372**		**$15.500**		**$16.000**

Capital Investment Justification ($ in Thousands)						Fiscal Year (FY) 2011 Budget Estimates February 2010			
Department of the Navy / Research and Development Naval Research Laboratory February 2010	#001 - Equipment Productivity Capability								NRL Washington, DC
	FY 2009			**FY 2010**			**FY 2011**		
Equipment Capability	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity	1		279	2		520	3		1,123
Total	1		279	2		520	3		1,123

Justification:

Non-ADPE Equipment:

As part of NRL's commitment to research, development and technology, several investments in the productivity capability are proposed for FY 2010 and FY 2011. Two projects in FY 2010 will enhance NRL's capability in the areas of high frequency noise imaging and ion beam nanofabrication. In FY 2011, equipment acquisition will support Navy and DoD programs in the areas of projection optical lithography, non-destructive/contactless measurement of sample resistivity, electron, hole mobility and density; and generic electrical ground equipment used to interface, simulate and test on-board spacecraft systems. Pre-investment economic analyses were performed for all projects.

Capital Investment Justification ($ in Thousands)			Fiscal Year (FY) 2011 Budget Estimates February 2010						
Department of the Navy / Research and Development Naval Research Laboratory February 2010			#001 - Equipment Replacement Capability						NRL Washington, DC
	FY 2009			FY 2010			FY 2011		
Equipment Capability	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	5		2,388						
Total	5		2,388						

Justification:

Non-ADPE Equipment:

There are no proposed projects in the replacement category for FY 2010 and FY 2011.

Capital Investment Justification ($ in Thousands)				Fiscal Year (FY) 2011 Budget Estimates February 2010					
Department of the Navy / Research and Development Naval Research Laboratory February 2010	#001 - Equipment New Mission Capability								NRL Washington, DC
	FY 2009			**FY 2010**			**FY 2011**		
Equipment Capability	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission	20		8,044	14		8,743	18		8,446
Total	20		8,044	14		8,743	18		8,446

Justification:

Non-ADPE Equipment:

Equipment acquisition in the new mission capability for FY 2010 and FY 2011 will preserve and enhance requirements to maintain a technologically advanced, state-of-the-art laboratory and are tied directly to NRL's science and technology mission. These include the "Advanced Optical Materials Fabrication Laboratory" project which will provide the ability to characterize a wide range of optical device parameters critical for the development of ultra-low-noise fiber optic sensor systems. Additional investments for all years will be made in the following research areas: solid state data recording for improved range resolution of radar systems, photonic true time generation and remoting, fiber optic sensor array, laser illumination, development of insulators and oxides for next generation electronics, optical biosensing, time- and frequency-domain measurement, x-ray characterization of nano-dimensional materials, thermal conductivity, flash x-radiography for nuclear weapon physics studies, molecular and bio-molecular science and engineering, underwater digital acoustic communications, atomic layer deposition synthesis, nanophotonics, magnetic materials design and processing, and thermal imaging of semiconductor devices. Pre-investment economic analyses were performed for all projects.

Capital Investment Justification ($ in Thousands)			Fiscal Year (FY) 2011 Budget Estimates February 2010			
Department of the Navy / Research and Development Naval Research Laboratory February 2010	#002 - ADPE and Telecommunications Equipment Capabilities					NRL Washington, DC
	FY 2009		**FY 2010**		**FY 2011**	
ADPE and Telecommunications Equipment Capabilities	Quant	Unit Cost / Total Cost	Quant	Unit Cost / Total Cost	Quant	Unit Cost / Total Cost
Computer Hardware (Production)	2	801	5	1,812	4	2,973
Computer Software (Operating System)						
Telecommunications			1	460		
Other Computer & Telecommunications Spt Equipment						
Total	2	801	6	2,272	4	2,973

Justification:

ADPE and Telecommunications Equipment:

Computer Hardware (Production)

Several investments in computer hardware (production) are proposed for FY 2010 and FY 2011. In FY 2010, investments will be made in the following research areas: real-time algorithm technology to enhance the performance of existing and new Naval radar systems; state-of-the-art computing and storage equipment for computationally intensive Maritime Domain Awareness intelligence fusion applications; and implementation of a core federated distributed disk spider capable of driving the next plateau of streaming data to fill a 100 Gbps wavelength. In FY 2011, NRL proposes to invest in graphic processing united-based clusters which will facilitate the development and evaluation of high performance computing hardware; a high-speed signal processing system to support base program projects and sponsor-funded efforts; and a high performance content storage and delivery system at each of NRL's locations to provide the environment to accomplish research in architecture and distributed scaling in data handling; and a high performance computing system that will include Message Passing Interface technology that is currently in use at DoD operational data processing sites. The proposed end results will improve NRL's functionality, performance, capacity, efficiency, security, standards compliance, manageability, and maintainability as related to ongoing research and development efforts. Pre-investment economic analyses were performed for all projects.

Telecommunications

One investment in telecommunications is proposed in FY 2010. In FY 2010, NRL will invest in wideband code division multiple access (WCDMA), an emerging worldwide cellular standard that will be increasingly employed by the Navy and throughout DoD. Access to a WCDMA cellular testbed will enhance the research efforts of Tactical Electronic Warfare in the following areas: Multi-Platform Communication Electronic Attack, Optimized Communication Electronic Attack, and Communications Specific Emitter Identification. Additionally, this capability will be utilized in support of six operational DoD commands that look to NRL for advanced communications vulnerability research. A pre-investment economic analyses was performed for this project.

Capital Investment Justification ($ in Thousands)			Fiscal Year (FY) 2011 Budget Estimates February 2010					
Department of the Navy / Research and Development Naval Research Laboratory February 2010	#004 - Minor Construction Capabilities							NRL Washington, DC
	FY 2009			**FY 2010**			**FY 2011**		
Minor Construction Capabilities	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement							1	2,000	
Productivity									
New Mission	1	1,857		2	2,750				
Environmental									
Total	1	1,857		2	2,750		1	2,000	

Justification:

Minor Construction:

REPLACEMENT

The FY 2011 investment of $2.000M is for the "Epicenter Addition." This facility will house equipment and includes ultra-high-vacuum systems for epitaxy film growth and analysis. The present system is in an advanced state of deterioration and will negatively impact the use of the facility within five years. There exists no feasible alternative that will allow uninterrupted operation of the Epicenter. The proposed project is considered the most viable option because it meets the necessary requirements for continued successful operation of the Epicenter. A pre-investment economic analysis was performed.

NEW MISSION

Two new mission investments are proposed for FY 2010. NRL proposes a $2.000M investment in FY 2010 for "Optical Physics Facility Modifications." This investment will facilitate the conversion of existing space into usable laboratories as related to optical devices, optical materials, and optical phenomena. An alternative to lease space for the above purpose is not cost effective and will greatly exceed the proposed cost and would pose logistics and security problems.

An FY 2010 purchase will be made for 87 acres of land surrounding the NRL Pomonkey field site that has recently been proposed for commercial development. NRL operates a 30 meter all-sky tracking antenna and several smaller antennas on the Pomonkey Free Space Antenna Range in Charles County, MD. These antennas have been and will continue to be utilized for urgent and mission critical tasks important to National Defense. Minimizing man-made electronic interference is critical to the operation of the sensitive receivers using the antennas; development would adversely affect the radio-quiet mission-essential environment existent at the site. Pre-investment economic analyses were performed for both projects.

Capital Budget Execution
Department of the Navy
Research and Development/Naval Research Laboratory
Fiscal Year (FY) 2011 Budget Estimates
February 2010
($ in Millions)

FY 2010

PROJECTS ON THE FY 2010 PRESIDENT'S BUDGET

		(Dollars in Millions)				
FY	**Approved Project**	**Reprogs**	**Approved Proj Cost**	**Current Proj Cost**	**Asset/ Deficiency**	**Explanation/ Reason for Change**
2010	Equipment except ADPE and TELECOM	-0.356	9.619	9.263	0.356	1/
2010	Equipment - ADPE and TELECOM	-0.621	2.893	2.272	0.621	1/
2010	Software Development	0.000	0.000	0.000	0.000	
2010	Minor Construction	0.750	2.000	2.750	-0.750	2/
	Total FY 2010 Capital Purchase Program	-0.227	14.512	14.285	0.227	

1/ Canceled multiple projects to fund higher priority projects
2/ FY 2011's "Pomonkey Land Purchase" project accelerated to FY 2010 to prevent acquisition by commercial developers.

Military Sealift Command

DEPARTMENT OF THE NAVY
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Mission Statement / Overview

The Military Sealift Command (MSC) is the single manager-operating agency for sealift services. MSC operates as a Working Capital Fund (WCF) in two separate entities. 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 the US Transportation Command (TRANSCOM). Ship availability for MSC customers is the metric for evaluating mission performance in the sealift transportation business area.

Fuel purchases are one of MSC's largest expenses. As such any change in fuel prices will have an impact on MSC's cost of operations, cash balances, and eventually impact MSC customers through rate changes.

Activity Group Composition:

MSC supports the Fleet Commanders for Pacific and Atlantic Fleets (Commander Pacific Fleet (COMPACFLT) and United States Fleet Forces Command (USFFC), the Naval Sea Systems Command (NAVSEA), the Space and Naval Warfare Systems Command (SPAWAR), the Strategic Systems Programs (DIRSSP), the US Air Force, and the National Defense Sealift Fund (NDSF) with unique vessels and programs. The Maritime Prepositioning Ships (MPS) Restructuring effort began in FY 2006. This effort is to balance sealift requirements with Navy-owned and chartered assets to effectively meet sealift demand including the purchase of MPS ships. One ship will be purchased in FY 2010. All ships were procured with National Defense Sealift Fund (NDSF) resources. In addition, three chartered ships will be terminated in FY 2009 and no terminations are scheduled for FY 2010 or FY 2011.

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 and ocean going tugs.

2. Special Mission Ships (SMS): Provides unique seagoing platforms, operation of Navy Command Ships, and contracted Harbor Tugs.

3. Afloat Propositioning Force - Navy (APF-N): Deploys advance materiel for strategic lifts for the Marine Expeditionary Forces.

DEPARTMENT OF THE NAVY
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Significant Changes FY 2010 to FY 2011:

NFAF – A full year operating status for T-AKE 10 USNS CHARLES DREW and T-AKE 11 USNS WASHINGTON CHAMBERS will be executed which is offset by the deactivation of T-AE 32 USNS FLINT, T-AE 35 USNS KISKA and T-AE 34 USNS MOUNT BAKER and T-AFS SAN JOSE.

SMS – One TAGS-60 Class will be deactivated as well as the TIME CHARTER Ship CAROLYN CHOUEST.

APF-N– A full year of operation for all three LMSR Ships as well as the activation of T-AKE-12 USNS WILLIAM MCLEAN.

Financial Profile:

Revenue/Expense/NOR/AOR ($M)	**FY 2009**	**FY 2010**	**FY 2011**
Revenue	$2,367.9	$2,715.0	$2,654.4
Expense	$2,438.2	$2,766.4	$2,740.3
Operating Results	-$70.3	-$51.4	-$85.9
Other Changes Affecting AOR			
Accumulated Operating Results (AOR)	$137.3	$85.9	$0

Revenue and Expense: The changes in revenue and expense from year to year are primarily associated with the MPS Restructuring.

Operating Results: The FY 2010 President's Budget reflected an NOR of $7.3M vice the current estimate of -$51.4M for FY 2010. The less favorable result is primarily due to Overhaul Schedule Changes and Alterations.

The FY 2010 prices for fuel in this submission are calculated using the current fuel composite rate of $118.02 per barrel versus the FY 2010 President's Budget rate of $89.46. This will result in a projected revenue shortfall of $124.719M; $107.971M of this amount is being requested as a direct Working Capital Fund (WCF) appropriation in the FY 2010 supplemental and the remainder will be handled from either WCF cash balances or through an additional customer surcharge.

DEPARTMENT OF THE NAVY
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Collections/Disbursements/Outlays ($M)	**FY 2009**	**FY 2010**	**FY 2011**
Collections	$2,418.0	$2,715.0	$2,654.4
Disbursements	$2,474.5	$2,768.4	$2,707.9
Outlays	$56.5	$53.4	$53.5

Collections: FY 2009 reflects actual revenue including the rate changes that became effective 1 April due to the reduction in fuel prices. FY 2010 and FY 2011 reflect expected revenue based on current estimates.
Disbursements: This represents budgeted expense as modified by MPS principal payments and Capital Investment Program (CIP) outlays. FY 2010 EOY Cash is estimated to be $43M and FY 2011 -$45M.

Workload:

	FY 2009	**FY 2010**	**FY 2011**
NFAF	14,925	14,983	14,712
SMS	18,130	19,073	17,996
APF-N	5,244	6,753	6,993

Workload for MSC refers to the number of per diem days associated with each of the three MSC programs.

NFAF increases in FY 2010 are associated with the activation of T-AKE 9 USNS MATTHEW PERRY and T-AKE 10 USNS CHARLES DREW which is offset by the deactivation of T-AFS 5 USNS CONCORD, T-AFS 10 USNS SATURN, and T-AFS 7 USNS SAN JOSE. The SMS increase in FY 2010 is due to the transition to four new Off shore Service Vessel (OSV) ships to replace the current leased ships, and the inclusion of one Motor Vessel ship and one sub-tender. The APF-N increase in FY 2010 over FY 2009 is also due to the MPS restructuring which includes three LMSR ships, a tanker ship and a container ship. In addition to the MPS restructuring (resulting in the termination of three Maersk ships in FY 2009), an increase to reflect the lease of two HSVs is reflected beginning in FY 2010.

NFAF decreases in FY 2011 are associated with T-AKE 10 USNS CHARLES DREW and T-AKE USNS WASHINGTON CHAMBERS which is offset by the deactivation of T-AE 32 USNS FLINT, T-AE 35 USNS KISKA and T-AE 34 USNS MOUNT BAKER. The SMS decreases in FY 2011 are due to the deactivation of one TAGS-60 Class and deactivation of the TIME CHARTER Ship CAROLYN CHOUEST. The APF-N increase in FY 2011 reflects a full year of operation for all three LMSR Ships as well as the activation of T-AKE-12.

DEPARTMENT OF THE NAVY
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Reimbursable Orders ($M)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	$2,445.2	$2,715.0	$2,654.4

Orders for MSC equate to revenue. Variances are due to changes in per diem days, fuel price changes, and requirement to attain zero AOR in FY 2011.

Direct Labor Hours (000)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	11,832	12,844	12,276

Direct labor hours refer to Civilian Mariners (CIVMARS) only. Variances across fiscal years are due to the addition of T-AS 40 USS FRANK CABLE, annualization of ships coming on board e.g. T-AKEs and deactivations e.g. T-AE 32 USNS FLINT and T-AFS 9 USNS SPICA, and reduction for afloat distance program.

Performance Indicators:
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 days, ROS-30 days or ROS-45 days) are coordinated with the respective MSC customer.

A summary of performance goals is reflected below:

Performance Measure	Goal	FY 2009	FY 2010	FY 2011
Ship Availability	95%	95%	95%	95%

Unit Cost	**FY 2009**	**FY 2010**	**FY 2011**
NFAF	85,769	96,603	105,044
SMS	19,840	24,422	26,595
APF-N	61,117	66,756	71,858

MSC operates under three distinct unit cost goals - one for each of the programs. All programs have cost/per day as the unit cost basis (costs include only per diem expenses in the annual operating budget (AOB) as per OSD guidelines.) Ship mix – e.g. class of ships and operating status, impacts unit cost levels. Changes in all years are primarily a function of approved escalation, fuel, CIVMAR salaries, ship mix, Capital Hire, and M&R.

DEPARTMENT OF THE NAVY
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Stabilized / Composite Rates	**FY 2009**	**FY 2010**	**FY 2011**
NFAF	2.6%	3.0%	7.5%
SMS	18.8%	4.0%	6.0%
APF-N	-33.1%	11.4%	8.6%

FY 2009 and FY 2010 rates reflect the President's budget approved program. Rates for FY 2011 reflect recoupment of AOR.

Staffing:

Civilian/Military ES & Workyears	**FY 2009**	**FY 2010**	**FY 2011**
Civilian End Strength	5,947	6,372	6195
Civilian Workyears (Straightime)	7,736	8,325	8,006
Military End Strength	317	368	407
Military Workyears	355	344	380

Civilian Personnel:
Afloat: Changes relate mainly to deactivations e.g. T-AFS 8 USNS SIRIUS, T-AFS 9 USNS SPICA, T-AE 35 USNS KISKA, as well as the activation of T-AS 40 USS FRANK CABLE and T-AKEs.
Ashore: End strength numbers vary across the budget years due to the effect of MSC transformation initiatives. While total overall *requirements* remain essentially steady at approximately 1,190, expected end strength will vary as impact of transformation produces a more stable workforce.

Military Personnel:
Changes are due mainly to a combination of increases for T-AKEs offset by decreases for T-AFS deactivations and civilian crewing associated with T-AOEs transferring from the fleet to MSC and military supporting HSV2 initiative.

