

DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2014
BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES
APRIL 2013

NAVY WORKING CAPITAL FUND

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NAVY WORKING CAPITAL FUND (NWCF)

The NWCF is a revolving fund that finances Department of the Navy (DON) activities providing products and services on a reimbursable basis, based on a customer-provider relationship between operating units and NWCF 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 for-profit commercial businesses, NWCF activities strive to break even over the budget cycle.

NWCF activity groups comprise five primary areas: Supply Management, Depot Maintenance, Research and Development, Base Support and Transportation. The wide range of goods and services provided by NWCF activities are crucial to the DON's conventional and irregular warfare capabilities as well as its ongoing roles in Overseas Contingency Operations (OCO). The value of goods and services provided by NWCF activities in FY 2014 is projected to be approximately \$29.5 billion.

The FY 2014 budget estimates build on savings initiatives implemented in FY 2012 and continued in FY 2013 and incorporate additional business process improvements such as data center consolidation, whereby the Navy will reduce the number of data centers, thereby eliminating redundant and underutilized resources.

Supply Management



Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, repairables, and consumables to a wide variety of customers. A key component of the logistics capability area, Supply Management is the central element assuring DON and Department of Defense (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 contingency. Ensuring the right material is provided at the proper place, time, and cost is vital to equipping and sustaining Navy and Marine Corps warfighting units.

Supply Management also supports contracting, resale, transportation, food service, and other quality of life programs. Costs related to supplying material to customers are recouped through stabilized rate recovery elements.

FY 2014 budget estimates reflect the impact of a number of cost and overhead reduction initiatives such as the reduction of supply related information technology and inventory costs through the use of Navy Enterprise Resource Planning (ERP). Further, previously identified and projected changes into FY 2014 remain on track for both the F/A-18 Flight Control Surface and C-2A Outer Wing Panel inspection and replacement initiatives driven by service life extensions and life-limit restrictions. Both Navy and Marine Corps Supply budget estimates balance cost reduction efforts with global operational requirements, while accounting for lead time and operation tempo in support of warfighting units.

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. As a result, deployed and soon-to-deploy units have the battle-ready items they need to fight and win ongoing OCO engagements and 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. Contractors are used to supplement the organic workforce during workload peaks.

Workload at the Marine Corps Depots in FY 2014 includes the strategic reset of the Marine Corps Operation Enduring Freedom ground equipment set following sustained combat operations. This work will entail extensive repair to bring

equipment to near zero miles/zero hours condition as part of the Marine Corps' larger reconstitution effort. The impacts of the changing force levels associated with OCO continue to develop and will have an impact on depot maintenance operations.

Research and Development

Research and Development (R&D) 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. These efforts are key to the success of DON and DoD operations now and in the future. Other areas where the R&D activities make major contributions are battle-space awareness, net-centric operations (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 continue to implement improvements and greater standardization thereby contributing to the progression of overall acquisition process and execution improvements.



Certain R&D activities support logistics 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 is vital to ensuring the necessary mission capabilities of the operating forces.

- Space and Naval Warfare System Centers provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of systems that connect different platforms
 - Naval Air Warfare Center provides support for carrier and land-based aircraft, engines, avionics, aircraft support systems and ship/shore/air operations.
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- 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 NWCF portion of Naval Facilities Engineering and Expeditionary Warfare Center (NAVFAC EXWC), formerly known as 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, vehicle and equipment services, facility support contracting oversight, and building/ facilities sustainment and recapitalization services. In order to achieve facility energy and utility distribution system efficiencies and reduce the DON's overall energy consumption levels, the FECs will continue to implement steam plant production and distribution improvements, chiller plant replacements with high efficiency systems, and installation of network wide digital control and monitoring systems. The NWCF portion of NAVFAC EXWC supports combatant capabilities and sustainable facilities through specialized engineering and technology development. 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. The increase in costs in the Base Support area from FY 2013 to FY 2014 is primarily due to the FECs increasing their facilities sustainment funding, which consists mostly of critical utility infrastructure and equipment that support the Warfighter's mission and operational capabilities.

Transportation

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.

Transportation is the responsibility of the Military Sealift Command (MSC) whose major clients include the fleets, Naval Sea Systems Command, and Space and Naval Warfare Systems Command. The five programs budgeted by MSC through the



NWCF are: 1) Combat Logistics Force, which provides support using civilian mariner manned non-combatant ships for underway material support; 2) Service Support, which provides support using civilian mariner manned non-combatant ships with towing, rescue and salvage, submarine support and cable laying and repair services, as well as a command and control platform and floating medical

facilities; 3) Special Mission Ships, which provide unique seagoing contract-operated platforms in the areas of oceanographic and hydrographic surveys, underwater surveillance, missile tracking, acoustic surveys, and submarine and special warfare support and contracted harbor tugs; 4) Afloat Prepositioning Force Navy, which deploys advance material for strategic lift in support of the Marine Expeditionary Forces; and 5) Joint High Speed Vessels (JHSV), which is a cooperative effort for a high-speed, shallow draft vessel intended for rapid intra-theater transport of medium sized cargo payloads.

NWCF Cash

The DON's goal is to maintain the cash balance in the seven to ten day range based on the average daily expenditure rate for two fiscal years plus a six month projection of outlays to procure capital investments. The cash forecast of collections and disbursements considers cyclical timing (e.g., 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 primarily from the return of excess accumulated operating results for prior year gains/losses.



	(Dollars in millions)		
<u>New Orders</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	6,915.6	6,139.2	6,125.1
Supply - Marine Corps	129.4	142.3	151.2
Depot Maintenance - Aircraft	2,295.0	2,052.7	2,130.0
Depot Maintenance - Marine Corps	520.7	588.2	575.5
R&D - Air Warfare Center	4,201.1	4,333.7	4,466.6
R&D - Surface Warfare Center	3,979.7	4,540.9	4,444.6
R&D - Undersea Warfare Center	1,149.8	1,286.5	1,232.7
R&D - SPAWAR Systems Center	2,361.7	2,730.9	2,729.4
R&D - Naval Research Laboratory	796.5	720.4	729.4
Transportation - MSC	3,030.1	3,101.5	2,539.0
Base Support - FECs	2,989.6	3,141.9	3,300.0
Base Support - EXWC	89.0	86.5	86.7
Totals	28,458.2	28,864.7	28,510.2

	(Dollars in millions)		
<u>Revenue</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	6,782.0	6,546.3	6,627.7
Supply - Marine Corps	140.3	147.1	143.7
Depot Maintenance - Aircraft	2,298.5	2,247.5	2,153.5
Depot Maintenance - Marine Corps	585.9	582.5	563.0
R&D - Air Warfare Center	4,226.7	4,521.0	4,553.8
R&D - Surface Warfare Center	3,998.1	4,481.7	4,448.8
R&D - Undersea Warfare Center	1,152.7	1,238.3	1,174.8
R&D - SPAWAR Systems Center	2,465.0	2,772.4	2,792.8
R&D - Naval Research Laboratory	757.1	727.9	731.0
Transportation - MSC	2,980.3	3,101.5	2,539.0
Base Support - FECs	2,994.8	3,210.8	3,314.0
Base Support - EXWC	88.0	84.6	84.2
Totals	28,469.4	29,661.6	29,126.3



Cost of Goods Sold: (Operating)

Total operating obligations for supply functions and cost of goods and services sold for industrial functions are as follows:

	(Dollars in millions)		
<u>Operating Costs</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	7,012.5	6,933.9	6,564.2
Supply - Marine Corps	118.4	149.4	148.3
Depot Maintenance - Aircraft	2,290.3	2,253.9	2,160.8
Depot Maintenance - Marine Corps	582.2	589.3	568.7
R&D - Air Warfare Center	4,271.6	4,519.9	4,562.7
R&D - Surface Warfare Center	4,048.7	4,489.0	4,550.5
R&D - Undersea Warfare Center	1,155.2	1,239.4	1,186.5
R&D - SPAWAR Systems Center	2,454.4	2,772.0	2,807.5
R&D - Naval Research Laboratory	736.7	749.1	756.1
Transportation - MSC	2,924.6	2,899.1	2,850.1
Base Support - FECs	3,018.7	3,120.2	3,266.8
Base Support - EXWC	87.4	84.3	85.0
Totals	28,700.7	29,799.5	29,507.2

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)		
<u>Net Operating Results</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	108.0	-99.5	-54.2
Supply - Marine Corps	-4.1	0.9	-3.8
Depot Maintenance - Aircraft	8.2	-6.4	-7.3
Depot Maintenance - Marine Corps	-2.9	-9.0	-7.0
R&D - Air Warfare Center	-44.9	1.1	-8.9
R&D - Surface Warfare Center	-50.6	-7.2	-101.7
R&D - Undersea Warfare Center	-2.6	-1.2	-11.7
R&D - SPAWAR Systems Center	5.8	-1.4	-16.2
R&D - Naval Research Laboratory	20.5	-21.2	-25.0
Transportation - MSC	55.7	202.4	-311.1
Base Support - FECs	-23.9	90.6	47.1
Base Support - EXWC	0.6	0.3	-0.8
Totals	69.8	149.4	-500.6



(Dollars in millions)			
<u>Accumulated Operating Results</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	153.7	54.2	0.0
Supply - Marine Corps	3.0	3.8	0.0
Depot Maintenance - Aircraft	13.6	7.2	0.0
Depot Maintenance - Marine Corps	16.0	7.0	0.0
R&D - Air Warfare Center	7.8	8.9	0.0
R&D - Surface Warfare Center	109.0	101.7	0.0
R&D - Undersea Warfare Center	12.9	-11.7	0.0
R&D - SPAWAR Systems Center	17.6	16.2	0.0
R&D - Naval Research Laboratory	46.2	25.0	0.0
Transportation - MSC	127.2	313.3	0.0
Base Support - FECs	-137.7	-47.1	0.0
Base Support - EXWC	0.5	0.8	0.0
Totals	369.8	479.3	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 per diem (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:

<u>Workload</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	-4.1%	1.2%
Supply - Marine Corps	-10.5%	-2.3%
Depot Maintenance - Aircraft	3.7%	-4.7%
Depot Maintenance - Marine Corps	2.4%	0.3%
R&D - Air Warfare Center	-14.2%	0.7%
R&D - Surface Warfare Center	-2.2%	-2.9%
R&D - Undersea Warfare Center	1.1%	0.3%
R&D - SPAWAR Systems Center	0.0%	-0.1%
R&D - Naval Research Laboratory	-1.3%	0.0%
Transportation - MSC	0.4%	-1.0%
Base Support - FECs	3.4%	4.7%
Base Support - EXWC	-2.5%	-1.0%





(Dollars in millions)			
<u>Treasury Cash</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Beginning Cash Balance	1,247.8	1,334.6	1,669.7
Collections	28,241.2	29,765.5	29,235.7
Disbursements	28,193.7	29,590.9	29,674.4
Consumable Item Transfer	39.3	160.5	11.7
Ending Cash Balance	1,334.6	1,669.7	1,242.8



Customer Rate Changes:

Approved composite rate changes from FY 2011 to FY 2012 and from FY 2012 to FY 2013 are displayed below. Composite rate changes from FY 2013 to FY 2014 (designed to achieve an accumulated operating result of zero) are as follows:

<u>Customer Rate Change</u>	(Percent Change)		
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply:			
Navy - Aviation Consumables	3.6%	-4.2%	0.2%
Navy - Shipboard Consumables	-2.2%	1.0%	-0.1%
Navy - Aviation Repairables	1.0%	3.4%	-0.6%
Navy - Shipboard Repairables	-2.2%	1.0%	2.6%
MARCORPS Repairables	-4.6%	-2.9%	-0.9%
Depot Maintenance - Aircraft	0.0%	0.2%	0.2%
Depot Maintenance - Marine Corps	-5.4%	3.1%	-2.8%
R&D - Air Warfare Center	-2.0%	2.5%	1.9%
R&D - Surface Warfare Center	-3.5%	2.8%	0.3%
R&D - Undersea Warfare Center	-2.9%	1.3%	-0.8%
R&D - SPAWAR Systems Center	2.0%	1.6%	1.9%
R&D - Naval Research Laboratory	0.6%	0.4%	1.8%
Transportation - MSC			
Combat Logistics Force	3.1%	11.7%	-7.6%
Special Mission Ships	N/A	17.2%	-38.4%
Afloat Prepositioning Ships	17.2%	-17.5%	-20.5%
Service Support Ships	N/A	N/A	N/A
Joint High Speed Vessels	N/A	-6.4%	N/A
Base Support - FECs			
East Coast Utilities	-0.8%	10.4%	-8.4%
East Coast - Other	1.8%	1.8%	-6.3%
West Coast Utilities	1.8%	13.8%	24.7%
West Coast - Other	1.8%	1.8%	-5.2%
Base Support - EXWC	-0.3%	1.3%	-0.1%

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.

<u>Unit Cost</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy (cost per unit of sales ¹):			
Wholesale	\$1.051	\$1.076	\$0.987
Retail	\$0.962	\$1.001	\$1.001
Supply - Marine Corps (cost per unit of sales ¹):			
Wholesale	\$0.833	\$0.970	\$0.968
Retail	\$0.856	\$0.960	\$0.992
Depot Maintenance - Aircraft (\$/Direct Labor Hour)	\$202.28	\$193.50	\$194.66
Depot Maintenance - Marine Corps (\$/Direct Labor Hour)	\$128.20	\$127.21	\$122.40
R&D - Air Warfare Center (\$/Direct Labor Hour ²)	\$106.87	\$103.83	\$105.20
R&D - Surface Warfare Center (\$/Direct Labor Hour ²)	\$96.65	\$100.11	\$101.90
R&D - Undersea Warfare Center (\$/Direct Labor Hour ²)	\$98.88	\$101.31	\$98.58
R&D - SPAWAR Systems Center (\$/Direct Labor Hour ²)	\$102.34	\$107.34	\$108.02
R&D - Naval Research Laboratory (\$/Direct Labor Hour ²)	\$137.88	\$151.19	\$152.82
Transportation - MSC			
Combat Logistics Force (\$/day)	\$107,804.00	\$119,836.00	\$110,685.00
Special Mission Ships (\$/day)	\$55,425.00	\$59,536.00	\$36,699.00
Afloat Prepositioning Ships (\$/day)	\$72,282.00	\$61,977.00	\$49,256.00
Service Support Ships (\$/day)	NA	NA	\$63,112.00
Joint High Speed Vehicles	NA	\$60,000.00	NA
Base Support - FECs Cost of Services	Various	Various	Various
Base Support - EXWC (\$/direct Labor Hour ²)	\$113.42	\$98.72	\$98.86

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)		
<u>Civilian End Strength</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	6,743	6,989	7,014
Supply - Marine Corps	26	27	27
Depot Maintenance - Aircraft	8,748	8,634	8,442
Depot Maintenance - Marine Corps	1,970	2,104	2,056
R&D - Air Warfare Center	13,274	13,245	13,211
R&D - Surface Warfare Center	16,234	15,485	15,481
R&D - Undersea Warfare Center	4,669	4,727	4,722
R&D - SPAWAR Systems Center	7,715	7,607	7,618
R&D - Naval Research Laboratory	2,531	2,585	2,585
Transportation - MSC	6,725	6,855	6,747
Base Support - FECs	10,041	10,164	10,180
Base Support - EXWC	397	402	402
Totals	79,073	78,824	78,485

	(Workyears in Whole Numbers)		
<u>Civilian Workyears</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	6,740	6,948	7,009
Supply - Marine Corps	26	27	27
Depot Maintenance - Aircraft	8,845	8,677	8,629
Depot Maintenance - Marine Corps	2,180	2,119	2,090
R&D - Air Warfare Center	13,037	12,998	12,963
R&D - Surface Warfare Center	16,045	15,762	15,345
R&D - Undersea Warfare Center	4,615	4,680	4,683
R&D - SPAWAR Systems Center	7,368	7,511	7,530
R&D - Naval Research Laboratory	2,469	2,490	2,490
Transportation - MSC	9,073	8,892	9,077
Base Support - FECs	10,014	10,062	10,106
Base Support - EXWC	399	401	401
Totals	80,811	80,567	80,350



(Strength in Whole Numbers)

<u>Military End Strength</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	364	364	364
Supply - Marine Corps	0	0	0
Depot Maintenance - Aircraft	109	120	121
Depot Maintenance - Marine Corps	13	13	10
R&D - Air Warfare Center	170	235	235
R&D - Surface Warfare Center	209	176	173
R&D - Undersea Warfare Center	42	44	44
R&D - SPAWAR Systems Center	73	78	77
R&D - Naval Research Laboratory	54	59	58
Transportation - MSC	418	185	184
Base Support - FECs	78	78	78
Base Support - EXWC	3	3	3
Totals	1,533	1,355	1,347

(Workyears in Whole Numbers)

<u>Military Workyears</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply - Navy	364	364	364
Supply - Marine Corps	0	0	0
Depot Maintenance - Aircraft	97	120	121
Depot Maintenance - Marine Corps	1	13	10
R&D - Air Warfare Center	167	162	162
R&D - Surface Warfare Center	215	173	174
R&D - Undersea Warfare Center	40	39	39
R&D - SPAWAR Systems Center	81	78	77
R&D - Naval Research Laboratory	61	59	58
Transportation - MSC	354	185	184
Base Support - FECs	77	78	78
Base Support - EXWC	3	3	3
Totals	1,460	1,274	1,270



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, support DoD strategic goals and performance measures. Key financial/program indicators include: Net Operating Results (NOR), Accumulated Operating Results (AOR), Sources of Revenue, NWCF Cash, Manpower Staffing, Unit Cost, Cost of Goods Sold, and Capital Investment Program.

Department of Defense Strategic goals					
	#1: Prevail in today's wars	#2: Prevent and deter conflict	#3: Prepare to defeat adversaries and succeed in a wide range of contingencies	#4: Preserve and enhance the all volunteer force	#5: Reform the business and support functions of the defense enterprise
Depot Maintenance	Repair, overhaul, and maintain: aircraft, engines, components, combat vehicles, and other equipment primarily for DoN, DOD, and other federal customers.				
Research & Development	Provide full spectrum Research, Development, Acquisition, Test, and Evaluation support primarily for DoN, DOD, and other federal customers. Includes in-service engineering for and technical support of: aircraft & weapons systems; surface and undersea warfare combat systems; ordnance / mine systems; energetics systems; sonar systems; and command, control, and communications systems. Provide test range assessments and conduct scientific research and development projects.				
Transportation	Provide sealift services and support primarily to DoN, DoD, and other federal customers.				
Base Support	Provide quality public works services and technical support primarily to DoN, DoD, and other federal customers. Includes: utilities services, facilities sustainment, transportation support, engineering/design/construction support, and environmental services.				
Supply	Perform inventory management functions resulting in the sale of aviation and shipboard components as well as other consumable items primarily to DoN, DOD, and other federal customers.				

April 2013



(Dollars in Millions)				
<u>Capital Purchase Program</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>Chg FY 13/14</u>
Supply - Navy	6.0	4.3	5.0	0.7
Supply - Marine Corps	0.0	0.0	0.0	0.0
Depot Maintenance - Aircraft	42.1	41.6	45.9	4.3
Depot Maintenance - Marine Corps	8.8	10.4	10.0	-0.4
R&D - Air Warfare Center	41.8	45.3	41.9	-3.4
R&D - Surface Warfare Center	34.3	36.3	39.0	2.7
R&D - Undersea Warfare Center	16.2	15.9	13.3	-2.6
R&D - SPAWAR Systems Center	14.9	10.8	9.7	-1.1
R&D - Naval Research Laboratory	10.3	16.2	18.3	2.1
Transportation - MSC	13.5	22.5	11.5	-11.0
Base Support - FECs	16.5	19.3	17.6	-1.7
Base Support - EXWC	0.0	0.0	0.0	0.0
Totals	204.4	222.6	212.2	-10.4



April 2013

**SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)**

	<u>Revenue 3-Year Average</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	<u>09-11</u>	<u>10-12</u>	<u>11-13</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue							<u>6%</u>	<u>6%</u>	<u>6%</u>
Working Capital Fund	2,769.6	2,758.4	2,840.7	529.9	356.6	425.2			
Appropriations	<u>3,973.2</u>	<u>4,025.3</u>	<u>4,110.7</u>						
Total Revenue	6,742.8	6,783.7	6,951.4						
							404.6	407.0	417.1
Working Capital Fund Depot Maintenance Investment									
Facilities Restoration and Modernization				29.4	17.1	30.9			
Purchases for Modernization of Equipment				14.7	12.5	14.5			
Capital Investment Program				50.9	52.0	55.9			
Total WCF Investment				95.0	81.6	101.3			
Appropriated Funding									
Facilities Restoration and Modernization				145.8	105.6	96.8			
Purchases for Modernization of Equipment				76.8	88.2	77.8			
Capital Investment Program (OPN, Navy)				48.2	48.5	32.6			
Military Construction (MILCON)				<u>164.1</u>	<u>32.7</u>	<u>116.7</u>			
Total Appropriated Funding				434.9	275.0	323.9			
Component Total				529.9	356.6	425.2	<u>Budget Minus Six Percent of</u>		
							<u>Revenue Difference</u>		
							125.3	-50.5	8.1
							7.9%	5.3%	6.1%

The table above reflects data for the Department of the Navy. The six percent threshold is applicable at the DoN level, to include Working Capital Fund and appropriated fund activities. As a result of the FY 2013 Continuing Resolution, the FY 2013 column above reflects data from the FY 2013 President's Budget. FY 2013 will be updated to reflect any changes as a result of conclusion of congressional legislation. Detail for each NWCF activity are contained in their respective sections.

TAB 1 - Fleet Readiness Centers

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**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS**

ACTIVITY GROUP FUNCTION

The Fleet Readiness Centers (FRCs) provide responsive worldwide maintenance, engineering, and logistics support to the Naval Aviation Enterprise (NAE). The FRCs ensure a core industrial resource base essential for mobilization, repair of aircraft, engines, and components, and manufacture of 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

<u>Activities</u>	<u>Location</u>
FRC, EAST	Cherry Point, NC
FRC, SOUTHEAST	Jacksonville, FL
FRC, SOUTHWEST	San Diego, CA

BUDGET HIGHLIGHTS

Efficiencies and Cost Reductions

The FRCs' FY 2014 budget estimates reflect the impact of a number of efforts to improve business processes, reduce overhead costs via operational efficiencies, and other cost reductions to include: implementation of a new project management structure for industrial operations, organizational changes, and streamlining workflow tracking and material routing. The impact of these efforts on current budget estimates is an annual cost reduction of approximately \$19M in FY 2013 and \$15M in FY 2014.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
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Summary of Operations – Fleet Readiness Centers

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Orders	\$2,295.0	\$2,052.7	\$2,130.0
Revenue	\$2,298.5	\$2,247.5	\$2,153.5
Cost of Goods and Services	\$2,290.3	\$2,253.9	\$2,160.7
Net Operating Result (NOR)	\$8.2	-\$6.4	-\$7.2
Accumulated Operating Result (AOR)	\$13.6	\$7.2	\$0

In order to ensure achievement of zero AOR in FY 2014, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2013 President's Budget to reflect all known pricing and program/workload assumptions.