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program ($M)	**FY 2009**	**FY 2010**	**FY 2011**
Equipment, Non-ADP / Telecom	$0.0	$0.5	$0.6
Equipment, ADPE / Telecom	$4.5	$9.8	$9.8
Software Development	$6.4	$6.3	$5.3
Minor Construction	$0.0	$0	$0.2
Total	**$10.9**	**$16.6**	**$15.9**

DEPARTMENT OF THE NAVY
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Information Technology (IT/ADP) efforts represent the predominant share of CIP costs. These efforts include migration to a paperless environment; secure storage of engineering materials, ADPE for Shipboard local area networks (LANs), systems development efforts – e.g. mandated travel system, financial management system, and Next Generation Wideband. Non-IT equipment reflects requirement to replace HVAC at MSC Headquarters

Revenue and Expenses
Department of the Navy
Transportation - Military Sealift Command
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	2,357.7	2,702.8	2,642.4
Surcharges	0.0	0.0	0.0
Depreciation excluding Major Construction	10.2	12.2	12.0
Other Income			
Total Income	2,367.9	2,715.0	2,654.4
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	24.2	23.7	26.4
Civilian Personnel	632.0	686.5	675.5
Travel and Transportation of Personnel	21.4	22.7	27.2
Material & Supplies (Internal Operations)	391.7	569.1	602.9
Equipment	80.3	73.3	68.3
Other Purchases from NWCF	1.5	1.4	1.3
Transportation of Things	8.4	8.6	8.4
Depreciation - Capital	10.2	12.2	12.0
Printing and Reproduction	0.7	0.4	0.4
Advisory and Assistance Services	0.2	0.3	0.3
Rent, Communication & Utilities	562.3	587.0	543.9
Other Purchased Services	705.3	781.1	773.8
Total Expenses	2,438.2	2,766.4	2,740.3
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,438.2	2,766.4	2,740.3
Operating Result	-70.4	-51.4	-86.0
Less Surcharges	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	-70.4	-51.4	-86.0
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	137.3	86.0	0.0

Sources of New Orders & Revenue
Department of the Navy
Transportation - Military Sealift Command
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
1. New Orders	2,445.2	2,715.0	2,654.4
a. Orders from DoD Components:	2,384.4	2,651.9	2,579.2
Department of the Navy	2,319.9	2,584.1	2,521.6
O & M, Navy	2,056.6	2,448.8	2,450.2
O & M, Marine Corps	-0.2	19.4	23.9
O & M, Navy Reserve	0.0	0.0	0.0
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	0.0	0.0	0.0
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	0.0	0.0	0.0
Other Procurement, Navy	5.1	4.5	0.5
Procurement, Marine Corps	0.0	0.0	0.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Devevelopment, Test, & Evaluation, Navy	1.2	0.0	0.0
Military Construction, Navy	0.0	0.0	0.0
National Defense Sealift Fund	0.0	111.5	47.2
Other Navy Appropriations	257.1	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	1.0	0.0	0.0
Army Operation & Maintenance	1.0	0.0	0.0
Army Research, Development, Test & Evaluation	0.0	0.0	0.0
Army Procurement	0.0	0.0	0.0
Army Other	0.0	0.0	0.0
Department of the Air Force	45.3	48.8	38.5
Air Force Operation & Maintenance	45.3	48.8	38.5
Air Force Research, Development, Test & Evaluation	0.0	0.0	0.0
Air Force Procurement	0.0	0.0	0.0
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	18.2	19.1	19.0
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	17.9	0.0	0.0
Research, Development, Test & Evaluation Accounts	0.3	0.0	0.0
Procurement Accounts	0.0	0.0	0.0
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.0	19.1	19.0
b. Orders from other Fund Activity Groups	56.0	63.1	75.2
c. Total DoD	2,440.4	2,715.0	2,654.4
d. Other Orders:	4.8	0.0	0.0
Other Federal Agencies	4.0	0.0	0.0
Foreign Military Sales	0.1	0.0	0.0
Non Federal Agencies	0.8	0.0	0.0
2. Carry-In Orders	334.9	412.3	412.3
3. Total Gross Orders	2,780.2	3,127.3	3,066.6
a. Funded Carry-Over before Exclusions	412.3	412.3	412.3
b. Total Gross Sales	2,367.9	2,715.0	2,654.4
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-2.0	-2.0	-2.0
6. Net Funded Carryover	410.3	410.3	410.3

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
Department of the Navy
Transportation - Military Sealift Command
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

	Total Expenses
1. FY 2009 Actual Execution	**2,438.2**
2. FY 2010 Estimate in FY2009 President's Budget:	**2,608.9**
3. Pricing Adjustments:	**123.4**
a. Change in FY 2009 Fuel Price Asummptions	124.7
b. Change in FY 2009 General Inflation Assumptions	-1.3
4. Program Changes:	**34.5**
a. MPF Restructure	-44.0
b. Increased Port and Canal cost	1.6
c. Increased OPTEMPO	0.1
d. Overhauls	36.2
e. Contract Re-compete Changes	17.8
g. Sub-Tender ELSP Changes	-6.8
h. Sea-Band Communications for the TAGs	1.0
i. T-AKE Schedule Delivery Schedule Changes	-8.0
j. Eliminate 25 days FOS for Hospital Ships	-1.0
k. ROS to FOR Status for the SIOUX	2.6
l. Contract Services for HSV4	35.0
5. Other Changes:	**-0.4**
a. Other Miscellaneous Adjustments	-0.4
6. FY 2010 Current Estimate:	**2,766.4**
7. Pricing Adjustments:	**81.4**
a. FY 2011 Pay Raise	**7.9**
(1) Civilian Personnel	7.1
(2) Military Personnel	0.8
b. Annualization of Prior Year Pay Raises	**9.2**
(1) Civilian Personnel	9.2
(2) Military Personnel	0.0
c. Fuel	40.2
d. Working Capital Fund Price Changes	0.0
e. General Purchase Inflation	24.1
8. Program Changes:	**-107.5**
a. T-AKE Pre-Delivery	4.0
b. Overhauls	-64.5
c. Helo Shelter	8.2
d. Sub-Tender Operational Costs	-1.4
e. Deactivation of 1 METOC Ship	-9.8
f. MPS Restructure	-44.0
9. FY 2011 Estimate:	**2,740.3**

Department of the Navy
Transportation - Military Sealift Command
Fiscal Year (FY) 2011 Budget Estimates February 2010
9a Exhibit: Activity Group Capital Investment Summary
($ in Millions)

Line Number	Item Description	FY 2009 Qty	FY 2009 Total Cost	FY 2010 Qty	FY 2010 Total Cost	FY 2011 Qty	FY 2011 Total Cost
	Equipment						
001	Replacement						
	Productivity						
002	New Mission		0.0	1	0.5	1	0.6
	Environmental Compliance						
	ADPE & Telecomm						
	Computer Hardware (Production)						
003	LAN	1	4.5	2	9.3	2	9.3
	Computer Software (Operating)		0.0	1	0.5	1	0.5
	Telecommunications						
	Other Communications and Telecommunications Support Equipment						
	Software Development						
004	Systems	2	3.9	2	3.3	2	3.3
005	HRMS	1	2.5	1	3.0	1	2.0
	Minor Construction						
	Replacement						
	Productivity						
006	New Mission					1	0.2
	Environmental Compliance						
	Grand Total	4	10.9	7	16.6	8	15.9
	Total Capital Outlays		9.9		14.2		14.6
	Total Depreciation Expense		10.2		12.2		12.0

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
(Dollars in Thousands)

Fiscal Year (FY) 2011 Budget Esimates February 2010

Military Sealift Command/Transportation/ February 2010	002 Equipment	Military Sealift Command

	FY 2009			FY 2010			FY 2011					
EQUIPMENT	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**			
HVAC				1	500	500	1	600	600			
Total	0		0	1		500	1		600			

Narrative Justification:

Current units are old and require constant repair. The current profile provides for replacement of units in two buildings in the Washington, DC area.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)										Fiscal Year (FY) 2011 Budget Esimates February 2010		
Military Sealift Command/Transportation/ February 2010				003 ADPE and Telecommunications Capabilit						Military Sealift Command		
	FY 2009			FY 2010			FY 2011					
ADPE and Telecomm Equipment	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**			
Computer Hardware (Production)	1	4,494	4,494	1	4,350	4,350	1	4,350	4,350			
Computer Software (Operating Syste				1	450	450	1	450	450			
Telecommunications												
Other Computer & Telecomm Equp												
Total	1		4,494	2		4,800	2		4,800			

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.

Additionally, funding will provide for Crypto Modernization Navy mandate

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. Economic Analysis (EA) for FMS completed January 2005.

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.

No EA for afloat ADPE as this was a directed CIP cost by OSD.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)										Fiscal Year (FY) 2011 Budget Esimates February 2010		
Military Sealift Command/Transportation/ February 2010				003 ADPE and Telecommunications Capabilitie						Military Sealift Command		
	FY 2009			FY 2010			FY 2011					
ADPE and Telecomm Equipment	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**			
Next Generation Wideband Computer Hardware (Production) Computer Software (Operating Sys Telecommunications Other Computer & Telecomm Equp `				1	5,000	5,000	1	5,000	5,000			
Total	0		0	1		5,000	1		5,000			

Narrative Justification:

Next Generation Wideband system to replace current Bandwidth Efficiency Satellite Transport (BEST) system which will be obsolete and no longer supported by the end of FY 2010.

Shipboard Infrastructure requirements are estimated to be $250K per ships times 20 ships installed per year.
Next Generation Wideband solution is Mission Critical to maintain shipboard communications with no interuption as currect BEST system satellites begin to fail.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)										Fiscal Year (FY) 2011 Budget Esimates February 2010		
Military Sealift Command/Transportation/ February 2010				005 Software						Military Sealift Command		
	FY 2009			FY 2010			FY 2011					
SOFTWARE	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**			
MSC - HRMS	1	2,530	2,530	1	3,000	3,000	1	1,950	1,950			
Total	1		2,530	1		3,000	1		1,950			

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: Civilian Mariner (CIVMAR) personnel functions are not handled by the DOD Modern Defense Civilian Payroll Data System (DCPDS.)

Business Enterpirse Architecture (BEA) compliant EA was completed in 2007, all items have obtained OSD BTA certification.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)												
									Fiscal Year (FY) 2011 Budget Esimates February 2010			
Military Sealift Command/Transportation/ February 2010				004 Software					Military Sealift Command			
	FY 2009			FY 2010			FY 2011					
SOFTWARE	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**			
MSC-IS Portal	1	3,194	3,194	1	2,000	2,000	1	1,500	1,500			
MSC - FMS	1	671	671	1	1,260	1,260	1	1,808	1,808			
Total	2		3,865	2		3,260	2		3,308			

Narrative Justification:

Development

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: IS Portal and FMS

IS Portal: This is a standards based web application that will seamlessly integrate shipboard and shore-side information technology function and processes into one integrated portal. MSC IS Portal will be integrated with the Navy Enterprise Portal (NEO.)

FMS: This is a DOD/DFAS migratory finance and accounting system. It is consistent with the requirements of the Financial Integrity Act, Anti-Deficiency Act, Joint Financial Management Improvment Program (JMIP), and the Chief Financial Officer (CFO) Act.
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 Enterprise Architecture (BEA) 4.1 compliant EA completed in 2007, however, all items have obtained OSD Business Transformation Agency (BTA) certification.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (Dollars in Thousands)										Fiscal Year (FY) 2011 Budget Esimates February 2010		
Military Sealift Command/Transportation/ February 2010				006 Minor Construction						Military Sealift Command		
	FY 2009			FY 2010			FY 2011					
MINOR CONSTRUCTION	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**	**Qty**	**Unit Cost**	**Total Cost**			
Replacement												
Productivity												
New Mission							1	200	200			
Environmental												
Total	0	0	0	0	0	0	1		200			

Narrative Justification:

The above covers requirements associated with the move of MSC personnel in the Norfolk Area. Renovation of all required buildings will allow MSCLANT to consolidate in the Tidewater area.

If funding is not provided, consolidation could not be completed and portions of MSC Transformation efforts would be curtailed.

Department of the Navy
Transportation - Military Sealift Command
Fiscal Year (FY) 2011 February 2010
Fund-9c: Capital Budget Execution
($ in Millions)

FY	Approved Projects	PB Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
10	Equipment except ADPE & Telcomı	$0.5		$0.5	$0.5	$0.0	No change
	ADPE & Telecomm LAN	$9.8		$9.8	$9.8	$0.0	No change
	Software Development Systems/Lan	$6.3		$6.3	$6.3	$0.0	No change
	Minor Construction	$0.0		$0.0	$0.0	$0.0	No change
	TOTAL FY 2010	$16.6	$0.0	$16.6	$16.6	$0.0	

Facilities Engineering Command

DEPARTMENT OF THE NAVY
BASE SUPPORT
FACILITIES ENGINEERING COMMANDS (FECs)
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

MISSION STATEMENT / OVERVIEW:

The mission of the Facilities Engineering Commands (FECs) is to provide Navy, DoD, and other Federal clients with quality public works support and services. The FECs provide utilities services, facilities sustainment, transportation support, engineering services, and environmental services required by afloat and ashore operating forces and other activities.

The FECs enable the Navy to leverage "best of class" technology by having combined functions that were previously performed by separate former Engineering Field Divisions (EFDs), Engineering Field Activities (EFAs), Resident Officers in Charge of Construction (ROICC), independent Public Works Detachments (PWDs) and the former Public Works Centers (PWCs).

ACTIVITY GROUP COMPOSITION:

ACTIVITY	LOCATION
FEC Midwest	Great Lakes, Illinois
FEC Marianas	Agana, Guam, Marianas Islands
FEC Southeast	Jacksonville, Florida
FEC Mid-Atlantic	Norfolk, Virginia
FEC Hawaii	Pearl Harbor, Hawaii
FEC Southwest	San Diego, California
FEC Washington	Washington, D.C.
FEC Far East	Yokosuka, Japan
FEC Europe – Southwest Asia	Naples, Italy
FEC Northwest	Silverdale, Washington

Significant Changes Since the FY 2010 President's Budget:

There are no significant changes in the activity group composition since the FY 2010 President's Budget.

Fuel: The FY 2010 prices for fuel in this submission are calculated using the current fuel composite rate of $118.02 per barrel versus the FY 2010 President's Budget rate of $89.46. This will result in a projected revenue shortfall of $53.522 million; $43.151 million of this amount is being requested as a direct Working Capital Fund (WCF) appropriation in the FY 2010 supplemental and the remainder will be handled from either WCF cash balances or through an additional customer surcharge.

BASE SUPPORT
FACILITIES ENGINEERING COMMANDS (FECs)
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES

Financial Profile:

Revenue/Expense/Operating Results ($Millions)	FY 2009	FY 2010	FY 2011
Revenue	$2,676.9	$2,776.1	$2,920.1
Cost of Goods and Services	$2,725.4	$2,726.4	$2,832.9
Operating Results	-$48.5	+$49.7	+$87.3
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	-$137.0	-$87.3	$0.0

Revenue and Cost of Goods Sold: The trend in revenue and expense is primarily a result of pay raise, general inflation, and fuel pricing factors. In FY 2011, revenue includes the amount needed to achieve $0 AOR.

Operating Results: The net effect of revised FY 2010 general inflation pricing assumptions, the cost of compliance with new California standards for diesel engine emissions, and updated workload estimates, are expected to produce an operating gain in FY 2010 when compared to the FY 2010 President's Budget.

Foreign Currency Issues: Foreign currency exchange rates can impact the FECs' operating results, especially since the incorporation of FEC Europe-Southwest Asia into the activity group in FY 2008. The table below shows the estimated value of FEC costs that are subject to payment in foreign currency:

Costs Subject to Foreign Currency ($Millions)	FY 2009	FY 2010	FY 2011
Costs to be Paid in EUROS	$63.9	$65.1	$72.1
Costs to be Paid in YEN	$114.3	$116.6	$127.9
Total Costs to be Paid in Foreign Currency	$178.2	$181.7	$200.0

Collections and Disbursements/Outlays:

Net Outlays ($Millions)	FY 2009	FY 2010	FY 2011
Collections	$2,818.2	$2,857.6	$2,986.0
Disbursements	$2,729.1	$2,775.4	$2,887.3
Net Outlays	-$89.1	-$82.2	-$98.7

Workload:

Reimbursable Orders ($Millions)	FY 2009	FY 2010	FY 2011
Current Estimate	$2,719.7	$2,780.2	$2,922.2

BASE SUPPORT
FACILITIES ENGINEERING COMMANDS (FECs)
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES

Acronym List

CHITS	In-House request for work document	MBTU	Million British Thermal Units
CUYD	Cubic Yard	MWH	Mega Watt Hour
KCF	Thousand Cubic Feet	SRO	Shop Repair Order
KGAL	Thousand Gallons	LBS	Pounds
TONS	Tons		

Total units are displayed in table below:

Product / Service	UNIT OF MEASURE	Units FY 09	Units FY 10	Units FY 11
Utility Services				
Electricity	MWH	7,403,731	7,633,318	7,653,211
Potable Water	KGAL	25,948,062	27,301,604	28,741,142
Salt Water	KGAL	8,278,043	8,481,238	8,629,759
Steam	MBTU	9,324,069	10,059,900	9,980,225
Sewage	KGAL	18,111,713	19,778,620	20,393,717
Natural Gas	MBTU	3,039,524	3,211,639	3,131,426
Compressed Air	KCF	13,457,913	12,900,245	13,000,245
Sanitation Services				
Refuse Collection & Disposal I	CUYD	1,076,003	1,355,506	1,354,352
Refuse Collection & Disposal II	TONS	-	-	39,055
Pest Control	HOURS	63,017	62,564	62,514
Hazardous Waste I	GAL	352,093	327,846	327,871
Hazardous Waste II	LBS	11,931,346	18,918,965	18,739,965
Indutrial Waste	KGAL	230,485	327,566	327,453
Environmental Enginnering	HOUR	113,552	55,705	55,331
Environmental Lab	TEST	93,947	78,774	78,833
Transporation Services				
Equipment Rental	HOURS	40,540,430	43,678,954	44,386,989
Vehicle Operations	HOURS	1,870,772	1,122,106	1,118,978
Vehicle Maintenance	SRO	167,394	78,484	74,626
Maintenance & Repair				
Specifics	JOBS	13,435	4,292	4,529
Minor M&R	ITEMS	165,686	151,230	152,157
Emergency	CHITS	234,335	197,805	194,654
Service	CHITS	825,229	760,282	750,410
Recurring	ITEMS	598,029	238,159	236,306
Engineering Support		344,951	289,235	320,650

BASE SUPPORT
FACILITIES ENGINEERING COMMANDS (FECs)
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES

Direct Labor Hours (000)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	11,109	12,546	13,044

Performance Indicators:

Among the key financial indicators for the FECs are operating results (as noted above), annual rate changes, and unit costs (as presented below). Other key corporate performance measures include timeliness, workforce safety, and client satisfaction. Timeliness is an extremely important client satisfaction indicator in the area of facilities sustainment; it is reported on a quarterly basis.

The Emergency Work Response Time – Schedule Adherence metric represents the percent of time that emergency work crews arrive on-scene within prescribed time-lines. Another metric, Service/Minor/Specific Work Completion Date – Schedule Adherence reflects the percent of time that work is completed on schedule. The minimum goal in either case is 90%.

Performance Measures	**FY 2009**	**FY 2010**	**FY 2011**
Emergency Work Response Time-Schedule Adherence	90.0%	90.0%	90.0%
Service/Minor/Specific Work Completion Date-Schedule Adherence	90.0%	90.0%	90.0%

Annual rate changes reflect the impact of pricing adjustments as well as the impact of returning/recouping operating gains or losses.

Rate Changes	**FY 2009**	**FY 2010**	**FY 2011**
Composite Rate	+5.5%	+2.0%	+7.3%
Utilities and Sanitation	+7.6%	+2.9%	+10.2%
Other Base Services	+1.7%	+0.4%	+1.6%

Unit Costs

Unit costs for each of the FECs 23 different product areas are displayed on the following page.

BASE SUPPORT
FACILITIES ENGINEERING COMMANDS (FECs)
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES

Product / Service	UNIT OF MEASURE	Unit Cost FY09	Unit Cost FY10	Unit Cost FY11
Utility Services				
Electricity	MWH	134.73	130.68	138.91
Potable Water	KGAL	6.09	5.61	5.30
Salt Water	KGAL	1.06	1.01	1.04
Steam	MBTU	30.86	32.67	34.17
Sewage	KGAL	8.04	7.08	7.19
Natural Gas	MBTU	9.87	12.28	12.76
Compressed Air	KCF	1.70	1.88	1.81
Sanitation Services				
Refuse Collection & Disposal I	CUYD	15.02	13.62	13.29
Refuse Collection & Disposal II	TONS	-	-	18.79
Pest Control	HOURS	47.73	43.71	44.91
Hazardous Waste I	GAL	6.23	8.08	8.38
Hazardous Waste II	LBS	1.25	1.10	1.17
Indutrial Waste	KGAL	39.77	38.58	38.27
Environmental Enginnering	HOUR	50.27	106.89	111.03
Environmental Lab	TEST	91.30	94.89	96.94
Transporation Services				
Equipment Rental	HOURS	4.67	4.95	5.20
Vehicle Operations	HOURS	35.60	57.29	60.04
Vehicle Maintenance	SRO	126.56	303.76	329.68
Maintenance & Repair				
Specifics	JOBS	5,949.57	17,173.90	19,676.57
Minor M&R	ITEMS	580.88	595.46	609.26
Emergency	CHITS	106.17	84.18	84.88
Service	CHITS	108.61	122.45	123.68
Recurring	ITEMS	274.60	545.40	556.03
Engineering Support		141.16	153.93	149.54

BASE SUPPORT
FACILITIES ENGINEERING COMMANDS (FECs)
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES

Utilities. Higher purchased electricity costs will continue to impact the FECs' cost of operations. Even though the FECs are impacted by higher purchased utilities, we are implementing energy conservation measures that are reducing the quantities of electricity and natural gas consumed. These initiatives include managing the kinds of fuel purchased; implementing efficient ways of using fuel to produce steam; aggressive energy management to move activities toward Common Output Level (COL) 3; arranging visits by Department of Energy (DOE) analysts to identify poor energy performers; maximizing the use of energy projects, increasing the use of alternative sources of energy such as geothermal, ocean thermal, wind, solar, and wave; and deploying Resource Efficiency Managers who are examining contracting methods and ordering arrangements with local authorities. Utility rates also include resources for utility system maintenance across all sites in order to adequately correct known environmental and safety deficiencies and to meet mission requirements. The amount budgeted for sustainment, restoration, and modernization is designed to keep facilities in acceptable operating condition.