Orders- New Reimbursable Orders for FY 2012, FY 2013, and FY2014 show changes between fiscal years. The decrease in FY 2013 is primarily related to Engines (F-414 and J-52) and Airframes (H-53, FA-18, E-2C, and P-3) workload. The slight increase in FY 2014 is primarily related to projected Components workload.

Revenue- Revenue for FY 2013 and FY 2014 is consistent with updated estimates of new reimbursable orders.

Cost of Goods & Services Sold- Cost of Goods and Services Sold for FY 2013 and FY 2014 is consistent with updated estimates of new reimbursable orders and revenue.

Net Operating Results- Revenue less cost of goods and services sold for FY 2012, FY 2013, and FY 2014 is \$8.2M, -\$6.4M, and -\$7.2M, respectively. FY 2012 NOR improved over the FY 2013 President's Budget due to Overseas Contingency Operations (OCO) funding received and efficiencies and cost reduction measures being implemented by the FRCs. FY 2013 NOR is impacted by the efficiencies and cost reduction measures being implemented by the FRCs. FY 2014 NOR is set to achieve zero AOR.

Some totals may not add due to rounding.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
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Net Outlays- Net outlays are -\$76.1M in FY 2012, \$11.2M in FY 2013, and \$3.6M in FY 2014.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Disbursements	\$2,221.3	\$2,245.3	\$2,165.5
Collections	\$2,297.4	\$2,234.1	\$2,161.9
Net Outlays	-\$76.1	\$11.2	\$3.6

Stabilized Customer Rates-
(in whole \$)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Composite Hourly Rate	\$192.92	\$193.26	\$198.18
Percent Year to Year Change		0.2%	2.5%

The FY 2014 Composite Hourly Rate reflects an increase of \$4.92 from FY 2013. A substantial portion of the increase to the Composite Hourly Rate is due to Restoration & Modernization (R&M) efforts at several FRC sites. The R&M effort at the FRCs is also a component of the 6% Depot investment requirement and is included in the overall Department of Navy 6% investment requirement. The rate change incorporates adjustments in direct workload, as well as overhead adjustments in support of efficiencies, planned cost reductions, and direct efforts.

Unit Cost Goals- The budget reflects the following FY 2012-2014 unit cost goals:
(DLHs in Millions)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Total Operating Cost	\$2,271.99	\$2,253.66	\$2,161.15
Direct Labor Hours (DLH)	11.232	11.647	11.102
Unit Cost (in whole \$)	\$202.28	\$193.50	\$194.66
% Change Workload/DLHs		3.7%	-4.7%
% Change Unit Cost		-4.3%	0.6%

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

Some totals may not add due to rounding.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - FLEET READINESS CENTERS
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SUMMARY OF PERSONNEL RESOURCES

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian Personnel:			
End Strength	8,748	8,634	8,442
Full Time Equivalent (FTE) Workyears	8,845	8,677	8,629
Military Personnel:			
End Strength	109	120	121
Workyears	97	120	121
Contractor Personnel:			
Workyears	837	1,516	1,278

The FRC budget reflects civilian workforce levels necessary to accommodate firm workload requirements without the use of excessive overtime. Contractor personnel are used by the FRCs to support fluctuations in workload. This submission reflects reductions in civilian end strength and contractor workyears commensurate with the efficiencies and cost reduction initiatives being taken by the FRCs. The military workforce levels are projected to be stable.

SUMMARY OF WORKLOAD INDICATORS:

(Inducted Units)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
AIRFRAMES	473	416	347
O&M,N	417	360	304
O&M,NR	29	17	19
RDT&E	12	18	12
Other	15	21	12
ENGINES	1,920	1,159	1,104
O&M,N	1,826	1,073	1,081
O&M,NR	11	9	6
RDT&E	14	12	12
Other	69	65	5

Some totals may not add due to rounding.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
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PERFORMANCE INDICATORS:

(Units)

	<u>Goal</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Aircraft Completed		485	452	392
Aircraft Completed on Time		437	407	353
% Scheduled Work Completed on Time	90%	90%	90%	90%
Components Completed		34,407	44,544	44,544
Components Completed on Time		32,687	42,317	42,317
% Scheduled Work Completed on Time	95%	95%	95%	95%
Engines Completed		1,708	1,355	1,242
Engines Completed on Time		1,571	1,247	1,143
% Scheduled Work Completed on Time	92%	92%	92%	92%

Some totals may not add due to rounding.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
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CARRYOVER:

The FRC's FY 2012 carryover level exceeded the carryover ceiling by \$85.6M primarily due to the impact of crash damaged aircraft. The unplanned nature of this workload requires significantly more time to complete than normal workload. Crash damaged repairs are extensive in nature and require a much longer turn-around-time of 2-5 years, compared to most maintenance events lasting less than a year. The repair of crashed/damaged aircraft is necessary to return high value aircraft back to operational service and are considered a greater value to the Navy and Marine Corps vice investing in the full cost of acquiring a new aircraft. While this work becomes carried over, it does not impact other on-going work nor does it impact the ability of the FRCs to take on new work.

FY 2013 and FY 2014 carryover is currently expected to execute within the assigned ceilings.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
New Orders	\$2,295.0	\$2,052.7	\$2,130.0
Less Exclusions:			
Foreign Military Sales	\$39.7	\$24.4	\$26.5
Base Realignment & Closure	\$0.0	\$0.2	\$0.5
Other Federal Depts & Agencies	\$14.5	\$23.2	\$0.8
Non-Federal & Others	\$77.9	\$98.7	\$107.7
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
OUSD(C) Approved Carryover Waiver	\$131.8	\$0.0	\$0.0
Orders for Carryover Calculation	\$2,031.1	\$1,906.2	\$1,994.5
 Composite Outlay Rate	 64.5%	 62.0%	 61.3%
Carryover Ceiling Rate	35.5%	38.0%	38.7%
Carryover Ceiling	\$721.0	\$724.5	\$771.7
 Balance of Customer Orders at Yr End	 \$1,044.4	 \$849.5	 \$826.1
Less Work In Process (WIP)	\$16.6	\$16.2	\$16.5
Less Exclusions:			
Foreign Military Sales	\$42.7	\$40.4	\$46.1
Base Realignment & Closure	\$0.0	\$0.0	\$0.0
Other Federal Depts & Agencies	\$17.5	\$23.1	\$12.2
Non-Federal & Others	\$29.2	\$46.4	\$51.5
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
OUSD(C) Approved Carryover Waiver	\$131.8	\$0.0	\$0.0
Carryover Budget	\$806.6	\$723.4	\$699.8

Some totals may not add due to rounding.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - FLEET READINESS CENTERS
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SUMMARY OF CAPITAL INVESTMENT PROGRAM (CIP):

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment-Non ADPE &TELECOM	\$35.9	\$37.6	\$41.8
Minor Construction	\$3.1	\$4.0	\$3.1
Equipment-ADPE &TELECOM	\$3.1	\$0	\$1.0
Software Development	\$0	\$0	\$0
Total	\$42.1	\$41.6	\$45.9

The Capital Investment Program allows the FRCs to achieve their mission by reinvesting in plant equipment and facilities.

Some totals may not add due to rounding.

REVENUE AND EXPENSE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
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	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue:			
Gross Sales			
Operations	2262.7	2205.7	2108.2
Surcharges	0	0	0
Depreciation excluding Major Construction	35.8	41.9	45.4
Other Income			
Total Income	2298.5	2247.5	2153.5
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	10	9.9	10
Civilian Personnel	837.2	822.2	807.6
Travel and Transportation of Personnel	19	17.2	17.2
Material & Supplies (Internal Operations)	719.8	718.9	683
Equipment	310.1	287.2	254.9
Other Purchases from NWCF	14.2	17.6	17.4
Transportation of Things	3.2	2	2
Depreciation - Capital	35.8	41.9	45.4
Printing and Reproduction	1.5	1.8	1.8
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	41.4	43.1	48.5
Other Purchased Services	279.9	292	273.4
Total Expenses	2272	2253.7	2161.1
Work in Process Adjustment	20.3	0.3	-0.4
Comp Work for Activity Retention Adjustment	-2	0	0
Cost of Goods Sold	2290.3	2253.9	2160.8
Operating Result	8.2	-6.4	-7.2
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	8.2	-6.4	-7.2
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	13.6	7.2	0

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
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	FY 2012	FY 2013	FY 2014
	-----	-----	-----
1. New Orders	2295.0	2052.7	2130.0
a. Orders from DoD Components:	1453.2	1204.5	1280
Department of the Navy	1431.1	1178.7	1253.8
O & M, Navy	1071	790.7	827.2
O & M, Marine Corps	0.2	0.2	0.2
O & M, Navy Reserve	41.4	25.3	25.1
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	287.9	326.1	362.7
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	1.1	0.9	2
Shipbuilding & Conversion, Navy	3.8	1.4	1.7
Other Procurement, Navy	1.3	1.8	1.4
Procurement, Marine Corps	0.0	0.0	0.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	24.4	32.3	33.5
Military Construction, Navy	0.0	0.0	0.1
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	0.4	3.1	3.3
Army Operation & Maintenance	0.1	0.4	0.4
Army Res, Dev, Test, Eval	0.3	2.3	2.4
Army Procurement	0.0	0.5	0.5
Army Other	0.0	0.0	0.0
Department of the Air Force	19.2	15.5	14.4
Air Force Operation & Maintenance	16.5	14.1	13.0
Air Force Res, Dev, Test, Eval	0.1	0.0	0.0
Air Force Procurement	2.6	1.4	1.4
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	2.5	7.1	8.5
Base Closure & Realignment	-0.2	0.2	0.5
Operation & Maintenance Accounts	1.2	0.2	0.3
Res, Dev, Test & Eval Accounts	0.3	2.8	3.1
Procurement Accounts	1.2	3.9	4.6
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.0	0.0	0.0
b. Orders from other Fund Activity Groups	709.5	701.9	715
c. Total DoD	2162.7	1906.4	1995
d. Other Orders:	132.3	146.3	135
Other Federal Agencies	14.6	23.3	0.8
Foreign Military Sales	39.7	24.4	26.5
Non Federal Agencies	77.9	98.7	107.7
2. Carry-In Orders	1047.9	1044.4	849.6
3. Total Gross Orders	3342.9	3097.1	2979.6
a. Funded Carry-Over before Exclusions	1044.4	849.6	826.1
b. Total Gross Sales	2298.5	2247.5	2153.5
4. End of Year Work-In-Process (-)	-16.6	-16.2	-16.5
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-89.4	-109.9	-109.8
6. Net Funded Carryover	938.4	723.4	699.8

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
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	<u>Total Cost</u>
FY 2012 Actual	2,272.0
FY 2013 President's Budget	2,136.4
Pricing Adjustments:	1.0
General Inflation	1.0
Productivity Initiatives:	-19.6
Improve Business Processes & Indirect Operations	-18.8
Machine Coolants Monitoring Program	-0.5
Bearing Shop Rinse Tank Water Reutilization	-0.1
Warehouse Consolidation	-0.2
Program Changes:	110.2
Airframes work	41.1
Engines work	37.3
Components work	10.3
Other Support work	-1.4
Modification work	-6.1
Logistics/Engineering work	29.0
Other Changes:	25.7
Depreciation	0.4
Indirect Travel	-1.5
Indirect Material	-2.1
Indirect Equipment Maintenance	-2.5
Restoration & Modernization	31.4
FY 2013 Current Estimate:	2,253.7

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
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	<u>Total Cost</u>
FY 2013 Current Estimate:	2,253.7
Pricing Adjustments:	17.3
Annualization of Pay Raises	1.4
Civilian Personnel	1.4
Military Personnel	0.0
Pay Raise	5.4
Civilian Personnel	5.3
Military Personnel	0.1
Fuel Changes	-0.2
Material/Supplies/Equipment	4.7
Intrafund	0.2
Travel/Transportation	0.1
Other Purchases	5.7
Productivity Initiatives:	-15.3
Improve Business Processes & Indirect Operations	-15.3
Program Changes:	-76.2
Airframes work	-22.2
Engines work	-47.8
Components work	-6.3
Other Support work	-16.5
Modification work	6.0
Logistics/Engineering work	10.6
Other Changes:	-18.3
Depreciation	3.5
Restoration & Modernization	-19.5
Continuity of Services Contract Restructure (formerly NMCI)	-2.3
FY 2014 Estimate:	2,161.2

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CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
ARPIL 2013
\$ IN MILLIONS

Line #	Description	FY 2012		FY 2013		FY 2014	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	30	\$29.104	35	\$30.247	33	\$33.857
	- Productivity Capability	5	\$6.815	6	\$7.372	9	\$8.005
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
		35	\$35.919	41	\$37.619	42	\$41.862
2	ADPE and Telecom Equipment						
	- Computer Hardware (Production)	0	\$0.000	0	\$0.000	0	\$0.000
	- Computer Software (Operating)	1	\$0.360	0	\$0.000	0	\$0.000
	- Telecommunications	0	\$0.000	0	\$0.000	0	\$0.000
	- Oth Computer & Telecom Spt Equip	3	\$2.698	0	\$0.000	1	\$0.950
		4	\$3.058	0	\$0.000	1	\$0.950
3	Software Development						
	- 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
		0	\$0.000	0	\$0.000	0	\$0.000
4	Minor Construction						
	- Replacement Capability	6	\$0.904	9	\$4.030	9	\$3.110
	- Productivity Capability	3	\$2.192	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
		9	\$3.096	9	\$4.030	9	\$3.110
	Grand Total	48	\$42.073	50	\$41.649	52	\$45.922
	Total Capital Outlays		\$23,795		\$46.107		\$39.778
	Total Depreciation Expense		\$35,794		\$41.852		\$45.363

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)					FISCAL YEAR (FY) 2014 BUDGET ESTIMATES								
Department of the Navy / Fleet Readiness Centers				#001 - Non-ADPE and Telecommunications									
				FY2012			FY2013			FY2014			
						Total			Total			Total	
Non-ADPE and Telecommunications Equipment				Quant	Unit Cost	Cost	Quant	Unit Cost	Cost	Quant	Unit Cost	Cost	
Replacement Equipment				30	970	29,104	35	864	30,247	33	1,026	33,857	
Productivity Equipment				5	1,363	6,815	6	1,229	7,372	9	889	8,005	
New Mission Equipment													
Environmental Compliance Equipment													
Total				35	1,026	35,919	41	918	37,619	42	997	41,862	
Justification:													
ITEM 1 APPLIES TO ALL EQUIPMENT <\$1M 1) The existing equipment allows the three Fleet Readiness Centers (FRCs) to achieve their mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the FA-18 Hornet, E-2C Hawkeye, C-2A Greyhound, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1 Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.. REPLACEMENT EQUIPMENT 1) The proposed capital investments maintain the FRC’s equipment infrastructure by replacing existing plant equipment that has reached the end of productive life due to age and wear. This equipment includes four grinders, a lathe, two Ion Vapor Deposition (IVD) coating systems, electronic security system, a bridge crane, a water knife, an engine driven compressor, jig bore controls, test stands, autoclave, switching valve stand and two automated wiring analyzers. Replacement of this equipment will continue to allow the FRCs to maintain depot infrastructure and capability to achieve their individual missions. 2) Project analyses have been performed as applicable. 3) There are no savings or cost avoidances. 4) If the equipment is not replaced the FRCs will lose the capability to perform their mission. PRODUCTIVITY EQUIPMENT 1) The new equipment will provide productivity enhancements that are not achievable with current equipment. Items to be procured include an alignment fixture, a coordinate measuring machine, an overhead crane, a material handling system, a rapid prototyping system and a bio media blast booth. 2) Project analyses have been performed as applicable. 3) There are no savings, just cost avoidances. The new equipment will provide capabilities that are not currently available at FRCSE and FRCSW. 4) If the equipment is not acquired, the productivity and efficiency of the FRC will be constrained.. NEW MISSION EQUIPMENT 1) The FRCs do not have any new mission CIP projects for FY 13 or FY 14.													

PROJECTS ABOVE \$1M:

FY 2012

REPLACE MAGNAFLUX NON DESTRUCTIVE INSPECTION LINE - FRCE:

Replace the current Magnaflux Non Destructive Inspection line with a new one. An increase in workload has prompted the need for the replacement. There are high maintenance costs, and it is getting too expensive to maintain this equipment. The alignment of the conveyor system is not accurate. Racks move from their alignment when traveling from station to station.

REPLACE SPRINGFIELD VERTICAL GRINDER - FRCE:

This machine was built in December, 1990. To keep the grinders operations, parts are removed from an old Springfield Grinder that is not repairable nor operational. The manufacturer no longer supports this machine. Also, a crane system will be required to lift parts, fixture and machine components. The spare electronic or control parts that are for the old Springfield Grinder will last approximately one year. When these parts are gone, Shop 93201 will have to obtain these parts from a third party. However, it will be very expensive. The Original Equipment Manufacturer (OEM) does not support the control system and software. It is difficult to obtain mechanical parts to repair machine when it fails.

REPLACE HORIZONTAL MILL (WOTON) - FRCE:

The machine shop 93552 is responsible for the production of repair parts for military aircraft parts/components. As aircraft programs like the AV8 continue on with a longer service life than was ever intended by the original aircraft designers, it is essential that we provide reliably maintained aircraft for the warfighter. In order to cost effectively repair the aircraft, it is essential that FRCE support and maintain the machinery and equipment required to support our operations. This machine is 22 yrs. old, has been used extensively, is a single point failure and has out performed the anticipated life.

REPLACE BLDG 137 MINI LOAD STACKERS (3-SIS) - FRCE:

Replace three (3) ASKARS unit load stackers (Large Item Storage 2 [LIS2] subsystem in Bldg. 137) interfacing with existing aisles and storage pallets in those aisles. Also, reconfigure/improve some storage rack locations for increased capacity.

UPGRADE CONTROLS CLEANING CONDITIONING PROCESS LINE, 93201 - FRCE:

The purpose of this project is to extend the life of the Cleaning Condition Process Line. The controls hardware is unreliable and obsolete. It is very hard to find parts when it breaks. This leads to extended periods of down-time. The software is also unreliable and the engineers go to the shop frequently to make it operational. By replacing the PLC, the contractor will necessarily need to develop a new "Ladder Logic" program. This will resolve our PLC programming errors. Ladder logic is a program with symbolic language and electrical drawing. The PLC Ladder Logic is difficult to make changes to because the program in the Cleaning and Conditioning Process Line is very complex.

REPLACE NON-DESTRUCTIVE INSPECTION (NDI) C-SCAN SYSTEM - FRCSE:

Procure an ultrasonic C-Scan inspection system to replace existing A-Scan system to inspect and repair metal and composite aircraft components. A C-Scan system will improve aircraft component inspection by increasing capability and capacity. The C-Scan system will allow the inspection of currently inaccessible areas, reduce inspection times, produce repeatable tests and produce a record of each inspection. Some of the components requiring this inspection are F/A-18 wings (inner and outer), flaps, ailerons, horizontal stabs and landing gear doors. Also, EA-6B components such as the inboard and outboard slats, rudders, flaps and walkway panels.

REPLACE HIGH SPEED BLADE TIP GRINDER - FRCSE:

Replace high speed grinder with a new unit. The new grinder will be used in support of the FRCSE Strategic Business Plan and will accommodate all parts processed in the Engine Facility. It will grind compressor and turbine rotors for the TF34, F404 and F414 engines.

CONTINUE ON NEXT PAGE

FY 2012**PROCURE FUEL PUMP TEST STAND - FRCSE:**

Procure a new semi-automated fuel pump test stand capable of testing F404/F414 engine fuel pumps. Because of automation and reliability, the new stand will improve testing Turn-Around-Time (TAT), increase workload capabilities, and drastically reduce calibration time while providing a safer work environment. The current stand will remain in place to test both F404 and F414 in-tank and transfer pumps and also provide F404 main pump back-up during calibration cycles on the new stand. This project includes the complete turn-key installation of the new test stand and all associated training.

REPLACE GAP GRINDER- FRCSW:

This is to replace two existing gap grinders in building 472. One gap grinder is over thirty (30) years old and has surpassed its useful life. The second gap grinder is twenty (20) years old and both are extremely antiquated. The replacements will provide innovative grinders with a new geometry to produce quality and timely parts for landing gear workload. The old gap grinders have lost their geometric and alignment specifications. The oldest gap grinder originally consisted of two machine functions; traverse and plunge grinding. One of these operations was completely eliminated due to erosion of the machine ways. Due to this, producing a quality part on the existing grinders requires additional man hours, set up time, and procedures as well as the use of an additional lathe to complete the landing gear processing vice using just the gap grinder.

REPLACE VERTICAL TURRET LATHE/GRINDER - FRCSW:

This project is to replace an existing Vertical Turret Lathe/Grinder. This asset is 39 years old. It is used to grind various LM2500 Engine parts. The new equipment will focus on the grinding process of the LM2500 Engine casings and other parts as its primary function. In the past several years, maintenance cost, down time, and unreliability have risen to a point that we must replace this asset to maintain our current obligations to the Navy.

PROCURE H-60 ALIGNMENT FIXTURE - FRCSW:

This project will provide a Ramp Loaded, Laser Tracker Airframe Alignment System for the H-60. The fixture will allow repairs on the H-60 without hand alignment (using theodolites) both before the repair and after completion. In addition it will ensure the repair does not have to be reworked for distortion induced from the rework process. The fixture will support the H-60 airframe in proper alignment in the flight mode for the entire repair process.

PROCURE BIO-MEDIA BLAST - FRCSW:

Intent is to have full Aircraft Media Blast in Building 468 Bay 12. The Walk-In Booth located in Bay 12 blasts only aircraft components. The customer wants to increase aircraft media blast capability. This project request will replace the 25 year old Walk-In booth and relocate the Walk-In Booth to the West side of Bldg 468. This relocation will require the construction of an enclosure for protection from the elements while allowing access for operation and maintenance and two operators to blast aircraft components.