Base Support Vehicles and Equipment (BSVE). Initiatives to standardize and lower vehicles and equipment operating costs include:

- Central management of BSVE NWCF Rates and Recapitalization
- Management of BSVE across Product Lines at all FECs.
- Lease Passenger Carrying Vehicles (PCVs) from GSA
- Establish BSVE management board
- Downsize vehicles and equipment to minimum size, including Neighborhood Electric Vehicles and other slow moving vehicles
- Standardize vehicle and equipment type, sizes and configurations
- Optimize use of lease and short term rentals for vehicles and heavy equipment

Facility Management and Services. FECs are reducing the cost of facility service contracts through maximizing the use of regional contracts and seeking fewer and longer term contracts while still maintaining Small Business commitments. Additionally, a contracting template has been developed and deployed that standardizes required COL performance. This also serves to reduce costs by minimizing specification writing.

Facility Management and Sustainment. The Facilities Condition Assessment Process (FCAP) has been reengineered. This process replaces the labor intensive Annual Inspection Summary process with complete coverage through modeling (90%) and "eyes-on" inspections (10%). This is expected to reduce facility inspection costs by over 50% through fewer "eyes-on" inspections. Additionally, call centers are being consolidated, a Work Induction System (WIS)

is being developed, and a standard method for dispatching work to shops is being implemented.

Staffing:

Civilian / Military ES & Work Years	FY 2009	FY 2010	FY 2011
Civilian End Strength	9,497	9,447	9,548
Civilian Work Years (Straight Time)	9,339	9,412	9,495
Military End Strength	78	78	78
Military Work Years	78	78	78

Civilian Personnel: Personnel resources are one of the most valuable assets to the FEC organization. The NWCF FEC Management team continues to focus on the optimal mix and quantity of personnel required to ensure effectiveness in providing quality products and service to our customers. The growth in civilian workyears in FY 2010 reflects increased and improved recruiting efforts within the FECs to achieve greater standardization in the FECs' business models to support the command's strategic plan and some impact from Joint Basing initiatives. In FY 2011, the growth in civilian end strength and workyears is primarily associated with Joint Basing initiatives.

Military Personnel: Military end strength remains stable.

Capital Investment Program (CIP):

The FECs' capital investments are a modest, but important element of successful operations.

CIP ($Millions)	FY 2009	FY 2010	FY 2011
Equipment, Non-ADP / Telecom	$11.4	$20.1	$12.6
Equipment, ADPE / Telecom	$0.0	$0.0	$0.0
Software Development	$0.0	$0.0	$0.0
Minor Construction	$7.7	$9.3	$7.2
Total	**$19.1**	**$29.4**	**$19.8**

SUMMARY

The 10 geographic FECs strive to be efficient and effective organizations that provide high quality products and services to afloat and ashore-based activities. Sound business practices are the core for decisions that promote continuous and innovative 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.

Revenue and Expenses
Department of the Navy
Base Support - Facilities Engineering Commands
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	2,670.4	2,759.7	2,903.1
Surcharges	0.0	0.0	0.0
Depreciation excluding Major Construction	6.5	16.4	17.0
Other Income			
Total Income	2,676.9	2,776.1	2,920.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	8.6	9.0	9.2
Civilian Personnel	681.9	684.9	708.2
Travel and Transportation of Personnel	6.1	14.2	13.0
Material & Supplies (Internal Operations)	303.3	359.8	384.7
Equipment	42.7	44.3	50.2
Other Purchases from NWCF	12.6	14.6	15.2
Transportation of Things	0.1	1.0	0.8
Depreciation - Capital	6.5	16.4	17.0
Printing and Reproduction	0.3	1.1	1.1
Advisory and Assistance Services	0.0	0.4	0.4
Rent, Communication & Utilities	1,037.9	1,002.3	1,018.0
Other Purchased Services	625.3	578.6	615.1
Total Expenses	2,725.4	2,726.4	2,832.9
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,725.4	2,726.4	2,832.9
Operating Result	-48.5	49.7	87.3
Less Surcharges	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	-48.5	49.7	87.3
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	-137.0	-87.3	0.0

Exhibit Fund-14 Revenue and Expenses

Sources of New Orders & Revenue
Department of the Navy
Base Support - Facilities Engineering Commands
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
1. New Orders	2,719.7	2,780.2	2,922.2
a. Orders from DoD Components:	2,138.2	2,161.5	2,298.0
Department of the Navy	1,818.3	1,888.6	2,023.5
O & M, Navy	1,645.6	1,699.1	1,829.4
O & M, Marine Corps	68.2	50.2	53.6
O & M, Navy Reserve	32.6	31.3	31.6
O & M, Marine Corp Reserve	2.5	4.8	4.8
Aircraft Procurement, Navy	-0.1	1.2	1.3
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	-0.2	2.8	2.9
Other Procurement, Navy	-0.2	1.6	1.5
Procurement, Marine Corps	0.2	0.0	0.0
Family Housing, Navy/MC	58.9	94.0	93.4
Research, Dev., Test, & Eval., Navy	3.3	1.7	2.8
Military Construction, Navy	1.7	1.5	1.8
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	4.0	0.4	0.4
Other Marine Corps Appropriations	1.6	0.0	0.0
Department of the Army	52.6	53.6	54.1
Army Operation & Maintenance	18.8	25.4	25.1
Army Res, Dev, Test, Eval	1.1	2.4	2.6
Army Procurement	0.0	0.0	0.0
Army Other	32.6	25.8	26.4
Department of the Air Force	43.3	44.2	44.7
Air Force Operation & Maintenance	26.6	31.8	32.2
Air Force Res, Dev, Test, Eval	0.0	0.1	0.0
Air Force Procurement	0.0	0.0	0.0
Air Force Other	16.6	12.4	12.5
DOD Appropriation Accounts	224.0	174.9	175.6
Base Closure & Realignment	1.9	7.9	8.8
Operation & Maintenance Accounts	142.6	116.6	115.3
Res, Dev, Test & Eval Accounts	2.7	1.6	1.7
Procurement Accounts	3.0	1.1	1.1
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	73.8	47.8	48.8
b. Orders from other Fund Activity Groups	337.7	415.6	415.6
c. Total DoD	2,475.9	2,577.1	2,713.6
d. Other Orders:	243.8	203.2	208.6
Other Federal Agencies	30.3	10.3	10.4
Foreign Military Sales	0.5	0.7	0.7
Non Federal Agencies	213.1	192.2	197.5
2. Carry-In Orders	183.3	226.2	230.3
3. Total Gross Orders	2,903.0	3,006.4	3,152.6
a. Funded Carry-Over before Exclusions	226.2	230.3	232.4
b. Total Gross Sales	2,676.9	2,776.1	2,920.1
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-25.0	-12.9	-16.1
6. Net Funded Carryover	201.2	217.5	216.4

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
Department of the Navy
Base Support - Facilities Engineering Commands
Fiscal Year (FY) 2011 Budget Estimates
Date: February 2010
$ in Millions

	Total Cost
FY 2009 Actual Execution	**$2,725.4**
FY 2010 Estimate in FY 2010 President's Budget:	**$2,661.4**
Estimated Impact in FY 2010 of Actual FY 2009 Experience	$0.0
Price Changes	
Change in FY 2010 Fuel Price Assumptions	$53.5
Change in FY 2010 General Inflation Assumptions	-$1.8
Program Changes	
Joint Basing Initiatives	
FEC Marianas (Transfer from Air Force)	$13.4
FEC Mid-Atlantic	
Ft Story, VA (Transfer from Army)	$0.4
Lakehurst, NJ (Transfer to Air Force)	-$6.3
Other Workload / Program Changes:	
California Air Resources Board (CARB) Emissions Requirements for Diesel Powered Equipment & Modifications	$5.6
All Other Changes	$0.1
FY 2010 Current Estimate	**$2,726.4**
Price Changes:	
Annualization of Prior Year Pay Raises	
Military	$0.0
Civilian	$3.4
FY 2011 Pay Raise	
Military Personnel	$0.2
Civilian Personnel	$7.0
Fuel Price Changes	$16.0
Working Capital Fund Price Changes	$0.1
General Purchase Inflation	$25.0
Euro/Yen Exchange Rate	$14.7
Productivity Initiatives and Other Efficiencies	
Anticipated A-76 Studies	-$15.9
Other Workload / Program Changes:	
Joint Base Charleston (Transfer to Air Force)	-$25.7
Joint Base Pearl Harbor (Transfer from Air Force)	$72.6
California Air Resources Board (CARB) Emissions Requirements for Diesel Powered Equipment & Modifications	$0.6
All Other Changes	$8.5
FY 2011 Current Estimate	**2,832.9**

Department of the Navy
Base Operating Support - Facilities Engineering Commands
Capital Investiment Summary
Fiscal Year (FY) 2011 Budget Estimates
February 2010
$ in Millions

		FY 2009		FY 2010		FY 2011	
Line #	**Description**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**
1	Non-ADP Equipment Total		$11.348		$20.115		$12.576
	- Replacement Capability	18	$10.140	32	$14.930	14	$9.636
	- Productivity Capability	0	$0.000	1	$0.847	1	$0.450
	- New Mission Capability	2	$1.208	5	$4.338	2	$2.490
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
2	ADP and Telecom Equipment Total		$0.000		$0.000		$0.000
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Oth Computer & Telecom Spt Equip	0	$0.000	0	$0.000	0	$0.000
3	Software Development Total		$0.000		$0.000		$0.000
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	0	$0.000	0	$0.000	0	$0.000
4	Minor Construction Total		$7.705		$9.310		$7.226
	- Replacement Capability	13	$4.873	10	$3.233	6	$1.970
	- Productivity Capability	8	$2.631	7	$2.751	6	$1.836
	- New Mission Capability	0	$0.000	7	$3.326	6	$3.420
	- Environmental Capability	1	$0.201	0	$0.000		$0.000
	Grand Total	**40**	**$19.053**	**42**	**$29.425**	**26**	**$19.802**
	Total Capital Outlays		**$14.654**		**$17.737**		**$16.045**
	Total Depreciation Expense		**$6.459**		**$16.376**		**$17.037**

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)				Fiscal Year (FY) 2011 Budget Estimates					February 2010
Department of the Navy / Base Support / Facilities Engineering Commands	#001 - Non-ADPE and Telecommunications								Facilities Engineering Commands
	FY 2009			**FY 2010**			**FY 2011**		
Non-ADPE and Telecommunications	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment	18	563	10,140	32	467	14,930	14	688	9,636
Productivity Equipment				1	847	847	1	450	450
New Mission Capability	2	604	1,208	5	868	4,338	2	1,245	2,490
Environmental Capability									
Total	20		11,348	38	529	20,115	17		12,576

Justification:

Civil Engineering Support Equipment (CESE) and Industrial Plan Equipment (IPE) - FY 09/10/11 Requirements:

Requested CESE and IPE will replace overaged, deteriorated, and obsolete inventory covering the full range of public works support functions, i.e., utilities, maintenance, and transportation. All budgeted CESE replacement items have been reviewed and have been determined to meet activity allowances and replacement economic analysis criteria. IPE includes metal lathes, metal shear bending or any heavy shop machinery used in the accomplishment of shop fabrications. All requested replacements are in support of public works workload. The age of existing equipment contributes to downtime and deteriorating output. In particular, inventories of large equipment such as crawling cranes and / or truck cranes have critical safety lift and operational requirements to meet workload needs. Operational delays for repair or safety downtimes are offset by leasing where and when available. Leasing equipment ranges from 30% to 60% higher in cost per hour than in-house equipement. Requested replacements are expected to result in annual estimated lease and maintenance cost avoidance of $540 thousand in FY 2009. Replacements provide for more efficient and safe operations as well as providing the latest technology in public works support capabilities.

The timing of placement of these new assets in operation varies depending on the size, complexity, vendor availability, and shipping. Generally, equipment cost avoidance begins within 30 - 60 days from receipt of the item.

Each FEC has conducted a comprehensive business review of its' equipment inventories and determined an optimal economic approach to containing costs as well as maintaining minimum interruption to services. The proposed replacements are essential to this strategy. If the proposed equipment replacements are not purchased, substantial opportunity to provide safe and reliable services at the least cost to the Navy will be lost.

CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)	Fiscal Year (FY) 2011 Budget Estimates	February 2010
Department of the Navy / Base Support / Facilities Engineering Commands	#004 - Minor Construction ($100K - $750K)	Facilities Engineering Commands

	FY 2009			FY 2010			FY 2011			
Non-ADPE and Telecommunications	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	
Replacement Equipment	13	375	4,873	10	323	3,233	6	328	1,970	
Productivity Equipment	8	329	2,631	7	393	2,751	6	306	1,836	
New Mission Capability				7	475	3,326	6	570	3,420	
Environmental Capability	1	201	201							
Total	22		7,705	24	388	9,310	18		7,226	

Justification:

Minor Construction ($100 Thousand - $750 Thousand) - FY 09/10/11 Requirements:

FEC minor construction projects represent the fuell range of public works facilities requirements for transportation, utilities, storage, and maintenance. The proposed projects are limited to and strickly controlled by the Capital Investment Program (CIP) thresholds. None of the projects in this budget exceed current MILCON thresholds. Budgeted projects are for constuction, expansion, or improvement of a complete and useable building, structure, or other real property.

Each FEC has conducted a comprehensive business review of its facilities needs and determined an optimal economic approach to cost containment, while ensuring that health and safety requirements are met and minimizing service interruptions. The proposed project priorities are determined by economic analyses which are based on cost effecitve payback solutions which produce the fastest return on investment. Generally, FEC projects have a payback on the initial investment of 5 years or less. Completion of health/safety and environmental compliance projects will provide for cost avoidance resulting from elimination of potential hazmat situations.

The proposed budget is essential to providing planned cost control and service reliability of the FEC plant account. If proposed projects are not approved, substantial opportunity to provide safe, environmentally compliant, and cost effective services at the least cost to the Navy will be lost.

Capital Budget Execution
Department of the Navy
Base Support - Facilities Engineering Commands
Fiscal Year (FY) 2011 Budget Estimates
Date: February 2010
$ in Millions

Projects in the FY 2010 President's Budget

FY	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJECT COST	CURRENT PROJECT COST	ASSET/ DEFICIENCY	JUSTIFICATION
2010	**Equipment except ADPE and TELCOM**	$19.224	$0.891	$20.115	$20.115	$0.000	
	Equipment - ADPE and TELCOM	$0.000	$0.000	$0.000	$0.000	$0.000	
	Software Development	$0.000	$0.000	$0.000	$0.000	$0.000	
	Minor Construction	$8.827	$0.483	$9.310	$9.310	$0.000	
	TOTAL FY 2010	**$28.051**	**$1.374**	**$29.425**	**$29.425**	**$0.000**	

EQUIPMENT	FEC	Quantity Change	Cost Change	
130 Ton Mobile Crane - Yokosuka	FAR EAST		-$0.400	Price change
Hazardous. Response Truck (Heavy) - Yokosuka/Sasebo	FAR EAST	1	$0.400	Increased quantity
Hazardous Material Truck	MIDWEST	1	$0.330	Requirement is the result of having identified the need for vehicles with equipment capable of responding to HAZMAT emergencies
Hazardous Response Vehicle	SOUTHWEST		$0.014	Defense Supply Center, Philadelphia price change
Hazardous Response Vehicle	SOUTHWEST		$0.014	Defense Supply Center, Philadelphia price change
Crane Truck MTD 90 Ton	SOUTHWEST	-1	-$1.024	Item no longer required
Crane Truck Mounted HYD DED 51 TON & Up	SOUTHWEST		$0.669	Price increase due to specifications change
Crane Truck Mounted HYD DED 51 TON & Up	SOUTHWEST	-1	-$1.131	Item no longer required
Crane Truck MTD 90 Ton	SOUTHWEST		-$0.085	Price reduction due to specifications change
Truck, tank aircraft refueling / defueling	SOUTHWEST		$0.036	Defense Supply Center, Philadelphia price change
Truck, tank aircraft refueling / defueling	SOUTHWEST		$0.036	Defense Supply Center, Philadelphia price change
Truck, tank aircraft refueling / defueling	SOUTHWEST		$0.036	Defense Supply Center, Philadelphia price change
Truck, tank aircraft refueling / defueling	SOUTHWEST		$0.036	Defense Supply Center, Philadelphia price change
Truck, tank aircraft refueling / defueling	SOUTHWEST		$0.036	Defense Supply Center, Philadelphia price change
Truck, tank aircraft refueling / defueling	SOUTHWEST	-1	-$0.290	Item no longer required
Truck Container Roll-off/Forked	SOUTHWEST	-1	-$0.267	Item no longer required
Hazardous Material Truck	EURAFSWA	4	$1.320	Emergent high priority requirement added
Nitrogen Trailer	NORTHWEST	-1	-$0.386	Item no longer required
Truck, Straddle	NORTHWEST	1	$0.450	Emergent requirement for PWD Kitsap - Bremerton added
Maxigrind Wood Chipper	NORTHWEST	1	$0.250	Emergent requirement PWD - Whidbey Island added
90T Hydraulic Truck Crane	WASHINGTON	1	$0.847	Procurement of crane was originally budgeted for prior year, but was cancelled due to price change. Project shifted to FY 2010.
	SUBTOTAL	**4**	**$0.891**	

Capital Budget Execution
Department of the Navy
Base Support - Facilities Engineering Commands
Fiscal Year (FY) 2011 Budget Estimates
Date: February 2010
$ in Millions

Projects in the FY 2010 President's Budget

FY 2010	Approved Project	PRESIDENT'S BUDGET	REPROGS	APPROVED PROJECT COST	CURRENT PROJECT COST	ASSET/ DEFICIENCY	JUSTIFICATION
					Quantity Change	Cost Change	
	MINOR CONSTRUCTION		**FEC**				
	Modify Steam Dist.Sys.for Bldg#450 & #1483 (Tategami Boiler Plants)		FAR EAST		-1	-$0.300	Accelerateted to FY09 as priority emergent requirement
	Const New Fire Protection Tank at Awase Transmitter site		FAR EAST		-1	-$0.671	Defer to FY11 due to higher priority project
	Install static condenser fuel house pump #1 & #2		FAR EAST		-1	-$0.250	Accelerateted to FY09 as priority emergent requirement
	Procure transformer, NSF-PWD		FAR EAST			$0.198	Increase due to scope change
	Inst Piping System Sewage Collection		FAR EAST		-1	-$0.150	Reprogrammed to FY09 as priority emergent requirement
	Construct New Sewage Holding Tank (Okinawa, Tengan Pier)		FAR EAST		1	$0.193	Accelerate from FY11 due to project priority
	Construct/Install Retaining Wall East Side of Bldg86 (Atsugi)		FAR EAST		1	$0.500	Higher priority emergent requirement
	Upgrade PWR Transmission Wiring to CVT100, Camp Shields - Okinawa		FAR EAST		1	$0.300	Accelerated from FY11 due to project priority
	Convert Court to Parking Space&Improve Drainage&Bike Shed (Atsugi)		FAR EAST		1	$0.200	Higher priority emergent requirement
	New Permanent Standby Generator for Asan BPS		MARIANAS		-1	-$0.525	Deferred due to higher priority project
	Upgrade Steam Risers 1&2 at Alpha Wharf		MARIANAS		1	$0.197	Higher priority emergent requirement
	EPA Compliance Monitoring for Navy Wells		MARIANAS		1	$0.730	Higher priority emergent requirement
	New Master Meters for Future Command HQ(b200), Nimitz Hill		MARIANAS		1	$0.143	Higher priority emergent requirement
	Install PRV wBypass, main Base		MARIANAS		1	$0.320	Higher priority emergent requirement
	Salt/Storage Shed		MIDLANT		1	$0.352	Higher priority emergent requirement
	New Permanent Standby Generator for Adelup BPS		MARIANAS			$0.091	Price increase.
	New Permanent Standby Generator for Barrigada BPS		MARIANAS		-1	-$0.525	Deferred due to higher priority project
	New Permanent Standby Generator for Bona Springs Booster Pump Station		MARIANAS		-1	-$0.320	Deferred due to higher priority project
				SUBTOTAL	**2**	**$0.483**	
				FEC TOTAL ALL	**6**	**$1.374**	

Naval Facilities Engineering
Services Center

Narrative Summary of Operations
Department of the Navy
Base Support – Naval Facilities Engineering Service Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010

Mission Statement / Overview

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 Naval Facilities Engineering Command (NAVFAC) team, NFESC provides worldwide support services to the Navy, Marine Corps, and other DOD agencies. These support services provide solutions to problems through engineering, design, construction, consultation, test and evaluation, technology demonstration and implementation, and program management support. In accomplishing these services NFESC leverages technology to enhance customer effectiveness and efficiency. NFESC uses existing technology where possible, identifies and adapts breakthrough technology when appropriate, and performs 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 mix of personnel expertise and other technological resources to address customer requirements. NFESC provides a synergism of expertise and practical experience to solve field activity and fleet needs. NFESC supports a very broad range of Navy and Marine Corps customers with focus on delivering quality products and services. Program execution is funded by many appropriations, to include Operations and Maintenance, Navy; Research Development Test & Evaluation, Navy; working capital fund; and other DOD accounts.