FY 2013**REPL (3) LIS2 ASKARS UNIT LOAD STACKERS (PH1) - FRCE:**

The purpose of this request is to replace three (3) ASKARS unit load stackers (Large Item Storage 2 [LIS2] subsystem in Bldg. 137)) interfacing with existing aisles and storage pallets in those aisles. Also, reconfigure/improve some storage rack locations for increased capacity. These stackers and storage aisles were relocated from the NADEP at Pensacola, FL around 1998. They had been installed there since 1987 and are approaching 25 years old. Downtime is a consistent problem due to part failures. Their downtime delays provision of aircraft kits and parts to the shops for assembly. In turn, product turn-around-time is always impacted, which in turn impacts cost. The eventual failure beyond repair is inevitable and perhaps imminent.

CONTINUE ON NEXT PAGE

FY 2013

REPLACE BEARING CLEANING LINE - FRCE:

The purpose of this project is to replace the Bearing Cleaning Line located in Shop 94302 of Bldg 133. This machine is used to clean bearings for the H-53, H-46, V-22 and engine programs. Shop 94302 cleans and services all bearings for FRCE, therefore mandating the need for an automated process. The existing machine has reached the end of its expected lifetime, resulting in excessive downtime. Maintenance issues include steam leaks, tank leaks, control failures and mechanical failures.

REPLACE A-BAR FURNACE - FRCE:

The purpose of this project is to replace the Abar Furnace in Shops 93553/91108 of Bldg 137. The furnace is used to process a variety of components that cross all aircraft lines at FRCE. Processes performed by this machine include heat treating precipitating hardening stainless steel, air hardening tool steel for machining of aircraft components and tooling. This machine was manufactured in 1979, is 33 years old and has been inoperable for two years, the Original Equipment Manufacturer (OEM) no longer supports the furnace and this machine is obsolete. There is currently a back up furnace in use to process components resulting in a single point-of-failure at FRCE for F402.

REPLACE VERTICAL LATHE (BULLARD 66" VTL) - FRCE:

The purpose of this project is to replace the Bullard 46" Vertical Turning Lathe (VTL) (EIN 65923-029305) in Shop 93567 of Building 133 with a 66" (or larger) VTL. This machine is needed for critical processing of F-402 components for the AV-8B program and future V-22 components. The existing 46" Bullard VTL for which a replacement is sought is currently operable but still experiences frequent downtime. The size of the existing 46" VTL is inadequate to process increasing F-402 and future V-22 workload. This workload includes several critical F-402 components: the LP case, the intermediate case, combustion chamber components, and an additional large F-402 fixture. The shop relies on the existing 66" VTL as the only available means to process this program-critical workload. The existing 46" VTL is incapable of processing this workload due to its insufficient size and inoperable status, which places additional strain on the existing 66" VTL. As a result, the 66" VTL is considered a single point failure component. Considering the heavy current utilization of the existing 66" (typically 2 shifts), and the increasing workload of the V-22 components, an increasing risk for a critical work stoppage will result. The existing 46" VTL provides no solution to this issue and needs to be replaced with a new 66" (or larger) VTL capable of processing the critical F-402 components.

REPLACE HANGAR CENTRAL HYDRAULIC SYSTEM - FRCE:

This procurement will provide a central hydraulic system in shop 95600 for Hangar 3 where they currently overhaul H46 aircraft. Currently, the shop utilizes portable hydraulic carts to provide hydraulic fluid under pressure to operate the aircraft during repair and overhaul. Hydraulic lines and power cords are running over the floor causing trip hazards in the work spaces. This also makes it difficult to maneuver the portable carts around the aircraft.

REPLACE 3 AXIS MILLS - FRCE:

This project proposes to replace (3) Fadals with (3) new 3-axis milling machines. Shop 93552, EIN 6592302322, 031894, 023221. The purpose of this replacement is to create a milling cell. Cellular Manufacturing is based upon the principals of Group Technology, which seeks to take full advantage of the similarity between parts, through standardization and common processing. In Functional Manufacturing similar machines are placed close together. In Cellular Manufacturing systems machines are grouped together according to the families of parts produced. The milling machines in 93552 process all Aircraft parts of CH-46, H-53, H-1, AV8B, and V22.

REPLACE TUBE BENDERS (2) - FRCE:

This project will replace two Tube Bending Machines located in shop 93553 (EIN 65923034500, 002089). These machines were installed in 1978. Shop 93553 manufactures parts for both in-house and external customers. Tubes are used for hydraulic, fuel lines, drain lines, pneumatic, lubrication and electrical wires. About 80% of the maintenance problems are electrical issues. Machine EIN ending in 089 goes down at least 2-3 times a month. EIN ending in 34500 has been down for over 1.5 years. Back up machine is limited to what it can process due to the tooling. The machines do not hold tolerance, the Y axis "following error" and B-axis floats and does not return home since the encoders have gone bad, causing tubes to be incorrectly bent or not bent at all. Control Panels on the newer machines will come with air controlled panels to moderate the electrical components from overheating.

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FY 2013

REPLACE CNC GAP BED UNIVERSAL GRINDER - FRCSE:

The proposed Universal/Gap Bed Grinder will replace 2 large universal grinders, 1 medium universal grinder and 1 gap bed grinder. All are worn out and cannot hold precision aircraft tolerances. The existing grinders range in age from 23 years to 31 years of service. The machine are worn and will not allow the table motion to be true perpendicular to the grinding wheel head. Electronic components are no longer available. Part precision is compromised. An engineering "best guess" as to the remaining useful life of these grinders, are as follows: Landis I - 12 mths, Landis II - 12 mths, Landis III - 24 mths, W&S Gap Bed - 18 mths. These failures stem from electronic components and the inability to hold critical tolerance.

REPLACE UNIVERSAL GRINDERS (2) - FRCSE:

The two new cylindrical grinders will replace the two universal grinders which have been in use since 1967. They are worn out and cannot hold precision aircraft tolerances. The grinders will be updated with CNC controls and will be able to be programmed for repeatability. The existing grinders are 1967 Cincinnati outer diameter grinders. The machines are worn and are not capable of being maintained properly, as replacement parts are not readily available, leading to increased down time and tolerances cannot be kept (expending double man hours and totally reliant on machinist skill and ability). Artisans need to compensate for the machines inability to achieve proper surface tolerances.

PROCURE SHEET METAL FABRICATION MACHINE - FRCSE:

The new sheet metal fabrication machine will replace the punch press currently located in the sheet metal shop. The current machine has aged, and is unable to cut thicker sheets of metal necessary to support all aircraft programs. The new sheet metal fabrication machine will expand sheet metal cutting capability and provide the sheet metal shop with the ability to cut metal more efficiently and effectively, as well as support other shops with more ease. The existing punch press is outdated and unable to cut the variety of metal sheets which come through the sheet metal manufacturing shop. The current machine leaves scratches on the metal surfaces, which increases the amount of time necessary for deburring.

REPLACE FUEL SKIDS - FRCSE:

This project is to procure new semi-automated fuel skids and replace the associated piping throughout the south end of building 795. The two fuel skids currently support eight different test stands. Each skid consists of four high pressure pumps that supply 1600psi fuel to the test stands. The current system is unreliable and prone to constant faults. The distribution piping (c.1988) does not efficiently convey the fluid to the respective test stands, so insufficient fuel pressures occur at the test stands on the far end of the circuit. There is no control in place to operate the boost pumps only when needed. Consequently, excessive wear on the pumps is incurred.

REPLACE SURFACE GRINDER - FRCSE:

Replace a 1968 Madison surface grinder, used in the Tool & Die Shop. This machine is used to manufacture fixtures and to rebuild/re-qualify existing fixtures. The new grinder will have a programmable logic control (PLC) for ease of operation and maintenance. Also it will have a 60-inch table. Fixtures are utilized throughout the facility to hold and /or locate component parts or raw stock during the manufacturing or repair process. As these fixtures are used, their locating surfaces wear out. These precision surfaces must be re-ground and the fixture dimensions re-established. This surface grinder is used to re-grind/re-establish these fixtures. Fixtures processed by this machine are holding/locating fixtures for engine, F/A-18, H-60 including wing fixtures, jet engine case holding fixtures, and raw forging holding fixtures.

REPLACE ION VAPOR DEPOSITION (IVD) SYSTEM - FRCSW:

An Ion Vapor Deposition (IVD) machine is used to put a corrosion resistant coating on various aircraft parts. The shop uses the IVD machine to coat low alloy steel, stainless steel, aluminum alloy, copper alloy, and titanium alloy parts with high purity aluminum (99 percent plus) for hydraulic pistons, door assemblies, Nose Gear Landing (NLG) torque arms, various collets, pins, shafts, gears, and nuts.

CONTINUE ON NEXT PAGE

FY 2013**REPLACE -2 AUTOMATED WIRING ANALYZER - FRCSW:**

Procure a new 40,000 point Automated Wire Analyzer (AWA) system For the E-2 Program. The existing AWA system and associated cabling is antiquated and in need of replacement. The cable lengths are especially long and difficult to setup.

PROCURE F-18 ALIGNMENT FIXTURE - FRCSW:

This project will provide a F-18 Airframe Alignment fixture. This fixture will allow site to do repairs on the F-18 without hand alignment (using theodolites) both before the repair and after completion. In addition it will ensure the repair does not have to be reworked for distortion induced from the rework process. The fixture will support the F-18 airframe in proper alignment in the flight mode for the entire repair process.

FY 2014**UPGRADE CENTRAL HYDRAULIC SYSTEM, BLDG 4224 - FRCE:**

This procurement will provide a central hydraulic system in Shop 95000 for Bldg 4224 supporting overhaul of AV8B aircraft. Capacity planning for Bldg 4224 includes the F35 Joint Strike Fighter. The current plan supports providing 5000 psi hydraulic units outside of the hangar to allow for more than one aircraft to be worked at a time. Current hydraulic system is over 20 years old, it has 5000 psi hydraulic pressure but according to the support mechanical engineer, the hoses, fittings and adapters are improperly sized and below code. Procurement of at least two 5000 psi hydraulic systems and upgrading the current Hydraulic Power Unit (HPU) will provide the FRC the capability to utilize the current Bldg 4224 hangar space and to make the FRC accessible for additional workload.

REPLACE TOYODA 5 AXIS MILL - FRCE:

This project will replace the Toyoda 5 Axis Mill (EIN 65923-028338) located in the Manufacturing Machine Shop in Building 137. This machine is used primarily for manufacturing capability for large and heavy (e.g. Frames) A/C components, which FRCE is required to maintain for assigned Aircraft Platforms. In addition, the machine is used for regular/routine production of Lex Fittings for the Harriers, and remote controlled Fire Scout aircraft. The machine is 15 years old and has a host of maintenance problems/issues. The machine is beyond economical repair and incurs frequent downtime. The machine Pallet weighs about 700lbs due to the demand requirement for machining heavy components. This bulky pallet often slides off during alignment of the machine, damaging way covers. Way covers are used to prevent mist from falling into the wiring causing shortages. There is a hydraulic oil leak coming from the B Axis seals. These often pop out and need replacing on a regular basis. This is caused by the trunion bearing design for the pallet table, which has inherent problems, possibly due to original design/assembly by the OEM. The warranty had already expired when the problem first emerged. Key replacement parts to keep the machine in operation are as high priced as \$250,000.