The energy and utilities mission focuses on the Navy's ashore establishment energy program. Efforts focus on utilities and energy management, conservation systems, data management, technology transfer, utilities control systems, utility systems engineering, and thermal and power plant engineering.

The amphibious and expeditionary mission involves developing and providing support and enhancement to Naval construction battalions and Marine Corp advanced base construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer systems, expedient facilities, and logistics engineering.

Narrative Summary of Operations
Department of the Navy
Base Support – Naval Facilities Engineering Service Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010

The environmental mission entails 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, compliance, data management, technology transfer, waste management, pollution prevention, indoor air management, and oil spill program.

The ocean facilities mission is to develop, implement, and improve 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 mission is to provide innovative engineering solutions, designs, technological tools and field services to 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.

Activity Group Composition:

NFESC Headquarters	Port Hueneme, CA.
East Coast Detachment	Navy Yard, Washington, DC.

Significant Changes Since the FY 2010 President's Budget:
NFESC has added a FY10 CIP requirement for replacement of a 20/10 Ton Overhead Bridge Crane in support of the Deep Ocean Simulation Facility.

Workload:

Reimbursable Orders ($Millions)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	$125.8	$104.3	$104.1

Reimbursable orders are based on projected customer requirements.

Direct Labor Hours (000)	**FY 2009**	**FY 2010**	**FY 2011**
Current Estimate	559	490	490

Direct labor hours reflect the Center's efforts to maintain the correct level of organic expertise to meet recurring customer demand.

Narrative Summary of Operations
Department of the Navy
Base Support – Naval Facilities Engineering Service Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010

Financial Profile:

Revenue/Expense/NOR/AOR ($Millions)	FY 2009	FY 2010	FY 2011
Revenue	$104.0	$102.5	$104.9
Expense	$105.1	$102.5	$104.6
Operating Results	-$1.1	$0.0	$0.4
Other Changes Affecting AOR	$0.0	-$0.0	-$0.0
Accumulated Operating Results (AOR)	-$0.4	-$0.4	$0.0

Revenue and Expense:
Revenue and expenses are expected to remain fairly constant through the budget period, consistent with customer requirements.

Operating Results:
NFESC's operating results are unchanged from levels approved in the FY 2010 President's Budget submission.

Collections/Disbursements/Outlays

Outlays ($Millions)	FY 2009	FY 2010	FY 2011
Collections	$113.9	$92.3	$113.4
Disbursements	$103.1	$109.7	$113.4
Outlays	-$10.8	$17.4	$0.0

Net Outlays are projected to remain relatively stable over the course of this budget.

Performance Indicators:
The primary performance indicator is unit cost. Unit cost measures total direct labor and overhead costs per direct labor hour. Changes in unit cost are primarily due to price/escalation factors and adjustments in customer requirements.

Unit Cost	FY 2009	FY 2010	FY 2011
Total Stabilized Cost ($M)	$56.7	$47.9	$48.6
Workload (DLHs) (000)	559	490	490
Unit Cost (per DLH)	$101.38	$97.93	$99.30

Narrative Summary of Operations
Department of the Navy
Base Support – Naval Facilities Engineering Service Center
Fiscal Year (FY) 2011 Budget Estimates
February 2010

Stabilized/Composite Rate	**FY 2009**	**FY 2010**	**FY 2011**
Stabilized Rate ($M)	$95.35	$97.88	$100.03
Change from Prior Year	+1.0%	+2.7%	+2.2%
Composite Rate Change	+1.5%	+1.9%	+1.8%

Staffing:

Civilian/Military ES & Work Years	**FY 2009**	**FY 2010**	**FY 2011**
Civilian End Strength	397	384	384
Civilian Work Years	381	373	373
Military End Strength	3	3	3
Military Work Years	3	3	3

Civilian Personnel:
End strength and work years remain stable and are based upon workload requirements.

Military Personnel:
Military end strength and work years remain level.

Capital Investment Program (CIP) Budget Authority: NFESC has an emergent CIP requirement for FY10 to replace a 20/10 Ton Overhead Bridge Crane used to load/unload the pressure vessels at the Deep Ocean Simulation Facility. NFESC has been notified by the Navy Crane Center that due to the age of the crane (+40 years) and the non availability of repair parts (manufacturer closed 30 years ago) that the crane could not be certified past March 2010.

Capital Investment Program ($M)	**FY 2009**	**FY 2010**	**FY 2011**
Equipment, Non-ADP / Telecom	$ 0.0	$ 0.5	$ 0.0
Equipment ADPE / Telecom	$ 0.0	$ 0.0	$ 0.0
Software Development	$ 0.0	$ 0.0	$ 0.0
Minor Construction	$ 0.0	$ 0.0	$ 0.0
Total	**$ 0.0**	**$ 0.5**	**$ 0.0**

Fiscal Year (FY) 2011 Budget Estimates
Revenue and Expenses
Department of the Navy/ Navy Working Capital Fund
Base Support - Naval Facilities Engineering Service Center
February 2010
$ in Millions

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	103.9	102.5	104.9
Surcharges	0	0	0
Depreciation excluding Major Constructior	0.1	0	0
Other Income			
Total Income	104.0	102.5	104.9
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	0.3	0.4	0.4
Civilian Personnel	48.0	48.1	49.1
Travel and Transportation of Personnel	6.1	3.8	3.9
Material & Supplies (Internal Operations)	3.8	3.5	3.6
Equipment	0.7	1.7	1.7
Other Purchases from NWCF	1.9	1.8	1.8
Transportation of Things	0.5	0.5	0.5
Depreciation - Capital	0.1	0	0
Printing and Reproduction	0	0.1	0.1
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	0.8	0.7	0.6
Other Purchased Services	43.0	42.0	43.0
Total Expenses	105.1	102.5	104.6
Work in Process Adjustment	0	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	105.1	102.5	104.6
Operating Result	-1.1	0	0.4
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	-1.1	0	0.4
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	-0.4	-0.4	0

Fiscal Year (FY) Budget Estimates
Sources of New Orders & Revenue
Department of the Navy
Base Support - Naval Facilities Engineering Service Center
February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
1. New Orders	125.8	104.3	104.1
a. Orders from DoD Components:	105.7	88.6	80.2
Department of the Navy	78.3	73.5	67.3
O & M, Navy	34.5	40.7	37.9
O & M, Marine Corps	2.0	1.9	2.0
O & M, Navy Reserve	0.4	0	0
O & M, Marine Corp Reserve	0.5	0	0
Aircraft Procurement, Navy	0.1	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	-0.1	0	0
Other Procurement, Navy	5.8	0.9	0.9
Procurement, Marine Corps	0.1	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	35.1	29.3	25.9
Military Construction, Navy	0.1	0.3	0.3
National Defense Sealift Func	0	0	0
Other Navy Appropriations	-0.1	0.2	0.2
Other Marine Corps Appropriations	0	0.1	0.1
Department of the Army	5.8	1.4	1.5
Army Operation & Maintenance	3.9	0.2	0.3
Army Res, Dev, Test, Eval	1.5	0.6	0.6
Army Procurement	0.5	0	0
Army Other	-0.2	0.6	0.6
Department of the Air Force	0.3	0.2	0.2
Air Force Operation & Maintenance	0.3	0	0
Air Force Res, Dev, Test, Eval	0	0.2	0.2
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	21.3	13.6	11.3
Base Closure & Realignment	2.8	1.8	0.2
Operation & Maintenance Accounts	4.4	0.6	0.6
Res, Dev, Test & Eval Accounts	13.2	7.9	8.0
Procurement Accounts	0.6	0.5	0.5
Defense Emergency Relief Func	0	0	0
DOD Other	0.4	2.9	2.0
b. Orders from other Fund Activity Groups	16.3	7.5	5.0
c. Total DoD	122	96.1	85.2
d. Other Orders:	3.8	8.2	18.9
Other Federal Agencies	1.1	3.4	12.0
Foreign Military Sales	0.1	0.2	0.2
Non Federal Agencies	2.6	4.7	6.8
2. Carry-In Orders	19.9	41.6	43.4
3. Total Gross Orders	145.6	145.9	147.5
a. Funded Carry-Over before Exclusions	41.6	43.4	42.6
b. Total Gross Sales	104.0	102.5	104.9
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-4.8	-8.8	-13.8
6. Net Funded Carryover	36.8	34.6	28.8

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTF

Changes in the Cost of Operations
Department of the Navy
Base Support / Naval Facilities Engineering Service Center
Fiscal Year (FY) 2011 Budget Estimates
Date: February 2010
Dollars in Millions

	Total Cost
FY 2009 Actual	**105.1**
FY 2010 Estimate in FY 2010 President's Budget	**102.5**
Price Changes	0.0
Change in FY 2010 Fuel Price Assumptions	0.1
Change in FY 2010 General Inflation Assumptions	0.0
Program and Other Changes	0.0
FY 2010 Current Estimate	**102.5**
Price Changes:	
Annualization of Prior Year Pay Raises	
Military	0.0
Civilian	0.2
FY 2011 Pay Raise	
Military Personnel	0.0
Civilian Personnel	0.8
Fuel	0.0
Working Capital Fund Price Changes	0.0
General Purchase Inflation	0.7
Program Changes	
Workload, Shore program	0.2
Other Changes:	
All Other Changes	0.0
FY 2011 Current Estimate	**104.6**

Department of the Navy
Base Operating Support / Naval Facilities Engineering Service Center
Activity Group Capital Investiment Summary
Fiscal Year (FY) 2011 Budget Estimates
Date: February 2010
$ in Millions

		FY 2009		FY 2010		FY 2011	
Line #	**Description**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**	**Quantity**	**Total Cost**
1	**Non-ADP Equipment**	**0**	**$0.000**	**1**	**$0.500**	**0**	**$0.000**
	- Replacement Capability**	0	$0.000	1	$0.500	0	$0.000
	- Productivity Capability	0	$0.000	0	$0.000	0	$0.000
	- New Mission Capability	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
2	**ADP and Telecom Equipment**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Oth Computer & Telecom Spt Equip	0	$0.000	0	$0.000	0	$0.000
3	**Software Development**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Projects = or > $1M (List Separately)	0	$0.000	0	$0.000	0	$0.000
	- Projects < $1M	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Replacement Capability	0	$0.000	0	$0.000	0	$0.000
	- Productivity Capability	0	$0.000	0	$0.000	0	$0.000
	- New Mission Capability	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**0**	**$0.000**	**1**	**$0.500**	**0**	**$0.000**
	Total Capital Outlays		**$0.000**		**$0.000**		**$0.000**
	Total Depreciation Expense		**$0.000**		**$0.000**		**$0.000**

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates February 2010							
Department of the Navy / Base Support / Naval Facilities Engineering Service Center	#001 - Non-ADPE and Telecommunications Replacement Capabilities							Naval Facilites Engineering Service Center (NFESC)	
	FY 2008		**FY 2009**			**FY 2010**			**FY 2011**	
Non-ADPE and Telecommunications Equipment			Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement						1	500	500			
Productivity											
New Mission											
Environmental											
Total						1	500	500			

Justification:

The Navy's Deep Ocean Simulation Facility is located at NAVFAC ESC, Building 1100, in Port Hueneme CA. The facility is comprised of two pressure vessels which are used to simulate the deep ocean environment, both pressure and temperature. The 72" diameter vessel is capable of applying a static pressure of 5,500 psi and the 24" diameter vessel is capable of applying a static pressure of 15,000 psi. These two vessels allow customers to subject their equipment to a pressurized environment while monitoring and or operating the equipment at the required depth. The vessels are critical to testing equipment prior to deployment in the ocean. Support to the Navy includes testing of all Deep Sea Rescue Vehicle (DSRV) and deep submergence batteries, fiber optic cables and connectors, electronic bottles that are to be used in the deep ocean environment, ROV's, deep sea lights and cameras as well as many other types of equipment. All is being conducted within the Ocean Engineering Business Line; many of the tests result in follow on work for the O BL.
Integral to the facility is an overhead bridge crane that is used to load/unload the pressure vessels. In March of this year, Navy Crane Center (NCC) inspectors, while performing their annual recertification of the crane, informed NAVFAC ESC verbally that due to the age of the crane (+40 years) and the non availability of repair parts (manufacturer closed 30 years ago) that this would be the last time the crane could be certified. In short, the crane that supports all work in the facility will need to be removed and disposed of in March of 2010. Without the crane, this unique and vital facility (the only one of its kind west of the Mississippi/one of two in the country) will have to shut down.
The NCC's recommendation is that a new bridge and hoist system be procured and installed. This purchase must be made through NCC. They also provided a ROM quote of $500,000.00 for purchase of the new crane, removal of the old unit and installation of the new one. Scaling down the size of the crane was discussed and found to not be feasible. Rebuilding the crane could run almost $1M due to its age and the unavailability of parts.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates February 2010		
Department of the Navy / Base Support / Naval Facilities Engineering Service Center	#002 - ADPE and Telecommunications Capabilities			Naval Facilites Engineering Service Center (NFESC)
	FY 2008	**FY 2009**	**FY 2010**	**FY 2011**
ADPE and Telecommunications Equipment		Quant Unit Cost Total Cost	Quant Unit Cost Total Cost	Quant Unit Cost Total Cost
Computer Hardware (Production) **Computer Software (Operating System)** **Telecommunications** **Other Computer & Telecommunications Spt Equipment**				
Total				

Justification:

Not Applicable

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates February 2010							
Department of the Navy / Base Support / Naval Facilities Engineering Service Center	#003 - Software (Show Individual Project Name, As Required)							Naval Facilites Engineering Service Center (NFESC)	
	FY 2008	**FY 2009**			**FY 2010**			**FY 2011**	
Software		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
List Individual Project Name, As Required Total										

Justification:

Not Applicable

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)		Fiscal Year (FY) 2011 Budget Estimates February 2010		
Department of the Navy / Base Support / Naval Facilities Engineering Service Center	#004 - Minor Construction $100K-$750K			Naval Facilites Engineering Service Center (NFESC)
	FY 2008	**FY 2009**	**FY 2010**	**FY 2011**
Minor Construction		Quant Unit Cost Total Cost	Quant Unit Cost Total Cost	Quant Unit Cost Total Cost
Replacement Equipment				
Total				

Justification:

Not Applicable.

Department of the Navy
Base Support / Naval Facilities Engineering Service Center
Fiscal Year (FY) 2011 Budget Estimates
Date: February 2010
2010
(Dollars in Millions)

FY	Approved Project	President's Budget	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
2010	**Equipment except ADPE and TELCOM**	0.000	0.500	0.000	0.500	0.000	
	20/10 Ton Overhead Bridge Crane	0.000	0.500	0.000	0.500	0.000	Replacement
	Equipment - ADPE and TELCOM	0.000	0.000	0.000	0.000	0.000	
	Software Development	0.000	0.000	0.000	0.000	0.000	
	Minor Construction	0.000	0.000	0.000	0.000	0.000	
	TOTAL FY 2010	**0.000**	**0.500**	**0.000**	**0.500**	**0.000**	

Navy Supply

Department of the Navy
Navy Working Capital Fund
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates
February 2010

Mission Statement/Overview:

The mission of Navy Supply Management is to perform inventory management functions resulting in the sale of aviation and shipboard components, ship's store stock and consumables to a wide variety of customers. Major customers include Fleet and Marine Corps forces, Department of the Navy shore activities, Army, Air Force, Defense Agencies, other government agencies and foreign governments. Costs related to supplying this material to customers are recouped through stabilized rate recovery elements such as prior year gains and losses, inventory maintenance, repair costs including attrition, and local elements. Navy Supply Management is divided into six Budget Projects to organize the financial operations of the fund.

	Budget Project
Wholesale	
Aviation Consumables	BP34
Ship Reparables and Consumables	BP81
Aviation Reparables	BP85
Retail	
Ship's Store	BP21
General Consumables	BP28
Operations	
Operations and Reimbursables	BP91

Activity Group Composition:

Navy Working Capital Fund Supply Management (NWCF-SM) activity group is comprised of:
Naval Inventory Control Point (NAVICP):
- NAVICP Mechanicsburg, PA
- NAVICP Philadelphia, PA

Commander, Fleet and Industrial Supply Centers (COMFISCS):
- 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

Navy Supply Information Systems Activity (NAVSISA), Mechanicsburg, PA

Executive Summary

Significant Changes Since the FY 2010 President's Budget:
The following significant changes have occurred since the FY 2010 President's Budget:

V-22 Osprey Material Support Date (MSD)
On October 1, 2008, Navy Supply Management began supporting the V-22 Osprey aircraft. Previous budgets included repair and parts demand forecasts based on pre-Material Support Date interim support data. Since then, demand has increased significantly due to extended operations in a desert environment and the necessary Obligation Authority has increased. Additionally, backorders have increased while material availability has decreased. This budget reflects increased Obligation Authority in FY 2009, FY 2010, and FY 2011.

Consumable Item Transfer (CIT)
The CIT is a bi-annual transfer of mature pipelines from Navy Supply Management to Defense Logistics Agency that occurs in the odd numbered years. Until recently, the number of items transferred each year was relatively small and did not have a major impact on the budget. However in FY 2009, two transfers occurred for 6,377 items resulting in lost annual sales of $74.8M in FY 2009, $127.0M in FY 2010, and $127.2M in FY 2011.

CH-53D Helicopter
The CH-53D aircraft is deployed in support of Overseas Contingency Operations (OCO) and is seeing an increased operation tempo. Additionally, the aircraft is undergoing a Program Life extension from FY 2007 to FY 2018. This 43 year old aircraft is experiencing pronounced demand increases for various components due to both extended operations and age.

Enterprise Resource Planning (ERP) System Implementation Strategy
Navy ERP release 1.1 (Single Supply Solution) is scheduled to deploy beginning in February 2010. As a hedge against potential disruptions to Fleet customer support, the FY 2009 Navy Supply Management budget accelerated requirements, resulting in earlier than normal procurement actions to ensure a full supply pipeline would be maintained. This approach is similar to the process used by the Defense Logistics Agency when the Business Systems Modernization (BSM) was implemented and is deemed to be prudent given the complexity of deploying a new system of this magnitude. Obligation values below have been adjusted for items transferring during Phase I, in February 2010, and obligations associated with Phases II and III, scheduled for August 2010 and February 2011.

Budget Project ($M)	FY 2009	FY 2010	FY 2011
Ship Repairables and Consumables (BP81)	17.5	6.0	0
Aviation Repairables (BP85)	19.8	11.8	0
Aviation Consumables (BP34)	11.9	40.0	0

Budget Highlights:

Operating Results

Revenue/Expense/NOR/AOR ($M)	FY 2009	FY 2010	FY 2011
Net Revenue	5,926.7	6,021.2	6,347.5
Expenses	6,091.3	6,095.6	6,201.8
Net Operating Results	-75.7	-55.9	164.5
Prior Year AOR	-32.8	-108.5	-164.5
Accumulated Operating Result (AOR)	-108.5	-164.5	0.0

Note: Amounts may not add properly due to rounding.

Revenue and Expense: FY 2009 Revenue and Expenses reflect actuals. FY 2010 and FY 2011 Revenue increases are driven by wholesale Aviation special programs, including the increased V-22 requirements. The Expense changes are consistent with revenue adjustments.

Cash Management:

As a primary consideration of this budget, Navy Supply Management has carefully balanced concerns of NWCF solvency, impacts of potential changes to customer rates, and customer support effectiveness.

Collections/Disbursement/Outlays ($M)	FY 2009	FY 2010	FY 2011
Collections	5909.1	6021.2	6259.9
Disbursements	5945.6	6162.8	6370.8
Outlays	36.5	141.5	110.9
Transfers	1.6	48.0	60.0

Sales:

Gross Sales	FY 2009	FY 2010	FY 2011
Wholesale	4,611.2	4,672.5	4,900.8
Retail	1,037.9	989.3	1,003.6
Total	5,649.1	5,661.8	5,904.3

Note: Amounts may not add properly due to rounding.

Wholesale & Retail: Sales are tied to customer funding and NAVICP's ability to fill orders.

Metrics:

	FY 2009	FY 2010	FY 2011
Items Managed	356,021	348,942	354,999
Requisitions Received	515,652	509,103	507,604
Receipts	928,078	1,276,442	1,180,192
Issues	1,107,019	1,096,596	1,099,303
Contracts Executed	49,174	43,662	41,380
Purchase Inflation	1.3%	1.1%	1.4%

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.

	FY 2009	FY 2010	FY 2011
Undelivered Orders ($M)	4574.5	4603.5	4590.0

Performance Indicators:
Primary performance measurement tool for the Supply Management business area is the "Dashboard Metrics" tool. Dashboard Metrics provide indicators that link Navy Supply Management's strategic plan to the performance budget and to Chief of Naval Operations priorities, which directly support DoD strategic goals as described in the Quadrennial Defense Review (QDR).

Supply Management's primary performance indicators are:

	FY 2009	FY 2010	FY 2011
Customer Wait Time (days)	12.7	12.5	12.5
Ship Operating Time w/C3/C4 CASREP			
Deployed	31%	25%	25%
Non-deployed	33%	28%	28%
Aircraft Non Mission Capable Supply			
Deployed	8%	10%	10%
Non-Deployed	8%	10%	10%
Supply Material Availability	83%	85%	85%

Unit Cost

	FY 2009	FY 2010	FY 2011
Wholesale	1.032	1.042	.986
Retail	.899	1.001	1.001

Composite Rates:

	FY 2009	FY 2010	FY 2011
Annual Price Change	1.782%	1.635%	3.231%
Composite Cost Recovery Rate (CRR)	12.660%	13.265%	15.239%

Staffing:

Civilian/Military ES & Workyears	FY 2009	FY 2010	FY 2011
Civilian End Strength	7,069	6,323	6,300
Civilian Workyears	7,309	6,318	6,293
Military End Strength	369	369	369
Military Workyears	369	369	369

Civilian Personnel: The majority of the decrease in FY 2010 is the result of functional transfers to DLA as identified below:

Manpower (End Strength)	FY 2010
DLR Procurement BRAC	68
Navy Warehouse Transfer	610
FISC-Norfolk Ocean Terminal Services	28

DLR Procurement transfers the procurement management and related support functions of Depot Level Reparable items to DLA. The Navy Warehouse Transfer is an initiative to transfer a significant percentage of Navy warehousing, storage, and tactical distribution functions to DLA. The transfer contributes to the CNO's objective to reduce Navy infrastructure footprint. Ocean Terminal Services is part of a multi-facetted effort to combine ocean and air shipment processing in Norfolk into a single organization. The objective of this transfer is to service all modes of transportation regionally and globally from a single facility.

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program ($M)	FY 2009	FY 2010	FY 2011
Equipment, Non-ADPE / Telecom	1.3	1.9	1.9
Equipment, ADPE / Telecom	1.5	1.0	0.9
Software Development	10.3	3.7	2.0
Minor Construction	1.6	2.4	2.5
Total	14.7	9.0	7.3

FY 2009 Software Development includes an increase of $6.3M for ERP. The Navy Working Capital Fund Supply Management's CIP authority reflects a reduction in the out years due to reduced requirements. Legacy system costs have been reduced due to implementation of ERP.

Activity Group Capital Investment Summary
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)

		FY 2009		FY 2010		FY 2011	
LINE NUMBER	ITEM DESCRIPTION	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST
0001	Equipment Capabilities		1.257		1.893		1.921
	-Replacement	VAR	1.257	VAR	1.893	VAR	1.921
	-Productivity						
	-New Mission						
	-Environmental						
0002	ADPE & Telecommunications Equipment Capabilities		1.499		1.019		0.880
	Computer Hardware (Production)	VAR	1.499	VAR	1.019	VAR	0.880
	Computer Software (Operating System)						
	Telecoms, Other Computer & Telecom Sup Equip.						
0003	Software Development		10.285		3.743		1.950
	Internally Developed		3.618		3.743		1.950
	One Touch v3.0	VAR	0.700	VAR	0.850	VAR	0.650
	UADPS-ICP/UADPS-U2/SP	VAR	2.021	VAR	1.393		0.000
	One Supply	VAR	0.897	VAR	1.500	VAR	1.300
	Externally Development		6.667		0.000		0.000
	Enterprise Resource Planning	VAR	6.667		0.000		0.000
0004	Minor Construction Capabilities		1.623		2.430		2.500
	-Replacement						
	-Productivity	VAR	1.623	VAR	2.430	VAR	2.500
	-New Mission						
	-Environmental						
	TOTAL		14.664		9.085		7.251
	Total Capital Outlays		15.394		13.136		9.013
	Total Depreciation Expense		27.799		27.493		26.068

Activity Group Capital Investment Justification
Department of the Navy
Supply Management-Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates - February 2010		
B. Component/Business Area/Date Department of the Navy/Supply Management - Navy/February 2010				C. Line No. & Item Description 0001 Material Handling Equipment (Forklifts)			D. Activity Identification NWCF		
	FY 2009			FY 2010			FY 2011		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability									
Replacement	40	VAR	880.000	29	VAR	1,000.000	31	VAR	1,000.000
Productivity									
New Mission									
Environmental									

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 over aged non-repairable equipment used in material handling operations at various activities. With a large inventory of equipment at the various Fleet and Industrial Supply Centers (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. 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 funding to cover procurement of new equipment as required. Due to FISC realignment with DLA, the number of forklifts requiring replacement has decreased in the out years thus lowering our FY-10 and 11 funding requirement.

Activity Group Capital Investment Justification
Department of the Navy
Supply Management-Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates - February 2010		
B. Component/Business Area/Date Department of the Navy/Supply Management - Navy/February 2010				C. Line No. & Item Description 0001 Civil Engineering Support Equipment			D. Activity Identification NWCF		
	FY 2009			FY 2010			FY 2011		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability									
Replacement	VAR	VAR	377.000	VAR	VAR	893.000	VAR	VAR	921.000
Productivity									
New Mission									
Environmental									

Narrative Justification:

Naval Supply Systems Command (NAVSUP) is responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for fuel depot operations throughout the Navy. 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. Economic analysis is not provided since equipment is only replaced as useful life has been exceeded due to age and or usage. Dollar values are established by NAVFAC procuring activity in Port Hueneme, CA. Examples: Tanker truck, , 20 ton semi trailer stake 2 axle, 20 ton semi trailer van 2 axle.

Activity Group Capital Investment Justification
Department of the Navy
Supply Management-Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates - February 2010		
B. Component/Business Area/Date Department of the Navy/Supply Management - Navy/February 2010				C. Line No. & Item Description 0002 Information Technology			D. Activity Identification NWCF		
	FY 2009			FY 2010			FY 2011		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE & Telecommunications Equipment Capabilities									
Computer Hardware (Production)	VAR	VAR	1,499.000	VAR	VAR	1,019.000	VAR	VAR	880.000
Computer Software (Operating System)									
Telecoms, Other Computer & Telecom Sup Equip.									

Narrative Justification:

Navy Supply Information Systems Activity (NAVSISA) - Funds provide support to the NAVSISA Legacy/Non-Navy/Marine Corps Intranet (NMCI) Network Plan. As part of the plan, NAVSISA is upgrading its NETWARCOM approved legacy network, which will replace obsolete non-NMCI ADP equipment to provide an environment for client/server development. A variety of PC hardware platforms currently exists in NAVSISA that 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
Department of the Navy
Supply Management-Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates - February 2010		
B. Component/Business Area/Date Department of the Navy/Supply Management - Navy/February 2010				C. Line No. & Item Description 0003 One Touch Support			D. Activity Identification NWCF		
	FY 2009			FY 2010			FY 2011		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development One Touch Support	VAR	VAR	700.000	VAR	VAR	850.000	VAR	VAR	650.000

Narrative Justification:
Web-based real-time data access and status information to legacy Navy and DLA legacy/DLA ERP supply system providing supply technical screening, stock check information for NSNs, requisition status, MILSTRIP entry, shipment status, and serial number tracking for Depot Level Repairables. OTS provides a common view across DLA and Navy inventory applications and distributed databases and provides a single-point, centrally managed global access available to all authorized users through a standard web-browser. Complete end-to-end real-time supply chain capability and visibility is provided through OTS. Navy ERP plans to use OTS to satisfy data access requirements for external (read-only) users of subsumed systems. OTS is an identified interface for Navy ERP 1.1 and 1.X. Cost avoidance associated with this ERP interface is the projected user base multiplied by associated SAP licenses, as well as the cost avoidance associated with SAP integration to the multiple DOD and Navy legacy system interfaces that One Touch currently provides. One Touch transaction workload reverting to a call center, i.e. the Global Distance Support Center (GDSC) and personal assistance, i.e. Logistics Support Centers (LSC) and other submission processes into the supply system exponentially increases transaction processing time and support costs. Application of a simple workload formula produces a rough order of magnitude which indicates a significant cost impact without access to OTS capability within these logistics support functions. If 50% of OTS workload pushed into the GDSC, cost for processing workload is projected at $23,045,650. Additional cost for processing actions accessing multiple systems rather than one system (OTS) will drive individual transaction costs even higher. If 10% of OTS workload pushed into the LSC, costs would increase within the LSC by $16,344,143. Additional time required for processing actions accessing multiple systems rather than one system (OTS) will drive transaction costs higher. An economic analysis was performed and submitted as part of the FY06 BMMP submission for One Touch Support, and updated in FY2009. It was approved January 25, 2006. Cost avoidance related to operational efficiencies in use of OTS is estimated at $1.5 million annually FY06-FY12 during the system's remaining lifecycle. Investment & Return (FYDP $'s based on FY07 BES) (Projected) ROI: 1.05 Breakeven: 2012 NPV: $0.327M. Denial of this funding would greatly affect DoN operations. Customer Support is not part of the current Navy ERP process footprint. The customer self-service capability and workload capacity associated with OTS as an interim solution processing into both ERP systems and legacy systems significantly streamlines and standardizes management of logistics functions and requisitioning processes. OTS provides worldwide, real time visibility of Naval and DLA assets. The OTS program insures that timely and accurate information is provided to meet the needs of the war fighter, and further enables Navy Human Capital Strategy goals by providing a capability that permits significantly more work to be done by fewer personnel. Customer Support Process impact due to funding elimination: a. Fractures customer support methods and requires workload processing through disparate systems rather than single point of entry. b. If at least 40% of the OTS workload back to Fleet for processing through multiple systems, significant additional training costs associated with use of multiple systems and affects Human Capital Strategy objectives associated with moving workload ashore. Higher transaction cost than if OTS available to customer. Customers' greater reliance on Global Distance Support Center and Logistics Support Center would overload the capabilities of both those alternatives. c. Impairs Fleet readiness by forcing use of multiple tools rather than single point of entry. d. Asset visibility is reduced as alternate systems do not presently provide access to all systems OTS provides e. Full supply chain status visibility is degraded - elimination of OTS eliminates end-to-end view of requisition status (requisition input through delivery) including procurement status information as well as asset visibility. End-to-end availability was significantly enhanced in FY08 as OTS replaced the Serial Number Tracking System (SNTS) with extends the visible supply chain to include repairable item installation/removal and carcass tracking through commercial and organic depot level repair. This full picture is not provided through any other tool presently available to over 10,000 registered users. Web-enabled system facilitates ease of integration with other DOD/DON logistics/supply systems, DLA and Navy ERP systems, and affords 24/7 access by the user. The system is in sustainment with limited integration and interface requirements through ERP brownout in FY10. Ongoing system development primarily is focused on tools enabling logistics support for the Littoral Combat Ship (LCS), and integration with the Navy Information Application Product Suite (NIAPS) for afloat users. OTS software is maintained and developed internally at NAVSISA, Mechanicsburg, PA. License fees are included as part of the NAVSUP enterprise Oracle licenses and are not separately charged to the program.

Activity Group Capital Investment Justification
Department of the Navy
Supply Management-Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates - February 2010		
B. Component/Business Area/Date Department of the Navy/Supply Management - Navy/February 2010				C. Line No. & Item Description 0003 UADPS-ICP/UADPS-U2/SP			D. Activity Identification NWCF		
	FY 2009			FY 2010			FY 2011		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development UADPS-ICP/UADPS-U2/SP	VAR	VAR	2,021.000	VAR	VAR	1,393.000			0.000

Narrative Justification:

Reengineer and modernize core business systems that will not be replaced by NERP Single Supply Solution. Many NAVSUP systems have been in a “brown-out” status waiting for ERP implementation. The purpose of this funding is to modernize those systems and add functionality where appropriate to bring these system out of a state of obsolescence. Funding will be used to:

- single up functionality in multiple systems, to eliminate redundant functionality, and reengineering/ modernization as required to integrate with, or be "bolt-ons" to ERP include, but are not limited to the following applications/systems: Integrated Technical Item Management and Procurement (ITIMP), Regional One Touch (R1T), Navy Supply Discrepancy Reporting System (NSDRS), InforM-21/Data Warehousing, Logistics Support Center /Logistic Support Center/Logistic Customer Asset Visibility (LSC/LCAV), Standard Automated Logistics Tool Set (SALTS), Serial Number Tracking (SNT), electronic Retrograde management System (eRMS), Re-Engineered Maritime Allowance Development (ReMAD), Automated COSAL Tracking System-International Logistics (ACTS-IL), Tier II Oracle, etc.
- reengineer and modernize the Readiness Suite (Readiness Based Sparing (RBS) Workstation/Common Rates Computation System-Command Allowance Development (CRCS-CAD)) application. Increased functionality will be provided through incorporating changes that come out of the Aviation Consumable Assessment Study; enhancing rate computations, candidate file preparation and allowance computation for Fleet Readiness Centers; enable automated preparation of tailored Aircraft and Equipment Configuration List with transmission to the fleet for review; modify the application to consider weight, cube, and other factors required to support preparation of CVN21 candidate files; modify the Maritime application to include provisions for dual rates review capability.
- adoption of a service oriented architecture to support interoperability and seamless integration with N-ERP delivery. The adoption of a standard development environment for the remaining applications to lower future total ownership costs. Consolidate redundant data warehouses at ICP (e.g. Focus into InforM-21). Cognos Upgrade (SW Upgrade and CSS to accomplish the task) for InforM-21 for current users plus an additional 1,500 users of the UICP Transaction History File (does not include potential Distance Support or other FISC/ICP users.
- improve our PBL Tracking application, which is called for in an IG finding.
- complete the Tandem Retirement and IDMS upgrade.
- produce a NAVICP in-Transit Account (NITA) module of eRMS which will retire NAVICP's legacy Carcass Tracking (PR04A) and Stock-in-Transit (PM76) programs and provide that functionality to the Navy-ERP program upon that system's implementation.

Activity Group Capital Investment Justification
Department of the Navy
Supply Management-Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates - February 2010		
B. Component/Business Area/Date Department of the Navy/Supply Management - Navy/February 2010				C. Line No. & Item Description 0003 One Supply			D. Activity Identification NWCF		
	FY 2009			FY 2010			FY 2011		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development									
One Supply	VAR	VAR	897.000	VAR	VAR	1,500.000	VAR	VAR	1,300.000

Narrative Justification:

One Supply will be the multi-commodity, ashore supply support solution that encompasses both transaction processing and trend analysis tools to facilitate decision-making across the supply management spectrum. One Supply will provide enhanced support for war fighter logistics resulting in improved fleet readiness and facilitating moving workload ashore.

The FY09-11 information technology plan for One Supply includes, Web application software engineering and development, database design and interface, data warehousing development/integration, as well as interface development/linkage with existing systems. Using the data from Inform 21 and the Enterprise Data Warehouse, One Supply will provide the information tool to improve fleet readiness. The capabilities of One Supply will provide the foundation data for Operating Forces decisions. This will include but not be limited to Management of Operating Fleet Forces from Ashore, Managing Requisitions for Operational Forces, and Management for Air Forces with the overall objective of better material management for the fleet. One Supply will provide the tools to enable Strategic Sourcing decisions and Distance Support to remove workload from the ships to Ashore. The capabilities to tie parts and costs to specific mission capabilities started in FY08 will provide the building blocks for FY09-11 in both application development and infrastructure reduction in the out years when maintenance to parts integration will occur. These tools will provide the fleet a higher degree of readiness. Inclusion and integration of the myriad existing legacy systems is also planned for FY 09 -11, based on functionality and architectural analyses that started in FY 08. One Supply will be a Web-accessible system that will provide multi-commodity stock control, requisition processing, expediting, and transaction processing as well as analytical processing (e.g., ACWT, LRT, stock positioning and trend analysis) using next generation information technology standards. While One Supply supports capabilities not in scope for Navy ERP, One Supply will be designed with Navy ERP as the end-state for respective commodity management and statistical analysis.

Activity Group Capital Investment Justification
Department of the Navy
Supply Management-Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates - February 2010		
B. Component/Business Area/Date Department of the Navy/Supply Management - Navy/February 2010				C. Line No. & Item Description 0003 Enterprise Resource Planning (ERP)			D. Activity Identification NWCF		
	FY 2009			FY 2010			FY 2011		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development Enterprise Resource Planning (ERP)	VAR	VAR	6,667.000			0.000			0.000

Narrative Justification:

Navy ERP is an integrated business management system that modernizes and standardizes Navy business operations, provides unprecedented management visibility across the enterprise, and increases effectiveness and efficiency. The Navy ERP solution allows the Navy to streamline business activities into one system achieving the highest standard of secure, reliable, accessible, and current information. Processes are simplified, redundancies eliminated, efficiencies achieved. Navy ERP is compliant with CFO Act. Navy ERP uses commercial software that requires users to be licensed. The budget estimate supports the purchase of user licenses three months prior to Go-Live.