UPGRADE TEST CELL 7 - FRCE:

This project proposes to upgrade the data acquisition, display and control system (DADCS) in the current T64 engine test cell (EIN 65923036200) for Shop 96555 located in building 4302. New engine test capability, GE38, will be added. This upgrade will provide a new DADCS that complies with the depots policy of being commercial off the shelf (COTS), increase software performance characteristics and provide state of the art data acquisition and control hardware. This will limit the amount of maintenance and engineering support that has been required recently. The water cooling tower replacement will increase hardware reliability and limit maintenance requirements. The correction of airflow problems will increase engine test reliability and engine performance parameters. An option will be included to redesign the augmentor/exhaust system to include a environmentally friendly filter system.

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FY 2014

REPLACE BLADE SHOP SANDING BOOTH - FRCE:

The purpose of this project is to replace the Rotor Blade Sanding Booth in Shop 94304 in Bldg 137. This machine is used for the sanding of rotor blades for the H53 program. The Rotor Blade Shop 94304 services all rotor blades for the FRC. A booth for sanding the blades to prepare them for surface coating is essential. The existing machine is not functioning to design and puts negative pressure on surrounding areas by pulling air from them instead of from outside. This causes environmental instability in the surrounding areas and puts negative pressure on the bonding room, potentially pulling dust into a clean environment.

UPGRADE AUTOMATED ROTOR BLADE STRIPPING SYSTEM (ARBSS) - FRCE:

This project proposes to upgrade the Automated Rotor Blade Stripping System (ARBSS) hardware and minor changes to the software to extend the programs capability of the system located in Shop 94304. Legacy lasers have caused performance and reliability concerns and require high maintenance including alignment and electric devices malfunctioning. The laser cooling equipment will be replaced, fixtures that position the rotor blade assests must be modified to accept H60 and V22 configurations and additional changes are needed to strengthen the reliability and performance of the system.

REPLACE CAMPBELL/SPRINGFIELD VERTICAL GRINDERS - FRCE:

This project will replace the Campbell Vertical Jig Grinder in Shop 93567. This Grinder runs 3 shifts processing H53 housing Main Gear Box, T400 Exhaust Duct , H46 Pitch Housings, HUB Rotary Wing Head, and numerous others. The existing machine is worn out. The head automatically feeds down when the operator is not controlling or touching the controls causing head to crash and damaging parts. Machine runs all internal grinding jobs, approx 75% of shop work.

REPLACE COORDINATE MEASUREMENT MACHINE - FRCE:

The purpose of this project is to replace a 1990 Zeiss Coordinate Measurement Machine (CMM) in the Precision Measurement Center (PMC). The existing machine is approximately 22 years old, and parts are no longer available. The PMC has requested a new high precision CMM equal to or better than the existing Zeiss CMM. This machine will support measurement of the V22, H60, H1, AV8B, H53 and H46, first article program, engineering investigations, Joint Strike Fighter, H1, AV8B and engine programs. Engine programs supported include F402, T58, T64, T400, and T700.

REPLACE BORING MILL - FRCSE:

This project will replace an old milling machine with a new unit. The new machine will be used in support of the FRCSE Strategic Business Plan and will accommodate all parts processed in the Engine Facility. The existing machine is becoming less reliable and not able to machine parts to the required tolerances. The proposed unit will be larger and able to machine all the workload and measure parts to the required tolerances. With the versatility of this machine, simpler fixturing and less set-up time will be required.

UPGRADE FLOURESCENT PENETRANT LINE - FRCSE:

The mission of this process is to detect flaws/cracks in the surface of metallic ferrous and non-ferrous materials. The purpose of this project is to upgrade the current manual process to include as much automation as possible and increase efficiency, add capability to work larger parts, increase capacity, and address safety and environmental concerns with the current process. Existing process was designed for smaller parts than current workload. This allows the chemicals used in the process to drip on the floor outside the containment area - especially around tight corners with manual conveyance. Process chemicals on the floor present both a safety risk and an environmental concern. The process is manual with the exception of automation for the emulsifier dwell, the oven temperature, and the developer 'cloud'.

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FY 2014**REPLACE MILL-TURN MACHINE - FRCSE:**

The proposed Mill-Turn machine will replace a large-swing CNC Lathe that is worn out and cannot hold precision aircraft tolerances. The MillTurn machine can perform lathe operations plus perform 4-axis milling. Metal stock can be loaded into the chuck, turned, and precision surfaces cut. This requires only one set up, without ever having to reposition the part for a second operation. Workload includes airframe parts for EA-6B, F/A-18, H-60, P-3, T-6/T-34/T-44, and E-6 programs and external work from NAVICP and DLA. Maintain organic manufacturing capability for the Navy. The existing CNC Lathe (PA#65887-615285) is a 1983 Pratt & Whitney computer numerical controlled lathe. It's machine ways are worn and will not allow the machine to precision locate the tool turret. Electronic components are no longer available. Part precision is compromised due to the worn out machine ways that are no longer perpendicular and square with the spindle. This project has been rolled from the CIP FY11 & FY12 program. As expected, the Pratt & Whitney Lathe went hard down in December, 2010 and had to be removed from the shop. All current workload is performed on a manual lathe and then carried to and reset up on a manual jig borer.

UPGRADE BLADE TIP GRINDER - FRCSW:

Upgrade an existing High Speed Blade Tip Grinder in building 379. This High Speed Blade Tip Grinder is used to grind rotor blade tips for the LM2500 Engine. The upgraded High Speed Tip Grinder will focus again on the grinding process of the LM2500 Engine compress spool and high pressure turbine rotors. In the past several years, maintenance cost, down time, and unreliability have risen to a point that this asset must be replaced in order to maintain current obligations to the Navy. Currently FRCSW is using a manual machine that is 25 years old and not designed to grind blade tips (it was designed as a blade tip measuring machine and adapted as a slow speed grinder). This machine is not designed for production machining and continued use will cause breakdown, and there is no back-up machine.

REPLACE HYDROFORMING PRESS - FRCSW:

This project is to replace an existing Hydro- Press in building 65. The existing system was installed in 1943 and is prone to break down. It is used to form sheet metal parts for F-18, E2/C2,H60 and H53. The new system will continue to form sheet metal past a 90 degree angle, while the old one does not have "wrap around forming" capability.

REPLACE JIG MILL - FRCSW:

This project is to replace current Horizontal Jig Mill in building 379. The existing system was installed in 1966 and is currently down. The replacement will support various Aircraft fixtures for F-18, E2/C2,UH-1,SH-60 and CH-53. The new system will be used in the manufacture and /or modification of various grinding, drilling, and machining fixture.

PROCURE COMPUTERIZED TOMOGRAPHY SCANNER - FRCSW:

Purchase a micro focus x-ray CT scanner to inspect the inside dimensions and defects and perform reverse engineering on complex sub structures. Our Non-Destructive Inspection (NDI) crack inspection process requires all parts to be cleaned disassembled, tripped, acid etched, inspected, cleaned, assembled, Alodined (aluminum) and painted. CT inspection can inspect a part without removing paint and usually without disassembly.

INTERMITTENT FAULT DETECTION & ISOLATION SYSTEM (IFDIS) - FRCSW:

This equipment will enhance, by orders of magnitude, the intermittent fault detection capability for Weapons Replaceable Assemblies (WRAs) at FRCSW. This capability enhancement can be achieved by obtaining the Universal Synaptics Intermittent Fault Detection & Isolation System (IFDIS) from Universal Synaptics. Standard FRCSW testing equipment such as,DIT-MCO, Eclipse, multi-meter, and high pot testers are extremely limited in detection of intermittent faults. Currently depot standard equipment cannot detect intermittent faults because there is a limited look time on circuits of interest and there is no environmental modeling to emulate in-flight conditions. The combination of these two testing deficiencies limits FRCSW's ability to detect intermittent failures. IFDIS technology employs neural net circuitry with a look time of every 50 nano-seconds. Every 50 nano-seconds, every circuit is tested. IFDIS also utilizes a computer controlled shaker/environmental chamber to simulate aircraft operational environments. This technology forces the intermittent circuit to manifest itself, allowing the IFDIS to detect and isolate the root cause of the fault. IFDIS is computer controlled, easy to use, has repeatable testing cycles, and records each detected intermittent fault.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES			
Department of the Navy / Fleet Readiness Centers		#002 - ADPE and Telecommunications Capabilities					
	FY 2012			FY 2012		FY 2014	
		Total		Total		Total	
ADPE and Telecommunications Equipment	Quant	Unit Cost	Cost	Quant	Unit Cost	Cost	
Computer Hardware (Production)							
Computer Software (Operating System)	1	360	360				
Telecommunications							
Other Computer & Telecommunications Spt Equipment	3	899	2,698			1 950 950	
Total	4	765	3,058			1 950 950	
Justification:							
APPLIES TO PROJECTS <\$1M: COMPUTER SOFTWARE (OPERATING SYSTEM) 1) The existing software provides various data management services to the FRCs. 2) These 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 FRCs. 3) Project analyses have been performed as applicable to determine the least costly methods. 4) There are no cost savings or avoidances associated with these projects. 5) If not implemented, FRCs will be greatly restricted in their DM operations.							
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OTHER COMPUTER & TELECOMMUNICATION SUPPORT EQUIPMENT

PROJECTS ABOVE \$1M:

FY 2012

AUTOMATION OF FRC DATA PHASE 1 - FRCE:

This project is intended to deliver the second phase of the capability to utilize digital technical data by artisans on the production shop floor, by logisticians and by engineers. The capabilities delivered under this project will include the ability to utilize digital data such as technical manuals, two dimensional (2D) drawings, three dimensional (3D) models, and various forms of engineering, logistical and production support data and associated software applications. This data is essential to the performance of the maintenance, manufacturing, logistical and engineering support services provided to the fleet by FRCE. The project will include the acquisition of hardware, software, training and contract support services as required for the implementation of these capabilities in selected areas of FRCE designated for inclusion in Phase 3. Phase 3 capabilities will not be dependant upon previous phases to deliver the intended functionality, but will be capable of synergistically integrating with the products and processes delivered in those phases as needed.

Benefit:

This project will address this deficiency by a) identifying the subset of FRCE (organizationally and geographically) that will be impacted by the requirement to begin utilizing digital technical data within the timeframe of the project; b) identifying the business/production processes which will be impacted by the requirement to utilize digital technical data; c) analyzing the impact to these processes and executing or initiating (via AIRSpeed, etc.) appropriate business process re-engineering efforts; d) identifying, procuring and implementing all required infrastructure (hardware & software) to establish the capability to utilize digital data in the areas and processes determined to be within the scope of this project; e) identifying all required interfaces to corporate/enterprise information systems and initiating the necessary change requests, development efforts and/or commercial acquisitions to establish those interfaces; f) developing and implementing a training plan to ensure the necessary knowledge and skills to utilize digital data and implement the re-engineered business/production processes are imparted to the workforce and g) acquiring the necessary contract support services to ensure that the project has the necessary technical, administrative and programmatic support necessary to achieve all project objectives. Using this approach, our objective is not only to enable the use of digital technical data within FRCE but to leverage this technology to drive significant improvements in quality, cost and schedule.