Activity Group Capital Investment Justification
Department of the Navy
Supply Management-Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Budget Submission Fiscal Year (FY) 2011 Budget Estimates - February 2010		
B. Component/Business Area/Date Department of the Navy/Supply Management - Navy/February 2010				C. Line No. & Item Description 0004 Minor Construction			D. Activity Identification NWCF		
	FY 2009			FY 2010			FY 2011		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction Capabilities -Replacement -Productivity -New Mission -Environmental	VAR	VAR	1,623.000	VAR	VAR	2,430.000	VAR	VAR	2,500.000

Narrative Justification:

Minor Construction: 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. These NWCF Supply Management projects are necessary to maintain and improve the working conditions for NAVSUP claimancy employees. Projects include Minor Construction requirements of facilities as well as Quality of Life and correction of Safety deficiencies. Minor Construction funding requested supports the overall RPM objectives of the NAVFAC recommended spending limits of between 2% to 4% annually based on the associated property values. Economic analysis is not performed since Minor Construction funding limits keep investment percentage to such a small percentage of the total facility value. Cost savings if identified are provided as part of the project documentation developed. Each minor construction project must be less than $750,000. No minor construction project exceeds the current MILCON threshold.

Capital Budget Execution
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2009

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation/Reason for Change
09	Non-ADP Equipment	-.812	2.069	1.257	.000	Reprogrammed to Software Development in support of Navy ERP Requirement.
09	ADP Equipment	-.028	1.527	1.499	.000	Adjusted requirements
09	Software Development	6.032	4.253	10.285	.000	Navy ERP Requirement.
09	Minor Construction	-.742	2.365	1.623	.000	Adjusted requirements
	Total Capital Investment	4.450	10.214	14.664	.000	

Sources Of Revenue
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
1. New Orders			
a. Orders from DoD Components:			
Own Component			
1105 Military Personnel, M.C.	0.000	0.000	0.000
1106 O&M Marine Corps	16.720	16.139	16.907
1108 Reserve Personnel, M.C.	0.000	0.000	0.000
1109 Procurement, M.C.	3.514	3.392	3.554
1205 Military Construction, Navy	0.000	0.000	0.000
1319 RDT & E, Navy	0.532	0.514	0.538
1405 Reserve Personnel, Navy	0.000	0.000	0.000
1453 Military Personnel, Navy	0.000	0.000	0.000
1506 Aircraft Procurement, Navy	631.540	545.962	595.791
1507 Weapons Procurement, Navy	8.412	7.500	7.500
1611-1811 Shipbuilding & Conv. Navy	30.064	28.300	31.600
1804 O&M, Navy	3758.299	3680.010	3828.560
1806 O&M, Navy Reserve	96.166	92.826	97.241
1810 Other Procurement, Navy	30.723	27.700	36.700
4930 Navy Working Capital Fund	946.323	928.157	965.623
	5522.295	5330.501	5584.014
Orders from other DoD Components			
2100 Army	11.608	11.205	11.738
5700 Air Force	129.716	125.211	131.166
9700 Other DoD	0.000	0.000	0.000
	141.324	136.416	142.904
b. Orders from other Fund Business Areas:			
Distribution Depots, Navy	0.000	0.000	0.000
Logistics Support, Navy	0.000	0.000	0.000
	0.000	0.000	0.000
c. Total DoD	5663.619	5466.917	5726.917
d. Other Orders:			
Other Federal Agencies	16.720	16.140	16.907
Trust Fund	0.000	0.000	0.000
Non-Federal Agencies *	176.400	134.200	135.644
Foreign Military Sales (FMS)	98.831	95.399	99.936
	291.951	245.738	252.487
Total New Orders	5955.570	5712.655	5979.404
2. Carry-In Orders	601.814	908.297	959.166
3. Total Gross Orders	6557.384	6620.952	6938.570
4. Carry-Out Orders (-)	908.297	959.166	1034.249
5. Gross Sales	5649.087	5661.786	5904.321
Reimbursable Orders (BP 91)	351.864	442.509	526.203
6. Credit (-)	74.218	83.048	83.070
7. Net Sales	5926.733	6021.247	6347.454

Revenue and Expense Summary
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
Revenue:			
Gross Sales			
Operations	5,634.424	5,652.701	5,897.070
Capital Surcharge	(13.136)	(18.408)	(18.817)
Depreciation except Maj Const	27.799	27.493	26.068
Total Gross Sales	5,649.087	5,661.786	5,904.321
Major Construction Dep	0.000	0.000	0.000
Other Income	351.864	442.509	526.203
Refunds/Discounts (- Credit Sales)	(74.218)	(83.048)	(83.070)
Total Income:	5,926.733	6,021.247	6,347.454
Expenses:			
Cost of Materiel Sold from Inventory	4,807.757	4,744.898	4,817.600
Salaries and Wages:			
Military Personnel	29.377	30.554	30.749
Civilian Personnel	557.952	504.026	513.350
Travel & Transportation of Personnel	14.658	14.920	15.129
Materials & Supplies	35.097	33.498	33.967
Equipment	11.661	12.569	12.745
Other Purchases from Revolving Funds	244.845	261.221	267.016
Transportation of Things	133.542	161.979	165.218
Depreciation - Capital	27.799	27.493	26.068
Printing and Reproduction	8.036	8.355	8.472
Advisory and Assistance Services	11.212	11.722	11.886
Rent, Communication, Utilities & Misc	29.937	28.458	28.856
Other Purchased Services	179.475	255.907	270.736
TOTAL EXPENSES	6,091.348	6,095.600	6,201.792
Operating Result	(164.615)	(74.353)	145.662
Less Capital Surcharge reservation	(13.136)	(18.408)	(18.817)
Plus Appro Affecting NOR/AOR	0.000	0.000	0.000
Plus Other Changes Affecting NOR	75.773	0.000	0.000
Net Operating Result	(75.706)	(55.945)	164.479
Prior Year AOR	(32.828)	(108.534)	(164.479)
Other Changes Affecting AOR			
Accumulated Operating Result	(108.534)	(164.479)	0.000

Supply Management Summary
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2009

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP 21										
Approved	37.219	66.760	66.760	67.300	0.000	67.300	0.000	67.300	0.000	0.000
Request	32.568	74.540	74.540	70.253	0.000	70.253	0.000	70.253	0.000	0.000
Delta	(4.651)	7.780	7.780	2.953	0.000	2.953	0.000	2.953	0.000	0.000
BP 28										
Approved	1,439.672	872.203	872.203	872.203	0.000	872.203	0.000	872.203	0.000	4.888
Request	1,530.096	960.856	960.856	860.573	0.000	860.573	0.000	860.573	0.000	2.460
Delta	90.424	88.653	88.653	(11.630)	0.000	(11.630)	0.000	(11.630)	0.000	(2.428)
BP 34										
Approved	911.975	384.637	385.181	332.736	0.000	332.736	40.000	372.736	0.000	0.000
Request	863.139	414.589	397.322	363.234	0.000	363.234	0.000	363.234	0.000	0.283
Delta	(48.836)	29.952	12.141	30.498	0.000	30.498	(40.000)	(9.502)	0.000	0.283
BP 81										
Approved	8,319.755	794.139	794.139	704.757	0.000	704.757	90.500	795.257	0.000	29.000
Request	8,681.819	835.932	835.932	720.095	0.000	720.095	0.000	720.095	0.000	22.289
Delta	362.064	41.793	41.793	15.338	0.000	15.338	(90.500)	(75.162)	0.000	(6.711)
			** *REPAIR->*	437.950						
BP85										
Approved	35,817.944	3,498.866	3,429.508	2,763.668	0.000	2,763.668	425.500	3,189.168	0.000	52.800
Request	36,207.156	3,530.996	3,306.219	2,886.593	0.000	2,886.593	0.000	2,886.593	0.000	49.186
Delta	389.212	32.130	(123.289)	122.925	0.000	122.925	(425.500)	(302.575)	0.000	(3.614)
			** *REPAIR->*	1,984.267						
BP 91										
Approved	0.000	0.000	494.482	1,339.737	0.000	1,339.737	0.000	1,339.737	10.214	0.000
Request	0.000	0.000	351.864	1,255.792	0.000	1,255.792	0.000	1,255.792	14.664	0.000
Delta	0.000	0.000	(142.618)	(83.945)	0.000	(83.945)	0.000	(83.945)	4.450	0.000
TOTAL										
Approved	46,526.565	5,616.605	6,042.273	6,080.401	0.000	6,080.401	556.000	6,636.401	10.214	86.688
Request	47,314.778	5,816.913	5,926.733	6,156.540	0.000	6,156.540	0.000	6,156.540	14.664	74.218
Delta	788.213	200.308	(115.540)	76.139	0.000	76.139	(556.000)	(479.861)	4.450	(12.470)

Supply Management Summary
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2010

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP 21										
Approved	39.190	67.200	67.200	67.950	0.000	67.950	0.000	67.950	0.000	0.000
Request	34.539	67.200	67.200	67.950	0.000	67.950	0.000	67.950	0.000	0.000
Delta	(4.651)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BP 28										
Approved	1,451.380	889.647	889.647	890.816	0.000	890.816	0.000	890.816	0.000	4.888
Request	1,519.237	917.181	917.181	917.181	0.000	917.181	0.000	917.181	0.000	4.888
Delta	67.857	27.534	27.534	26.365	0.000	26.365	0.000	26.365	0.000	0.000
BP 34										
Approved	870.191	397.605	399.013	273.151	0.000	273.151	40.000	313.151	0.000	0.000
Request	761.145	389.133	389.556	338.208	0.000	338.208	19.156	357.364	0.000	0.360
Delta	(109.046)	(8.472)	(9.457)	65.057	0.000	65.057	(20.844)	44.213	0.000	0.360
BP 81										
Approved	8,125.689	791.768	791.863	702.487	0.000	702.487	90.500	792.987	0.000	29.000
Request	8,393.794	785.813	785.813	684.743	0.000	684.743	43.341	728.084	0.000	25.000
Delta	268.105	(5.955)	(6.050)	(17.744)	0.000	(17.744)	(47.159)	(64.903)	0.000	(4.000)
			** *REPAIR->*	281.506						
BP85										
Approved	35,992.447	3,507.274	3,424.193	2,843.390	0.000	2,843.390	429.603	3,272.993	0.000	52.800
Request	34,954.468	3,470.280	3,418.988	2,886.519	0.000	2,886.519	205.742	3,092.261	0.000	52.800
Delta	(1,037.979)	(36.994)	(5.205)	43.129	0.000	43.129	(223.861)	(180.732)	0.000	0.000
			** *REPAIR->*	2,008.061						
BP 91										
Approved	0.000	0.000	380.007	1,256.440	0.000	1,256.440	0.000	1,256.440	9.085	0.000
Request	0.000	0.000	442.509	1,323.209	0.000	1,323.209	0.000	1,323.209	9.085	0.000
Delta	0.000	0.000	62.502	66.769	0.000	66.769	0.000	66.769	0.000	0.000
TOTAL										
Approved	46,478.897	5,653.494	5,951.923	6,034.234	0.000	6,034.234	560.103	6,594.337	9.085	86.688
Request	45,663.183	5,629.607	6,021.247	6,217.810	0.000	6,217.810	268.239	6,486.049	9.085	83.048
Delta	(815.714)	(23.887)	69.324	183.576	0.000	183.576	(291.864)	(108.288)	0.000	(3.640)

Supply Management Summary
Navy Working Capital Fund
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2011

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	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	36.458	68.644	68.644	69.309	0.000	69.309	0.000	69.309	0.000	0.000
Delta	36.458	68.644	68.644	69.309	0.000	69.309	0.000	69.309	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	1,512.434	930.022	930.022	930.022	0.000	930.022	0.000	930.022	0.000	4.888
Delta	1,512.434	930.022	930.022	930.022	0.000	930.022	0.000	930.022	0.000	4.888
BP 34										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	694.597	360.702	366.107	223.202	0.000	223.202	31.894	255.096	0.000	0.382
Delta	694.597	360.702	366.107	223.202	0.000	223.202	31.894	255.096	0.000	0.382
BP 81										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	8,237.720	797.056	797.056	651.475	0.000	651.475	72.160	723.635	0.000	25.000
Delta	8,237.720	797.056	797.056	651.475	0.000	651.475	72.160	723.635	0.000	25.000
			*** REPAIR->*	269.475						
BP85										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	34,194.763	3,739.910	3,659.422	2,959.855	0.000	2,959.855	339.270	3,299.125	0.000	52.800
Delta	34,194.763	3,739.910	3,659.422	2,959.855	0.000	2,959.855	339.270	3,299.125	0.000	52.800
			*** REPAIR->*	2,040.831						
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	526.203	1,358.124	0.000	1,358.124	0.000	1,358.124	7.251	0.000
Delta	0.000	0.000	526.203	1,358.124	0.000	1,358.124	0.000	1,358.124	7.251	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	44,675.972	5,896.334	6,347.454	6,191.987	0.000	6,191.987	443.324	6,635.311	7.251	83.070
Delta	44,675.972	5,896.334	6,347.454	6,191.987	0.000	6,191.987	443.324	6,635.311	7.251	83.070

Operating Requirement by Weapon System
Department of the Navy
Supply Management - Navy
Budget Project 85
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2009

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	8.6	127.347	88.309	72.383	224.809	512.848
AV-8B/T-45	10.9/5.9	0.000	8.889	0.187	5.534	14.610
EA-6B	9.3	6.627	0.000	9.719	37.969	54.315
VTUAV	n/a	0.000	0.000	0.000	0.000	0.000
V-22	15.4	104.256	0.000	55.562	67.927	227.745
S-3	5.9	0.000	0.000	0.000	1.000	1.000
C-130	10.8	0.000	0.000	1.603	3.718	5.321
P-3	6.9	4.539	2.617	5.870	41.871	54.897
E-2/C-2	9.8/8.0	3.442	18.057	5.166	36.114	62.779
Common Systems	n/a	14.300	0.000	7.135	52.640	74.075
Aircraft Engines	n/a	19.986	0.000	22.854	92.754	135.594
Aviation Support Systems	n/a	0.000	0.518	2.976	24.123	27.617
H-1	12.5	47.673	2.660	5.638	52.911	108.882
H-46	10.7	0.000	0.000	1.962	37.719	39.681
H-53	11.5	0.000	12.800	16.479	91.713	120.992
H-60	8.3	59.859	0.000	26.417	19.266	105.542
Multi-application	n/a	0.000	0.000	65.067	335.689	400.756
Efficiencies/Self Financing		(87.791)	0.465	(16.208)	0.000	(103.534)
Anticipated Special Programs		0.000	0.000	0.000	0.000	0.000
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	155.932	892.806	1048.738
LECP Investment/Savings		0.000	0.000	(4.190)	(38.875)	(43.065)
ERP Buy-Ahead		0.000	0.000	19.800	0.000	19.800
Total		300.238	134.315	472.352	1979.688	2886.593

[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. Source: Corporate Information System (CIS)

Operating Requirement by Weapon System
Department of the Navy
Supply Management - Navy
Budget Project 85
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2010

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	8.6	110.761	108.543	44.539	206.785	470.628
AV-8B/T-45	10.9/5.9	0.000	0.000	0.261	5.357	5.618
EA-6B	9.3	6.276	0.000	9.873	30.442	46.591
VTUAV	n/a	0.000	0.000	0.000	0.000	0.000
V-22	15.4	52.495	0.000	18.954	79.732	151.181
S-3	5.9	0.000	0.000	0.000	2.494	2.494
C-130	10.8	0.000	0.000	1.791	4.427	6.218
P-3	6.9	4.790	0.000	6.926	36.299	48.015
E-2/C-2	9.8/8.0	0.000	16.800	7.174	30.697	54.671
Common Systems	n/a	19.305	0.000	4.094	50.067	73.466
Aircraft Engines	n/a	27.480	0.000	25.939	122.877	176.296
Aviation Support Systems	n/a	0.000	0.000	2.763	15.114	17.877
H-1	12.5	33.529	0.000	8.524	42.084	84.137
H-46	10.7	0.000	0.000	2.152	29.165	31.317
H-53	11.5	0.000	3.441	10.911	102.217	116.569
H-60	8.3	182.982	13.881	44.911	18.747	260.521
Multi-application	n/a	0.000	0.000	72.955	330.922	403.877
Efficiencies/Self Financing		(169.832)	0.490	(3.220)	0.000	(172.562)
Anticipated Special Programs		0.000	50.000	0.000	20.000	70.000
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	106.018	912.049	1018.067
LECP Investment/Savings		0.000	0.000	23.153	(31.413)	(8.260)
ERP Buy-Ahead		0.000	0.000	11.800	0.000	11.800
Total		267.786	193.155	417.516	2008.062	2886.519

[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. Source: Corporate Information System (CIS)

Operating Requirement by Weapon System
Department of the Navy
Supply Management - Navy
Budget Project 85
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2011

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18	8.6	67.225	73.056	17.920	198.488	356.689
AV-8B/T-45	10.9/5.9	0.000	0.000	0.339	5.018	5.357
EA-6B	9.3	6.454	0.000	11.348	29.713	47.515
VTUAV	n/a	15.417	0.000	0.000	0.000	15.417
V-22	15.4	71.354	0.000	12.887	99.006	183.247
S-3	5.9	0.000	0.000	0.000	1.247	1.247
C-130	10.8	0.000	0.000	2.345	4.520	6.865
P-3	6.9	4.209	0.000	9.061	36.379	49.649
E-2/C-2	9.8/8.0	0.000	22.400	11.566	29.267	63.233
Common Systems	n/a	7.302	0.000	6.936	51.460	65.698
Aircraft Engines	n/a	23.163	0.000	28.136	117.348	168.647
Aviation Support Systems	n/a	0.000	0.000	3.135	14.833	17.968
H-1	12.5	51.084	0.000	12.864	41.427	105.375
H-46	10.7	0.000	0.000	2.006	28.365	30.371
H-53	11.5	0.000	0.000	23.728	92.129	115.857
H-60	8.3	154.948	0.000	19.454	52.349	226.751
Multi-application	n/a	0.000	0.000	95.615	314.878	410.493
Efficiencies/Self Financing		(113.326)	0.490	(4.071)	0.000	(116.907)
Anticipated Special Programs			50.000		20.000	70.000
Carcass Losses				18.000		18.000
Full PBL				192.033	932.194	1124.227
LECP Investment/Savings				21.944	(27.788)	(5.844)
Total		287.830	145.946	485.247	2040.833	2959.855

[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. Source: Corporate Information System (CIS)

Inventory Status
Department of the Navy
Supply Management - Navy
Budget Project Summary
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2009

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	46,877.300	5.009	23,549.104	23,323.187
2. BOP INVENTORY ADJUSTMENTS	(333.288)	0.056	3,421.814	(3,755.158)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	3,657.964	(3,657.964)
B. PRICE CHANGE AMOUNT (memo)	(333.288)	0.056	(236.150)	(97.194)
C. INVENTORY RECLASSIFIED AND REPRICED	46,544.012	5.065	26,970.918	19,568.029
3. RECEIPTS AT STANDARD	3,060.214	0.000	2,895.509	164.705
4. SALES AT STANDARD	5,649.087	0.000	5,649.087	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	589.439	0.029	634.939	(45.529)
B. RETURNS FROM CUSTOMERS FOR CREDIT	74.218	0.003	52.654	21.561
C. RETURNS FROM CUSTOMERS, NO CREDIT	18,323.892	0.083	6,119.592	12,204.217
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(4,216.133)	0.000	0.000	(4,216.133)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(1,494.042)	(0.005)	(124.906)	(1,369.131)
G. OTHER (listed in Section 9)	(9,598.908)	(2.528)	(6,346.982)	(3,249.398)
H. TOTAL ADJUSTMENTS	3,362.286	(2.418)	335.297	3,029.407
6. INVENTORY EOP	47,317.425	2.647	24,552.637	22,762.141
7. INVENTORY EOP (REVALUED)	26,579.337	2.647	15,090.738	11,485.952
A. APPROVED ACQUISITION OBJECTIVE (memo)				9,958.424
B. ECONOMIC RETENTION (memo)				1,090.791
C. CONTINGENCY RETENTION (memo)				394.318
D. POTENTIAL DOD REUTILIZATION (memo)				42.419
8. INVENTORY ON ORDER EOP (memo)	2,299.088	0.000	2,170.373	137.897

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(963.167)	0.000	(955.088)	(8.079)
Strata Transfers	0.000	(2.528)	3,243.847	(3,241.319)
Net/Standard Difference	(8,635.741)	0.000	(8,635.741)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
Total	(9,598.908)	(2.528)	(6,346.982)	(3,249.398)

Inventory Status
Department of the Navy
Supply Management - Navy
Budget Project Summary
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2010

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	47,317.425	2.647	24,552.637	22,762.141
2. BOP INVENTORY ADJUSTMENTS	434.511	0.049	5,552.870	(5,118.408)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	5,313.955	(5,313.955)
B. PRICE CHANGE AMOUNT (memo)	434.511	0.049	238.915	195.547
C. INVENTORY RECLASSIFIED AND REPRICED	47,751.936	2.696	30,105.507	17,643.733
3. RECEIPTS AT STANDARD	3,244.625	0.000	3,259.767	(15.142)
4. SALES AT STANDARD	5,661.786	0.000	5,661.786	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	176.734	0.000	25.665	151.069
B. RETURNS FROM CUSTOMERS FOR CREDIT	83.048	0.000	10.855	72.193
C. RETURNS FROM CUSTOMERS, NO CREDIT	17,928.846	0.000	9,207.017	8,721.829
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(5,540.746)	0.000	0.000	(5,540.746)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(258.801)	0.000	(169.745)	(89.056)
G. OTHER (listed in Section 9)	(12,057.977)	0.000	(11,977.220)	(80.757)
H. TOTAL ADJUSTMENTS	331.104	0.000	(2,903.428)	3,234.532
6. INVENTORY EOP	45,665.879	2.696	24,800.061	20,863.122
7. INVENTORY EOP (REVALUED)	26,030.168	2.647	15,325.836	10,701.685
A. APPROVED ACQUISITION OBJECTIVE (memo)				9,243.718
B. ECONOMIC RETENTION (memo)				1,036.959
C. CONTINGENCY RETENTION (memo)				381.579
D. POTENTIAL DOD REUTILIZATION (memo)				39.429
8. INVENTORY ON ORDER EOP (memo)	2,237.485	0.000	2,236.616	0.869

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(93.203)	0.000	(48.812)	(44.391)
Strata Transfers	0.000	0.000	36.366	(36.366)
Net/Standard Difference	(11,964.774)	0.000	(11,964.774)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
Total	(12,057.977)	0.000	(11,977.220)	(80.757)

Inventory Status
Department of the Navy
Supply Management - Navy
Budget Project Summary
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2011

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	45,665.879	2.696	24,800.061	20,863.122
2. BOP INVENTORY ADJUSTMENTS	882.490	0.050	6,653.788	(5,771.348)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	5,372.901	(5,372.901)
B. PRICE CHANGE AMOUNT (memo)	882.490	0.050	1,280.887	(398.447)
C. INVENTORY RECLASSIFIED AND REPRICED	46,548.369	2.746	31,453.849	15,091.774
3. RECEIPTS AT STANDARD	3,270.754	0.000	3,295.856	(25.102)
4. SALES AT STANDARD	5,904.321	0.000	5,904.321	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	197.171	0.000	25.762	171.409
B. RETURNS FROM CUSTOMERS FOR CREDIT	83.070	0.000	11.102	71.968
C. RETURNS FROM CUSTOMERS, NO CREDIT	19,197.354	0.000	9,835.871	9,361.483
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(5,460.555)	0.000	0.000	(5,460.555)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(247.583)	0.000	(158.527)	(89.056)
G. OTHER (listed in Section 9)	(13,005.541)	0.000	(12,671.679)	(333.862)
H. TOTAL ADJUSTMENTS	763.916	0.000	(2,957.471)	3,721.387
6. INVENTORY EOP	44,678.718	2.746	25,887.913	18,788.059
7. INVENTORY EOP (REVALUED)	31,511.055	2.746	19,584.496	11,923.813
A. APPROVED ACQUISITION OBJECTIVE (memo)				10,366.422
B. ECONOMIC RETENTION (memo)				1,108.358
C. CONTINGENCY RETENTION (memo)				404.652
D. POTENTIAL DOD REUTILIZATION (memo)				44.381
8. INVENTORY ON ORDER EOP (memo)	2,228.960	0.000	2,228.091	0.869

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(86.688)	0.000	(49.476)	(37.212)
Strata Transfers	0.000	0.000	296.650	(296.650)
Net/Standard Difference	(12,918.853)	0.000	(12,918.853)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
Total	(13,005.541)	0.000	(12,671.679)	(333.862)

Customer Price Change
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ In Millions)

SHIPS/AVIATION	FY 2009	FY 2010	FY 2011
1. Net sales at Cost	4050.978	4150.948	4252.914
2. Less: Material Inflation Adj	132.760	46.285	61.500
3. Revised Net Sales at Cost	3918.218	4104.663	4191.414
4. Surcharge ($)	512.867	550.625	648.088
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.145	0.127	0.133
b. This year's Surcharge and material inflation divided by line 3 above ($)	0.165	0.145	0.169
c. Percent change to customer	1.8%	1.6%	3.2%

Customer Price Change
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ In Millions)

BP34-AVIATION CONSUMABLES	FY 2009	FY 2010	FY 2011
1. Net sales at Cost	298.816	359.510	320.543
2. Less: Material Inflation Adj	(2.301)	5.528	(18.209)
3. Revised Net Sales at Cost	301.117	353.982	338.752
4. Surcharge ($)	49.275	39.951	45.965
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.136	0.165	0.111
b. This year's Surcharge and material inflation divided by line 3 above ($)	0.156	0.128	0.082
c. Percent change to customer	1.7%	(3.1%)	(2.6%)

Customer Price Change
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ In Millions)

BP81-SHIPS	FY 2009	FY 2010	FY 2011
1. Net sales at Cost	706.049	699.745	686.419
2. Less: Material Inflation Adj	14.676	5.307	14.582
3. Revised Net Sales at Cost	691.373	694.438	671.837
4. Surcharge ($)	116.054	121.923	135.674
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.187	0.164	0.174
b. This year's Surcharge and material inflation divided by line 3 above ($)	0.189	0.183	0.224
c. Percent change to customer	1.2%	1.6%	4.2%

Customer Price Change
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ In Millions)

BP85-AVIATION REPAIRABLES	FY 2009	FY 2010	FY 2011
1. Net sales at Cost	3046.114	3091.693	3245.952
2. Less: Material Inflation Adj	120.386	35.450	64.585
3. Revised Net Sales at Cost	2925.728	3056.243	3181.367
4. Surcharge ($)	347.539	388.752	466.449
5. Change to Customers			
a. Previous Year's Surcharge (%)	0.136	0.114	0.126
b. This year's Surcharge and material inflation divided by line 3 above ($)	0.160	0.139	0.167
c. Percent change to customer	1.9%	2.2%	3.7%

War Reserve Material (WRM)
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2009

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	5.009	5.009	
2. Price Change	0.056	0.056	
3. Reclassification	0.000	0.000	
4. Inventory Changes	(2.418)	(2.418)	0.000
a. Receipts @ std	0.086	0.086	0.000
(1). Purchases	0.000	0.000	
(2). Returns from customers	0.086	0.086	
b. Issues @ std	(0.005)	(0.005)	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	(0.005)	(0.005)	
c. Adjustments @ std	(2.499)	(2.499)	0.000
(1). Capitalizations	0.029	0.029	
(2). Gains and losses	0.000	0.000	
(3). Other	(2.528)	(2.528)	
5. Inventory EOP	2.647	2.647	0.000

STOCKPILE COSTS	
1. Storage	0.002
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.002

WRM BUDGET REQUEST	
1. Obligations @ cost	
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

War Reserve Material (WRM)
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2010

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	2.647	2.647	
2. Price Change	0.049	0.049	
3. Reclassification	0.000	0.000	
4. Inventory Changes	0.000	0.000	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	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	0.000	0.000	
5. Inventory EOP	2.696	2.696	0.000

STOCKPILE COSTS	
1. Storage	0.002
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.002

WRM BUDGET REQUEST	
1. Obligations @ cost	
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

War Reserve Material (WRM)
Department of the Navy
Supply Management - Navy
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2011

STOCKPILE STATUS	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	2.696	2.696	
2. Price Change	0.050	0.050	
3. Reclassification	0.000	0.000	
4. Inventory Changes	0.000	0.000	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	0.000	0.000	0.000
(1). Capitalizations	0.000	0.000	
(2). Gains and losses	0.000	0.000	
(3). Other	0.000	0.000	
5. Inventory EOP	2.746	2.746	0.000

STOCKPILE COSTS	
1. Storage	0.001
2. Management	0.000
3. Maintenance/Other	0.000
Total Cost	0.001

WRM BUDGET REQUEST	
1. Obligations @ cost	
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

Marine Corps Supply

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT- MARINE CORPS
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
February 2010

Mission Statement/Overview:
The Marine Corps Supply Management Activity Group (SMAG) performs inventory management functions that result in the sale of consumable and reparable items to support Department of Defense (DoD), other government, and non-governmental customers' supply needs. Costs related to providing material support to customers are recouped through the application of stabilized rates that include recovery for cost elements such as inventory management and the receipt and issue of assets.

Activity Group Composition:
Portions of the following Marine Corps organizations 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
Consolidated Material and Service Center, Camp Pendleton, CA

Executive Summary

Significant Changes Since the FY 2010 President's Budget:
The Marine Corps Supply Management Activity Group shows no significant changes from the FY 2010 President's Budget.

Budget Highlights:

Operating Results

Revenue/Expense/NOR/AOR ($M)	FY 2009	FY 2010	FY 2011
Net Revenue	119.8	121.6	130.0
Expenses	122.3	121.6	122.3
Net Operating Results	-2.5	0.0	7.6
Prior Year AOR	-5.1	-7.6	-7.6
Accumulated Operating Result (AOR)	-7.6	-7.6	0.0

Note: Amounts may not add due to rounding

Revenue and Expenses: Annual Revenue and Expenses fluctuate slightly across the budget years in relation to sales and obligations. The net result is a balanced budget that achieves a zero AOR in FY 2011.

Cash Management:

Collections/Disbursement/Outlays ($M)	FY 2009	FY 2010	FY 2011
Collections	120.5	114.3	114.0
Disbursements	133.7	118.5	118.2
Outlays	13.1	4.3	4.2

Note: Amounts may not add due to rounding

Collections: FY 2009 Collections are higher due to Direct Support Stock Control (DSSC) continuing to experience an increase in sales as a result of demand for hazardous material to support the operating tempo at Maintenance Centers, Albany and Barstow. FY 2010 and FY 2011 fluctuate slightly across budget years commensurate with sales.

Disbursements: FY 2009 Disbursements are higher solely due to receipt of on order items and completion/receipt of assets from sources of repair earlier than anticipated.

Outlays: Outlays fluctuate across the budget years based on the effects of Collections and Disbursements.

Sales:

Gross Sales	FY 2009	FY 2010	FY 2011
Wholesale	67.3	72.2	82.3
Retail	56.9	55.0	55.4
Provisioning	0.0	2.3	0.3
Total	124.2	129.5	137.9

Note: Amounts may not add due to rounding

Wholesale: FY 2009 Gross Sales decreased due to 1) The Fleet Marine Force (FMF) satisfying some requirements by redistribution of assets among the Reparable Issue Points under the Centralized Secondary Reparable Management concept with total visibility of the assets; 2) The FMF is no longer supporting the Amphibious Assault Vehicle (AAV) in Iraq. Assets were fielded with sufficient spares, which minimized demand to the wholesale system. In FY 2010 and FY 2011 sales increased to support the customer's demand for Light Armored Vehicle General II Suspension, Mine Resistant Ambush Protected Armored Vehicle (MRAP) and the AN/TPS-59 Tactical Missile Defense Radar.

Retail: FY 2009 Gross Sales increased due to customer demands to the DSSCs. The work tempo at Maintenance Centers, Albany and Barstow, has resulted in increased demands to the DSSCs for hazardous materials. Sales remain stable for FY 2010 and FY 2011.

Metrics:

	FY 2009	FY 2010	FY 2011
Items Managed	4,240	4,250	4,250
Requisitions Received	4,475	4,609	4,565
Receipts	1,305	1,344	1,331
Issues	4,619	4,758	4,711
Contracts Executed	41	35	35
Purchase Inflation	1.3%	1.0%	1.3%
Supply Material Availability	85%	85%	85%

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.

	FY 2009	FY 2010	FY 2011
Undelivered Orders ($M)	23.1	23.5	23.8

War Reserve Material (WRM): WRM funding supports the procurement, replenishment, reconstitution, stock and contracted asset availability guarantee of consumable and reparable items deemed necessary for war reserve. No obligational authority is anticipated during this budget cycle.

	FY 2009	FY 2010	FY 2011
War Reserve Material ($M)	0.0	0.0	0.0

Performance Indicators: In addition to core metrics such as net and accumulated operating results, Supply Chain Channel Performance measures the capacity of the supply chain to respond to customer demand.

	FY 2009	FY 2010	FY 2011
Supply Chain Channel Performance	85%	85%	85%
Report of Discrepancy	0%	0%	0%
Report of Discrepancy Processing Time	24	24	24

Unit Cost:

	FY 2009	FY 2010	FY 2011
Wholesale	0.899	0.867	0.840
Retail	0.910	0.981	0.980

Composite Rates:

	FY 2009	FY 2010	FY 2011
Annual Price Change	8.039%	6.353%	5.630%
Composite Cost Recovery Rate (CRR)	24.70%	29.63%	34.69%

The cost recovery rates increase due to higher labor and supplier costs. The Annual Price Change declined as a result of previous AOR gains. A 1% Annual Price Change is equal to approximately $600K.

Staffing:

Civilian/Military ES & Work years	FY 2009	FY 2010	FY 2011
Civilian End Strength	24	24	24
Civilian Work years	24	24	24
Military End Strength	0	0	0
Military Work years	0	0	0

The Civilian and Military staffing remains constant through the budget period.

Capital Investment Program (CIP) Budget Authority:

The Marine Corps Supply Management Activity Group does not have a Capital Investment Program budget.

Source of New Orders and Revenue
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
1. New Orders			
1a. Orders from DoD Components:			
Own Component			
Military Personnel, M.C.	0.000	0.000	0.000
O & M, M.C.	105.275	95.525	107.247
O & M, M.C. Reserve	0.000	0.000	0.000
Reserve Personnel, M.C.	0.000	0.000	0.000
Procurement, M.C.	0.036	2.250	0.250
Other Services (O&M)			
Army	5.437	3.600	3.620
Air Force	0.948	0.905	0.906
Navy	0.085	1.505	1.506
All Other DOD	0.385	0.094	0.095
Subtotal	112.166	103.879	113.624
1b. Orders from other Fund Business Areas:			
Navy Supply Management	0.000	0.000	0.000
M.C. Depot Maintenance	14.970	17.739	17.719
Subtotal	14.970	17.739	17.719
1c. Total DoD	127.136	121.618	131.343
1d. Other Orders:			
Other Federal Agencies	0.240	0.263	0.263
Foreign Military Sales	2.584	4.890	4.890
Non Federal Agencies	0.000	0.000	0.000
Subtotal	2.824	5.153	5.153
1. Total New Orders	129.960	126.771	136.496
2. Carry-In Orders	10.443	16.192	13.486
3. Total Gross Orders:	140.403	142.963	149.982
4. Funded Carry-over:	16.192	13.486	12.077
5. Total Gross Sales:	124.211	129.477	137.905

Revenue and Expenses
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)

	FY 2009	FY 2010	FY 2011
Revenue			
Operations (Gross Sales)	124.175	127.227	137.655
Capital Surcharge	0.000	0.000	0.000
Depreciation except Maj Const	0.000	0.000	0.000
Major Construction Depreciation	0.000	0.000	0.000
Other Income	0.036	2.250	0.250
Refunds/Discounts	(4.416)	(7.902)	(8.021)
Total Income:	119.795	121.575	129.884
Expenses			
Cost of Materiel Sold from Inventory	110.078	108.060	108.689
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel & Compensation & Benefits	2.120	2.287	2.379
Travel & Transportation of Personnel	0.029	0.100	0.100
Materials & Supplies (For internal Operations)	0.000	0.000	0.000
Mobilization	0.000	0.000	0.000
Other Purchases from Revolving Funds	7.904	8.581	8.581
Transportation of Things	0.011	0.100	0.100
Depreciation - Capital	0.000	0.000	0.000
Printing and Reproduction	0.000	0.000	0.000
Advisory and Assistance Services	0.000	0.000	0.000
Rent, Communication, Utilities, & Misc. Charges	0.000	0.000	0.000
Other Purchased Services	2.152	2.447	2.425
Total Expenses:	122.294	121.575	122.274
Operating Result:	(2.499)	0.000	7.610
Less Capital Surcharge Reservation	0.000	0.000	0.000
Plus Appropriations Affecting NOR/AOR - *WRM*	0.000	0.000	0.000
Other Changes Affecting NOR/AOR	0.000	0.000	0.000
Net Operating Result:	(2.499)	0.000	7.610
Other Changes Affecting AOR			
Prior Year AOR	(5.111)	(7.610)	(7.610)
AOR Redistribution	(0.000)	0.000	0.000
Cash Factor	0.000	0.000	0.000
Accumulated Operating Result:	(7.610)	(7.610)	(0.000)

Fuel Data
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)

Depots

	FY 2009 Estimate			FY 2010 Estimate			FY 2011 Estimate		
	BBLS	Unit Cost	$000,000	BBLS	Unit Cost	$000,000	BBLS	Unit Cost	$000,000
Aircraft Ops									
AVGAS (CONUS)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
MOGAS: Unleaded-Mid	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
JP-4 Milspec	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
JP-5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
JP-8	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Distillates	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Residuals	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Diesel	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Air Ops	0.000		0.000	0.000		0.000	0.000		0.000
Other									
AVGAS (CONUS)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
MOGAS: Leaded	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
MOGAS: Unleaded-Mid	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
JP-5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
JP-8	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Distillates	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Residuals	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Gasohol	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reclaimed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Diesel	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other	0.000		0.000	0.000		0.000	0.000		0.000
Ship Ops									
MOGAS: Unleaded - Mid	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
JP-5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Distillates	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Residuals	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reclaimed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Diesel	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Ship Ops	0.000		0.000	0.000		0.000	0.000		0.000
Vehicle Ops									
AVGAS: (CONUS)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Unleaded - Regular	2.006	88.170	176.869	2.655	115.080	305.537	2.250	124.320	279.720
MOGAS: Unleaded-Mid	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
JP-5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
JP-8	1.250	90.200	112.750	2.125	118.020	250.793	1.810	127.260	230.341
Distillates	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Gasohol	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(Ethanol) Reclaimed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
*Bio-Diesel	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Propane	2.099	89.780	188.448	2.714	117.600	319.166	2.406	126.840	305.177
Diesel	3.314	88.170	292.195	4.470	115.330	515.525	4.128	124.320	513.193
Ultra LS (DSS)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Ultra LS (DVD)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Kerosene	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other (CNG)	0.086	90.200	7.757	0.102	118.020	12.038	0.099	127.260	12.599
Total Vehicle Ops	8.755		778.019	12.066		1,403.059	10.693		1,341.030