Impact:

Without this project the FRC will resort to creating hardcopies across all shops and maintaining and controlling this paper data, outside of the configuration controlled technical libraries, in lieu of using the electronic systems. In some cases (i.e. 3D models), there is no paper-based alternative. Additionally, the capability of implementing manufacturing, diagnostic, engineering and logistics systems with the capability to interface with and utilize digital technical data will be a critical core capability in supporting future weapons platforms. Consequently, the failure to implement comprehensive digital technical data capabilities will result in FRCE not having the required technology base to support the aircraft worked at site.

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PROCUREMENT AND ACQUISITION OF DISA DATA CENTER - FRCSW:

Build the server environment for the NAVAIR Depot Maintenance System (NDMS) suite of applications to be hosted at the Defense Information Systems Agency (DISA). A portion of that environment will host the Business Intelligence and Center of Excellence for Corporate reporting. Single siting the data center from the FRCs is mandated by multiple Navy initiatives and is also one of the "Readiness Goals" in the 2011 COMFRC's Commander's Guidance.

Benefit:

COMFRC is currently supporting 3 data centers with different configurations of applications and architecture. The goal of the OneNDMS effort was to standardize business processes, install a standard set of applications, standardize the data and then move all three data centers to a single site (DISA) for hosting. This effort will resolve the dissimilar business processes taking place at the FRCs, reduce hosting and maintenance costs, significantly reduce testing costs, improve TAT of new software releases and eventually reduce the number of personnel required to maintain the NDMS suite of applications.

Impact:

Significant impact to meeting COMFRC goals and objectives as outlined in 2011 Commanders Guidance. As the first site to migrate to the Defense Information Systems Agency (DISA) data center, FRCSW must be able to support all functionality of the systems and Corporate Reporting System. This capital investment funding is critical to support the Business Intelligence Center of Excellence for data warehousing and corporate reporting. Without this investment, significant impact to schedule and functionality of the NDMS programs would occur.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES					
Department of the Navy / Fleet Readiness Centers		#004 - Minor Construction							
	FY 2012			FY 2013			FY2014		
	Quant	Unit	Total	Quant	Unit	Total	Quant	Unit	Total
Minor Construction	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost
Replacement	6	151	904	9	448	4,030	9	346	3,110
Productivity	3	731	2,192						
New Mission									
Environmental									
Total	9	344	3,096	9	448	4,030	9	346	3,110
Justification:									
APPLIES TO ALL PROJECTS:									
1) The existing facilities allow the three Fleet Readiness Centers (FRCs) to achieve their mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the FA-18 Hornet, E-2C Hawkeye, C-2A Greyhound, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1 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 nor below the \$250,000 threshold. Requests below the \$250,000 threshold are amounts for planning & design or installation costs .									
3) Project analyses were performed as applicable 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 construction projects are not approved, the facilities will deteriorate and adversely affect mission achievement.									

MINOR CONSTRUCTION:
PROJECTS ABOVE \$1M:

FY2013

CONSTRUCT HEX CHROME BREAK ROOMS, BLDG 137 - FRCE:

This project will construct two new break rooms for Bldg 137. New break rooms will be 2,000 sf. each with lighting, fire protection system, and HVAC system to accommodate production personnel in hangars 1 & 3. Project will require Life, Salary and Health exemption to exceed \$750K minor construction limit. In 2005 OSHA significantly reduced permissible exposure limits for hexavalent chromium (CrVI) and cadmium (Cd). (OSHA 29 CFR 1910.1026, and 1910.1027). Production personnel eat lunch and take breaks at tables located in the hangars. In addition, coffee stations are also located in the hangars. There is a risk of cross contaminating the eating areas with chromium and cadmium dust produced during various sanding, grinding and drilling operations within the hangar. FRCE lacks a sufficient number of employee break areas, located away from shop processes generating CrVI and/or Cd dust, to avoid cross contamination. Building 137 contains two hangars without sufficient break rooms to comply with the new OSHA guidance. The new break rooms will provide a suitable area for production personnel to use during lunch and breaks. Constructing the new break rooms will remove the potential for cross contamination of employee food and drink, ensuring we comply with OSHA 29 CFR 1910.141, 1910.1026, 1910.1027.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE-FLEET READINESS CENTERS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/ Reason for Change</u>
2013	Equipment except ADPE and TELECOM	\$ 2.350	\$ 35.269	\$ 37.619	\$ (2.350)	Four projects had price increases. Two projects had price decreases. Ten projects were added due to emergent req. Two projects were cancelled. Four projects were deferred.
2013	Equipment - ADPE and TELECOM	\$ (1.500)	\$ 1.500	\$ -	\$ 1.500	No project had price increases. No project had price decreases. No projects were added due to emergent req. No projects were cancelled. One project was deferred.
2013	Software Development	0.000	0.000	0.000	0.000	
2013	Minor Construction	\$ (0.850)	\$ 4.880	\$ 4.030	\$ 0.850	One project had a price increase. Three projects had price decreases. Three projects were added due to emergent req. Three projects were cancelled. Three projects were deferred.
	Total FY 2013 Capital Purchase Program	<u>\$ 0.000</u>	<u>\$ 41.649</u>	<u>\$ 41.649</u>	<u>\$ (0.000)</u>	

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FY 2012

<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>

Exhibit Fund-16
Material Inventory Data

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS
FY 2013

		<u>Total</u>		<u>Mobilization</u>		<u>Operating</u>		----- Peacetime ----- <u>Other</u>
Material Inventory BOP	\$	42.6	\$	-	\$	42.6	\$	-
<u>Purchases</u>								
A. Purchases to Support Customer Orders	\$	1,007.7	\$	-	\$	1,007.7	\$	-
B. Purchase of long lead items in advance of customer orders		-		-		-		-
C. Other Purchases		-		-		-		-
D. Total Purchases	\$	1,007.7	\$	-	\$	1,007.7	\$	-
<u>Material Inventory Adjustments</u>								
A. Material Used in Maintenance	\$	1,006.1	\$	-	\$	1,006.1	\$	-
B. Disposals, theft, losses due to damages		-		-		-		-
C. Other reductions		-		-		-		-
D. Total inventory adjustments	\$	1,006.1	\$	-	\$	1,006.1	\$	-
Material Inventory EOP	\$	44.2	\$	-	\$	44.2	\$	-

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS
FY 2014

		<u>Total</u>		<u>Mobilization</u>		<u>Operating</u>		<u>Other</u>
Material Inventory BOP	\$	44.2	\$	-	\$	44.2	\$	-
<u>Purchases</u>								
A. Purchases to Support Customer Orders	\$	936.2	\$	-	\$	936.2	\$	-
B. Purchase of long lead items in advance of customer orders		-		-		-		-
C. Other Purchases		-		-		-		-
D. Total Purchases	\$	936.2	\$	-	\$	936.2	\$	-
<u>Material Inventory Adjustments</u>								
A. Material Used in Maintenance	\$	937.9	\$	-	\$	937.9	\$	-
B. Disposals, theft, losses due to damages		-		-		-		-
C. Other reductions		-		-		-		-
D. Total inventory adjustments	\$	937.9	\$	-	\$	937.9	\$	-
Material Inventory EOP	\$	42.5	\$	-	\$	42.5	\$	-

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SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

Total

	<u>Revenue 3-Year Average</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	<u>09-11</u>	<u>10-12</u>	<u>11-13</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue							<u>6%</u>	<u>6%</u>	<u>6%</u>
Working Capital Fund	2,167.3	2,181.7	2,238.6	155.5	92.3	103.9			
Appropriations	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>						
Total Revenue	2,167.3	2,181.7	2,238.6				130.0	130.9	134.3
Working Capital Fund Depot Maintenance Investment									
Facilities, Restoration and Modernization				24.3	10.9	24.7			
Purchases for Modernization of Equipment				14.7	12.5	13.3			
Capital Investment Program				42.1	41.6	45.9			
Productivity Enhancements				<u>0.0</u>	<u>0.0</u>	<u>0.0</u>			
Total WCF Investment				81.1	65.0	83.9			
Appropriated Funding									
Facilities Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment Purchased from other Investment Funds (APN, Navy)				7.1	27.3	6.0			
Capital Investment Program				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				<u>67.3</u>	<u>0.0</u>	<u>14.0</u>			
Total Appropriated Funding				74.4	27.3	20.0			
Component Total				155.5	92.3	103.9			
							<u>Budget Minus Six Percent of</u>		
							<u>Revenue Difference</u>		
							25.5	-38.6	-30.4

The table above reflects data for the Fleet Readiness Centers. The six percent threshold is applicable at the DoN level, to include both Navy Working Capital Fund and appropriated fund activities. As a result of the FY 2013 Continuing Resolution, the FY 2013 column above reflects data from the FY 2013 President's Budget.

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TAB 2 - Marine Corps Depots

Back of Tab

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS**

ACTIVITY GROUP FUNCTION

The Marine Corps Depot Maintenance Activity Group (MC DMAG) provides innovative, worldwide, depot level and related maintenance, rebuild, modification, and repairs, as necessary on Department of Navy (DoN), federal and non-federal customers' war fighting weapon systems. Other services provided include engineering, manufacturing, remanufacturing, preservation, calibration, fabrication, technical evaluation and other services required to maximize the readiness and sustainability of ground combat and combat support weapon systems and equipment.

The MC DMAG provides quality products and responsive maintenance support services that maintain a core industrial base in support of DoD operating forces mobilization, surge, reset and reconstitution requirements.

ACTIVITY GROUP COMPOSITION

Activities

Marine Depot Maintenance Command*

Marine Depot Maintenance Command*

**formerly Marine Corps Maintenance Center*

Location

Albany, GA

Barstow, CA

BUDGET HIGHLIGHTS

General

The FY 2014 MC DMAG budget includes costs and savings related to the implementation of the Marine Depot Maintenance Command (MDMC) beginning in FY 2012 that will be fully implemented by FY 2014. The establishment of MDMC is a major business strategy and capability that enhances DMAG's ability to provide end to end integrated and synchronized logistics solutions to its customers, increases agility to meet emergent needs for war fighting, eliminates duplicative, non value added functions/operations and promotes a more streamlined, efficient, and effective operation supporting multiple maintenance and related functions. This budget incorporates the phase I of MDMC which consolidates the previously separate (Albany, Georgia and Barstow, California) overhead operations into a single command element fostering significant and continual cost savings, better business practices, more informative decision making processes and realized efficiencies in the various multi commodity businesses of the previous MC Maintenance Center. The savings of \$10 million in FY 2014

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS**

reflected in this budget results from the consolidation of eleven overhead business functions into a single command element. These functions include (1) business, (2) production & material, (3) risk management, (4) calibration (5) engineering, (6) financial, (7) human resources & manpower, (8) information technology, (9) quality assurance, (10) quality control and (11) environmental/ safety management, operations and support. The consolidation results in the permanent reduction of 129 positions through the end of FY 2014.