Supply Management Summary By Division
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
SUMMARY

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2009										
Approved	903.185	115.452	118.598	107.556	0.000	0.000	107.556	35.000	142.556	7.761
Request	1,008.829	125.544	119.795	108.300	0.000	0.000	108.300	0.000	108.300	4.416
Delta	(105.644)	(10.092)	(1.197)	(0.744)	0.000	0.000	(0.744)	35.000	34.256	3.345
FY 2010										
Approved	869.557	121.284	123.258	106.361	0.000	0.000	106.361	35.000	141.361	7.902
Request	960.719	118.869	121.575	108.934	0.000	0.000	108.934	32.743	141.677	7.902
Delta	(91.162)	2.415	1.683	(2.573)	0.000	0.000	(2.573)	2.257	(0.316)	0.000
FY 2011										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	869.940	128.475	129.884	115.668	0.000	0.000	115.668	34.095	149.763	8.021
Delta	(869.940)	(128.475)	(129.884)	(115.668)	0.000	0.000	(115.668)	(34.095)	(149.763)	(8.021)

Supply Management Summary By Division
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2009

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
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	226.319	48.650	49.240	45.172	0.000	0.000	45.172	20.000	65.172	0.100
Request	226.912	53.438	53.641	50.874	0.000	0.000	50.874	0.000	50.874	0.121
Delta	(0.593)	(4.788)	(4.401)	(5.702)	0.000	0.000	(5.702)	20.000	14.298	(0.021)
BP 38										
Approved	0.645	4.894	4.894	4.891	0.000	0.000	4.891	0.000	4.891	0.000
Request	0.021	3.101	3.101	0.778	0.000	0.000	0.778	0.000	0.778	0.000
Delta	0.624	1.793	1.793	4.113	0.000	0.000	4.113	0.000	4.113	0.000
BP 84										
Approved	676.221	61.908	64.464	44.176	0.000	0.000	44.176	15.000	59.176	7.661
Request	781.896	69.005	63.053	44.432	0.000	0.000	44.432	0.000	44.432	4.295
Delta	(105.675)	(7.097)	1.411	(0.256)	0.000	0.000	(0.256)	15.000	14.744	3.366
BP 91										
Approved	0.000	0.000	0.000	13.317	0.000	0.000	13.317	0.000	13.317	0.000
Request	0.000	0.000	0.000	12.216	0.000	0.000	12.216	0.000	12.216	0.000
Delta	0.000	0.000	0.000	1.101	0.000	0.000	1.101	0.000	1.101	0.000
TOTAL										
Approved	903.185	115.452	118.598	107.556	0.000	0.000	107.556	35.000	142.556	7.761
Request	1,008.829	125.544	119.795	108.300	0.000	0.000	108.300	0.000	108.300	4.416
Delta	(105.644)	(10.092)	(1.197)	(0.744)	0.000	0.000	(0.744)	35.000	34.256	3.345

Supply Management Summary By Division
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2010

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
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	226.351	47.458	47.559	46.683	0.000	0.000	46.683	20.000	66.683	0.100
Request	221.939	53.447	53.497	52.442	0.000	0.000	52.442	20.000	72.442	0.100
Delta	4.412	(5.989)	(5.938)	(5.759)	0.000	0.000	(5.759)	0.000	(5.759)	0.000
BP 38										
Approved	0.644	5.176	5.175	5.119	0.000	0.000	5.119	0.000	5.119	0.000
Request	0.018	1.403	1.403	1.403	0.000	0.000	1.403	0.000	1.403	0.000
Delta	0.626	3.773	3.772	3.716	0.000	0.000	3.716	0.000	3.716	0.000
BP 84										
Approved	642.562	68.650	70.524	40.916	0.000	0.000	40.916	15.000	55.916	7.802
Request	738.762	64.019	66.675	41.574	0.000	0.000	41.574	12.743	54.317	7.802
Delta	(96.200)	4.631	3.849	(0.658)	0.000	0.000	(0.658)	2.257	1.599	0.000
BP 91										
Approved	0.000	0.000	0.000	13.643	0.000	0.000	13.643	0.000	13.643	0.000
Request	0.000	0.000	0.000	13.515	0.000	0.000	13.515	0.000	13.515	0.000
Delta	0.000	0.000	0.000	0.128	0.000	0.000	0.128	0.000	0.128	0.000
TOTAL										
Approved	869.557	121.284	123.258	106.361	0.000	0.000	106.361	35.000	141.361	7.902
Request	960.719	118.869	121.575	108.934	0.000	0.000	108.934	32.743	141.677	7.902
Delta	(91.162)	2.415	1.683	(2.573)	0.000	0.000	(2.573)	2.257	(0.316)	0.000

Supply Management Summary By Division
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2011

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 21										
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	212.071	53.871	53.921	52.837	0.000	0.000	52.837	20.000	72.837	0.100
Delta	(212.071)	(53.871)	(53.921)	(52.837)	0.000	0.000	(52.837)	(20.000)	(72.837)	(0.100)
BP 38										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	0.019	1.341	1.341	1.341	0.000	0.000	1.341	0.000	1.341	0.000
Delta	(0.019)	(1.341)	(1.341)	(1.341)	0.000	0.000	(1.341)	0.000	(1.341)	0.000
BP 84										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	657.850	73.263	74.622	46.956	0.000	0.000	46.956	14.095	61.051	7.921
Delta	(657.850)	(73.263)	(74.622)	(46.956)	0.000	0.000	(46.956)	(14.095)	(61.051)	(7.921)
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	14.534	0.000	0.000	14.534	0.000	14.534	0.000
Delta	0.000	0.000	0.000	(14.534)	0.000	0.000	(14.534)	0.000	(14.534)	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	869.940	128.475	129.884	115.668	0.000	0.000	115.668	34.095	149.763	8.021
Delta	(869.940)	(128.475)	(129.884)	(115.668)	0.000	0.000	(115.668)	(34.095)	(149.763)	(8.021)

Operating Requirement by Weapon System Division
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2009

WEAPON SYSTEM BP-84	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
HIGH MOBILITY ARTILLERY ROCKET SYSTEM (HIMARS)		0.232			0.232
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	8.900			10.333	19.233
TOTAL ORDNANCE TANK AUTOMOTIVE	8.900	0.232	0.000	10.333	19.465
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	0.000			0.000	0.000
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.000	0.000	0.000	0.000
REPAIR & TEST EQUIPMENT		0.198			0.198
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	10.480			9.374	19.854
TOTAL COMMUNICATION AND ELECTRONICS	10.480	0.198	0.000	9.374	20.052
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	3.895			0.900	4.795
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	3.895	0.000	0.000	0.900	4.795
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK				0.120	0.120
TOTAL GENERAL PROPERTY	0.000	0.000	0.000	0.120	0.120
TOTAL PROCUREMENT	23.275	0.430	0.000	20.727	44.432
WAR RESERVE			0.000		0.000
TOTAL COST	23.275	0.430	0.000	20.727	44.432

Operating Requirement by Weapon System Division
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2010

WEAPON SYSTEM BP-84	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	8.739			10.652	19.391
TOTAL ORDNANCE TANK AUTOMOTIVE	8.739	0.000	0.000	10.652	19.391
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	0.000			0.000	0.000
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.000	0.000	0.000	0.000
REPAIR & TEST EQUIPMENT		0.250			0.250
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	8.279	0.000		9.374	17.653
TOTAL COMMUNICATION AND ELECTRONICS	8.279	0.250	0.000	9.374	17.903
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	3.260			0.900	4.160
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	3.260	0.000	0.000	0.900	4.160
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK				0.120	0.120
TOTAL GENERAL PROPERTY	0.000	0.000	0.000	0.120	0.120
TOTAL PROCUREMENT	20.278	0.250	0.000	21.046	41.574
WAR RESERVE			0.000		0.000
TOTAL COST	20.278	0.250	0.000	21.046	41.574

Operating Requirement by Weapon System Division
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2011

WEAPON SYSTEM BP-84	BASIC REPLEN	OUTFITS	SPECIAL PROGRAMS	BASIC REWORK	TOTAL
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	13.896			10.411	24.307
TOTAL ORDNANCE TANK AUTOMOTIVE	13.896	0.000	0.000	10.411	24.307
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	0.000			0.000	0.000
TOTAL GUIDED MISSILES AND EQUIPMENT	0.000	0.000	0.000	0.000	0.000
REPAIR & TEST EQUIPMENT		0.250			0.250
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	8.715	0.000		9.776	18.491
TOTAL COMMUNICATION AND ELECTRONICS	8.715	0.250	0.000	9.776	18.741
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK	3.699			0.125	3.824
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	3.699	0.000	0.000	0.125	3.824
					0.000
					0.000
					0.000
BASIC REPLEN/BASIC REWORK				0.084	0.084
TOTAL GENERAL PROPERTY	0.000	0.000	0.000	0.084	0.084
TOTAL PROCUREMENT	26.310	0.250	0.000	20.396	46.956
WAR RESERVE			0.000		0.000
TOTAL COST	26.310	0.250	0.000	20.396	46.956

Inventory Status
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2009

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,009.021	84.288	330.698	594.035
2. BOP INVENTORY ADJUSTMENTS	58.556	3.093	19.133	36.330
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	58.556	3.093	19.133	36.330
C. INVENTORY RECLASSIFIED AND REPRICED	1,067.577	87.381	349.831	630.365
3. RECEIPTS AT STANDARD	126.058	17.332	108.726	0.000
4. SALES AT STANDARD	141.332	0.000	141.332	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(1.660)	(0.012)	4.539	(6.187)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	4.416	0.000	4.416	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	378.693	0.905	44.697	333.091
D. RETURNS TO SUPPLIERS (-)	(25.223)	0.000	0.000	(25.223)
E. TRANSFERS TO PROP. DISPOSAL (-)	(160.833)	0.000	0.000	(160.833)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(30.097)	(17.713)	0.000	(12.384)
G. OTHER (list/explain)	(125.926)	(5.051)	(81.125)	(39.750)
H. TOTAL ADJUSTMENTS	39.370	(21.871)	(27.473)	88.714
6. INVENTORY EOP	1,091.673	82.842	289.752	719.079
7. INVENTORY EOP, REVALUED	693.888	70.405	274.136	349.347
A. ECONOMIC RETENTION (memo)				34.869
B. CONTINGENCY RETENTION (memo)				110.994
C. POTENTIAL DOD EXCESS (memo)				148.733
8. INVENTORY ON ORDER EOP (memo)	54.789	2.000	48.904	3.885

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(125.926)	(5.051)	(81.125)	(39.750)
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Total	(125.926)	(5.051)	(81.125)	(39.750)

Inventory Status
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2010

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,091.671	82.842	289.750	719.079
2. BOP INVENTORY ADJUSTMENTS	48.008	2.999	15.043	29.966
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	48.008	2.999	15.043	29.966
C. INVENTORY RECLASSIFIED AND REPRICED	1,139.679	85.841	304.793	749.045
3. RECEIPTS AT STANDARD	84.935	2.000	82.935	0.000
4. SALES AT STANDARD	143.745	0.000	143.745	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	2.074	0.000	2.074	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT +	7.902	0.000	7.902	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	99.839	0.000	20.898	78.941
D. RETURNS TO SUPPLIERS (-)	(17.300)	0.000	0.000	(17.300)
E. TRANSFERS TO PROP. DISPOSAL (-)	(102.500)	0.000	0.000	(102.500)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(14.165)	0.000	0.000	(14.165)
G. OTHER (list/explain)	(8.159)	0.000	(11.183)	3.024
H. TOTAL ADJUSTMENTS	(32.309)	0.000	19.691	(52.000)
6. INVENTORY EOP	1,048.560	87.841	263.674	697.045
7. INVENTORY EOP, REVALUED	608.573	67.466	239.981	301.126
A. ECONOMIC RETENTION (memo)				34.988
B. CONTINGENCY RETENTION (memo)				109.001
C. POTENTIAL DOD EXCESS (memo)				144.546
8. INVENTORY ON ORDER EOP (memo)	47.514	0.000	43.629	3.885

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(8.159)	0.000	(11.183)	3.024
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Total	(8.159)	0.000	(11.183)	3.024

Inventory Status
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2011

	Total	Mobilization	---- Peacetime ---- Operating	Other
1. INVENTORY BOP	1,048.560	87.841	263.674	697.045
2. BOP INVENTORY ADJUSTMENTS	(20.886)	0.519	(6.276)	(15.129)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	(20.886)	0.519	(6.276)	(15.129)
C. INVENTORY RECLASSIFIED AND REPRICED	1,027.674	88.360	257.398	681.916
3. RECEIPTS AT STANDARD	99.457	0.000	99.457	0.000
4. SALES AT STANDARD	152.268	0.000	152.268	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	2.074	0.000	2.074	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT +	8.021	0.000	8.021	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	97.455	0.000	37.151	60.304
D. RETURNS TO SUPPLIERS (-)	(16.000)	0.000	0.000	(16.000)
E. TRANSFERS TO PROP. DISPOSAL (-)	(98.000)	0.000	0.000	(98.000)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(4.855)	0.000	0.000	(4.855)
G. OTHER (list/explain)	(5.258)	0.000	(10.922)	5.664
H. TOTAL ADJUSTMENTS	(16.563)	0.000	36.324	(52.887)
6. INVENTORY EOP	958.300	88.360	240.911	629.029
7. INVENTORY EOP, REVALUED	605.176	69.153	222.388	313.635
A. ECONOMIC RETENTION (memo)				36.686
B. CONTINGENCY RETENTION (memo)				113.790
C. POTENTIAL DOD EXCESS (memo)				150.569
8. INVENTORY ON ORDER EOP (memo)	52.121	0.000	48.236	3.885

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Operating	Other
Other Gains/Losses	(5.258)	0.000	(10.922)	5.664
K3 Adjust	0.000	0.000	0.000	0.000
SIT Change	0.000	0.000	0.000	0.000
Strata Transfers	0.000	0.000	0.000	0.000
Total	(5.258)	0.000	(10.922)	5.664

SM-5b

Customer Price Change
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)

	FY 2009	FY 2010	FY2011
1. NET SALES AT COST	58.813	60.517	61.098
2. LESS: MAT'L INFLATION ADJ.	1.174	1.361	1.000
3. REVISED NET SALES	57.639	59.156	60.098
4. SURCHARGE ($)	14.524	17.934	21.195
5. CHANGE TO CUSTOMERS			
a. PREVIOUS YEAR'S SURCHARGE (%)	0.178	0.247	0.296
b. THIS YEAR'S SURCHARGE AND MATERIAL INFLATION DIVIDED BY LINE 3 ABOVE ($)	0.272	0.326	0.369
c. PERCENT CHANGE TO CUSTOMER	8.04%	6.35%	5.63%

War Reserve Material
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2009

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	84.288	84.288	0.000
2. PRICE CHANGE	3.093	3.093	0.000
3. RECLASSIFICATION	87.381	87.381	0.000
INVENTORY CHANGES			
a. RECEIPTS @ STD	17.332	17.332	0.000
(1) PURCHASES	17.332	17.332	0.000
(2) RETURNS FROM CUSTOMERS	0.000	0.000	0.000
b. ISSUES @ STD	0.000	0.000	0.000
(1) SALES	0.000	0.000	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.000	0.000	0.000
c. ADJUSTMENTS @ STD	(21.871)	(21.871)	0.000
(1) CAPITALIZATIONS	0.000	0.000	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	(21.871)	(21.871)	0.000
INVENTORY EOP	82.842	82.842	0.000

STOCKPILE COSTS

1. STORAGE	0.000	0.000	0.000
2. MANAGEMENT	0.000	0.000	0.000
3. MAINTENANCE/OTHER	0.000	0.000	0.000
TOTAL COST	0.000	0.000	0.000

WRM BUDGET REQUEST

1. OBLIGATIONS @ COST			
a. ADDITIONAL WRM INVESTMENT	0.000	0.000	0.000
b. REPLEN/REPAIR WRM REINVEST	0.000	0.000	0.000
c. STOCK ROTATION/OBSOLESCENCE	0.000	0.000	0.000
d. ASSEMBLE/DISASSEMBLE	0.000	0.000	0.000
e. OTHER	0.000	0.000	0.000
TOTAL REQUEST	0.000	0.000	0.000

War Reserve Material
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2010

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	82.842	82.842	0.000
2. PRICE CHANGE	2.999	2.999	0.000
3. RECLASSIFICATION	85.841	85.841	0.000
INVENTORY CHANGES			
a. RECEIPTS @ STD	2.000	2.000	0.000
(1) PURCHASES	2.000	2.000	0.000
(2) RETURNS FROM CUSTOMERS	0.000	0.000	0.000
b. ISSUES @ STD	0.000	0.000	0.000
(1) SALES	0.000	0.000	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.000	0.000	0.000
c. ADJUSTMENTS @ STD	0.000	0.000	0.000
(1) CAPITALIZATIONS	0.000	0.000	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	0.000	0.000	0.000
INVENTORY EOP	87.841	87.841	0.000

STOCKPILE COSTS

1. STORAGE	0.000	0.000	0.000
2. MANAGEMENT	0.000	0.000	0.000
3. MAINTENANCE/OTHER	0.000	0.000	0.000
TOTAL COST	0.000	0.000	0.000

WRM BUDGET REQUEST

1. OBLIGATIONS @ COST			
a. ADDITIONAL WRM INVESTMENT	0.000	0.000	0.000
b. REPLEN/REPAIR WRM REINVEST	0.000	0.000	0.000
c. STOCK ROTATION/OBSOLESCENCE	0.000	0.000	0.000
d. ASSEMBLE/DISASSEMBLE	0.000	0.000	0.000
e. OTHER	0.000	0.000	0.000
TOTAL REQUEST	0.000	0.000	0.000

War Reserve Material
Department of the Navy
Supply Management - Marine Corps
Fiscal Year (FY) 2011 Budget Estimates - February 2010
($ in Millions)
FY 2011

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	87.841	87.841	0.000
2. PRICE CHANGE	0.519	0.519	0.000
3. RECLASSIFICATION	88.360	88.360	0.000
INVENTORY CHANGES			
a. RECEIPTS @ STD	0.000	0.000	0.000
(1) PURCHASES	0.000	0.000	0.000
(2) RETURNS FROM CUSTOMERS	0.000	0.000	0.000
b. ISSUES @ STD	0.000	0.000	0.000
(1) SALES	0.000	0.000	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.000	0.000	0.000
c. ADJUSTMENTS @ STD	0.000	0.000	0.000
(1) CAPITALIZATIONS	0.000	0.000	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	0.000	0.000	0.000
INVENTORY EOP	88.360	88.360	0.000

STOCKPILE COSTS

1. STORAGE	0.000	0.000	0.000
2. MANAGEMENT	0.000	0.000	0.000
3. MAINTENANCE/OTHER	0.000	0.000	0.000
TOTAL COST	0.000	0.000	0.000

WRM BUDGET REQUEST

1. OBLIGATIONS @ COST			
a. ADDITIONAL WRM INVESTMENT	0.000	0.000	0.000
b. REPLEN/REPAIR WRM REINVEST	0.000	0.000	0.000
c. STOCK ROTATION/OBSOLESCENCE	0.000	0.000	0.000
d. ASSEMBLE/DISASSEMBLE	0.000	0.000	0.000
e. OTHER	0.000	0.000	0.000
TOTAL REQUEST	0.000	0.000	0.000