Summary of Operations – Marine Corps Depots

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Orders	\$520.7	\$588.2	\$575.5
Revenue	\$585.9	\$582.5	\$563.0
Cost of Goods Sold	\$582.2	\$589.3	\$568.7
Revenue less Costs (NOR)	\$3.7	-\$6.9	-\$5.7
Surcharges (CIP)	-\$6.6	-\$2.1	-\$1.3
Accumulated Operating Result (AOR)	\$16.0	\$7.0	\$0

Orders- New reimbursable orders for FY 2012, FY 2013 and FY 2014 are \$520.7 million, \$588.2 million and \$575.5 million respectively. These new orders include the anticipated receipt of funding for Reset. Budgeting for other workload without letters of intent was done in consideration of a 5 year history of orders received and is consistent with recommendations in a recent GAO Audit on Carryover. The change in new orders in all years is mainly attributed to change in program due to reset with the majority of the receipt of funding occurring in FY 2013.

Revenue- Revenue is \$585.9 million for FY 2012, \$582.5 million for FY2013 and \$563.0 million for FY 2014.

Costs of Goods Sold- Cost of Operations is \$582.2 million in FY 2012, \$589.3 million in FY 2013, and \$568.7 million in FY 2014.

Revenue Less Cost- Revenue less cost of goods sold for FY 2012, FY 2013 and FY 2014 are \$3.7 million, -\$6.9 million, and -\$5.7 million respectively.

Surcharge- The FY 2012, FY 2013 and FY 2014 surcharges of -\$6.6 million, -\$2.1 million and -\$1.3 million, respectively, are for the Capital Investment Program.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS**

Net Cash Outlays

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Collections	\$581.8	\$572.4	\$563.4
Disbursements	\$596.2	\$547.2	\$574.5
Net Outlays	\$14.4	-\$25.2	\$11.1

Performance Indicators

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Schedule Conformance	99.8%	99.8%	99.8%
Quality Deficiency Reports	0.1%	0.1%	0.1%
Inventory Turnover Ratio	5.6:1	7.2:1	9.8:1

Stabilized Customer Rates

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Composite Hourly Rate	\$120.44	\$124.16	\$120.72
Percent Year to Year Change		3.1%	-2.8%

Unit Cost Goals- The budget reflects the following FY 2012-2014 unit cost goals:
(DLHs in Millions)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Total Operating Cost	\$579.9	\$589.3	\$568.7
Direct Labor Hours (DLH)	\$4.524	\$4.633	\$4.646
Unit Cost	\$128.20	\$127.21	\$122.40
% Change Workload/DLHs	12.3%	2.4%	0.3%
% Change Unit Cost	5.6%	-.8%	-3.8%

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

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS**

SUMMARY OF PERSONNEL RESOURCES

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian Personnel:			
End Strength	1,970	2,104	2,056
FTE Workyears	2,180	2,119	2,090
Military Personnel:			
End Strength	13	13	10
Workyears	1	13	10

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 2012 through FY 2014.
(Dollars in Millions)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
New Orders	\$520.7	\$588.2	\$575.5
Less Exclusions:			
FMS	-\$0.1	\$ 0.0	\$0.0
BRAC	-\$0.4	\$0.0	\$0.0
Other Federal Depts. & Agencies	\$0.0	\$0.0	\$0.0
Non-Federal & Others	\$.7	\$6.6	\$0.6
Orders for Carryover Calculation	\$520.5	\$581.6	\$574.9
Composite Outlay Rate (SSRCO)	44.0%	48.2%	46.3%
Carryover Ceiling Rate	56. 0%	51.8%	53.7%
Carryover Ceiling	\$229.1	\$280.5	\$266.2
Balance of Customer Orders at Yr End	\$225.3	\$231.1	\$243.6

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

Less Work in Process	\$.3	\$ 1.1	\$ 1.1
Less Exclusions			
FMS	\$ 0.0	\$ 0.0	\$ 0.0
BRAC	\$ 4.0	\$ 1.0	\$ 0.1
Other Federal Depts. & Agencies	\$ 0.0	\$ 0.0	\$ 0.0
Non-Federal & Others	\$.1	\$ 6.2	\$ 5.7
Carryover Budget	\$ 220.9	\$ 222.8	\$ 236.7

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
DOLLARS IN MILLIONS

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue:			
Gross Sales			
Operations	571.1	570.9	553.0
Surcharges	-10.7	-3.3	-1.3
Depreciation excluding Major Construction	4.1	8.2	8.7
Other Income			
Total Income	585.9	582.5	563.0
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	0.7	1.0	0.7
Civilian Personnel	203	205.2	202.2
Travel and Transportation of Personnel	5.1	4.7	5.1
Material & Supplies (Internal Operations)	235.1	214	213.1
Equipment	0	0	0
Other Purchases from NWCF	0.6	1.7	1.7
Transportation of Things	0	0	0
Depreciation - Capital	4.1	8.2	8.7
Printing and Reproduction	0.2	0.2	0.2
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	8.8	9.2	8.4
Other Purchased Services	122.3	145.1	128.7
Total Expenses	579.9	589.3	568.7
Work in Process Adjustment	2.3	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	582.2	589.3	568.7
Operating Result	3.7	-6.9	-5.7
Less Surcharges	-6.7	-2.1	-1.3
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	-2.9	-9.0	-7.0
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	16.0	7.0	0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
NAVY WORKING CAPITAL FUND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
DOLLARS IN MILLIONS

	FY 2012	FY 2013	FY 2014
	-----	-----	-----
1. New Orders	520.7	588.2	575.5
a. Orders from DoD Components:	513.4	573.9	574.9
Department of the Navy	466.9	563.8	570.3
O & M, Navy	1.3	2.0	2.0
O & M, Marine Corps	413.8	443.4	475.8
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	2.7	16.7	17.6
Aircraft Procurement, Navy	1.9	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	1.5	0	0
Procurement, Marine Corps	44.7	101.7	74.9
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	1.1	0	0
Military Construction, Navy	0	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	33.1	10.0	4.4
Army Operation & Maintenance	32.9	10.0	4.4
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0.2	0	0
Army Other	0	0	0
Department of the Air Force	7.6	0	0.1
Air Force Operation & Maintenance	5.6	0	0.1
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	2	0	0
DOD Appropriation Accounts	5.8	0	0
Base Closure & Realignment	-0.4	0	0
Operation & Maintenance Accounts	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0
Procurement Accounts	2.2	0	0
Defense Emergency Relief Fund	0	0	0
DOD Other	3.9	0	0
b. Orders from other Fund Activity Groups	6.7	7.7	0
c. Total DoD	520.1	581.6	574.9
d. Other Orders:	0.6	6.6	0.6
Other Federal Agencies	0	0	0
Foreign Military Sales	-0.1	0	0
Non Federal Agencies	0.7	6.6	0.6
2. Carry-In Orders	290.5	225.3	231.1
3. Total Gross Orders	811.2	813.6	806.6
a. Funded Carry-Over before Exclusions	225.3	231.1	243.6
b. Total Gross Sales	585.9	582.5	563
4. End of Year Work-In-Process (-)	-0.3	-1.1	-1.1
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-4.1	-7.2	-5.9
6. Net Funded Carryover	220.9	222.8	236.7

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

Exhibit Fund -11
Sources of Revenue

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES
APRIL 2013
\$ in MILLIONS

		Total Cost
FY 2012	Actuals	588.2
FY 2013	President's Budget:	345.7
	Estimated Impact in FYCY of Actual FYPY Experience:	0.0
	Pricing Adjustments:	0.5
	a. FY 2013 Pay raise	
	(1) Civilian Personnel	0.0
	(2) Military Personnel	0.0
	b. Annualization of Prior Year Pay Raise	
	(1) Civilian Personnel	0.0
	(2) Military Personnel	0.0
	c. General Inflation	0.5
	Productivity & Other Initiatives	
	a. Marine Depot Maintenance Command (MDMC) Consolidation	-1.9
	Program Changes:	
	a. Workload Changes	193.5
	(1) Direct Labor	44.7
	(2) Direct Materiel & Supplies	89.4
	(3) Direct Contract/Other Purchases	59.4
	Other Changes	51.5
	a. Indirect Labor	2.7
	b. Military Labor	0.0
	c. Indirect Materiel	15.8
	d. Depreciation	0.5
	e. Contract Services	31.9
	f. VERA/VSIP	0.1
	g. Other	0.5
FY 2013	Current Estimate:	589.3

Fund 2
Change in Cost of Operations

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES
APRIL 2013
\$ in MILLIONS

Pricing Adjustments:		3.5
a. FY 2014 Pay raise		
(1) Civilian Personnel		1.4
(2) Military Personnel		0.0
b. Annualization of Prior Year Pay Raise		
(1) Civilian Personnel		0.2
(2) Military Personnel		0.0
c. General Inflation/ Other		2.9
d. WCF Price Changes		-1.0
e. Fuel		0.0
Productivity & Other Initiatives		
a. Marine Depot Maintenance Command (MDMC) Consolidation		-10.2
Program Changes:		
a. Workload Changes		-5.6
(1) Direct Labor		-0.8
(2) Direct Material & Supplies		-2.6
(3) Direct Contract/Other Purchases		-2.2
Other Changes		-8.3
a. Facilities Sustainment, Restoration and Modernization		-8.0
b. Depreciation		0.5
c. Other		-0.8
FY 2014	Current Estimate	568.7

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CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)

Line #	Description	FY 2012		FY 2013		FY 2014	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment	6	<u>\$4.257</u>	5	<u>\$4.928</u>	5	<u>\$8.600</u>
	- Replacement Capability	1	\$1.101	0	\$0.000	4	\$7.600
	- Productivity Capability	5	\$3.156	5	\$4.928	1	\$1.000
	- 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	3	<u>\$0.651</u>	0	<u>\$0.000</u>	0	<u>\$0.000</u>
	- Computer Hardware (Production)	2	\$0.352	0	\$0.000	0	\$0.000
	- Computer Software (Operating)	0	\$0.000	0	\$0.000	0	\$0.000
	- Telecommunications	1	\$0.299	0	\$0.000		\$0.000
	- Oth Computer & Telecom Spt Equip	0	\$0.000	0	\$0.000	0	\$0.000
3	Software Development	0	<u>\$0.000</u>	0	<u>\$0.000</u>	0	<u>\$0.000</u>
	- 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	6	<u>\$3.847</u>	9	<u>\$5.422</u>	2	<u>\$1.400</u>
	- Replacement Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Productivity Capability	6	\$3.847	9	\$5.422	2	\$1.400
	- 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	15	\$8.755	14	\$10.350	7	\$10.000
	Total Capital Outlays	0	\$10.855	0	\$8.676	0	\$9.875
	Total Depreciation Expense	0	\$4.092	0	\$8.237	0	\$8.716

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES April 2013					
Department of the Navy / Depot Maintenance - Marine Corps Depots				Non-ADPE and Telecommunications Equipment					
Non-ADPE and Telecommunications Equipment	FY 2012			FY 2013			FY 2014		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Capability	1	1,101	1,101	0		0	4	1,900	7,600
Productivity Capability	5	631	3,156	5	986	4,928	1	1,000	1,000
New Mission	0		0	0		0	0		0
Environmental Capability	0		0	0		0	0		0
Total	6	710	4,257	5	986	4,928	5	1,720	8,600
Justification:									
<u>FY 2012</u>									
CNC Milling Machine (PPA) (Productivity)									
Punch Press Project									
CNC Tube Bender (PPB) (Productivity)									
CNC Pneumatic Punch Machine (PPB) (Productivity)									
Hazmat Vending System (PPB)(Productivity)									
Parkerization Plating System (PPB) (Replacement)									
<u>FY2013</u>									
3-D Laser Cutter (PPA) (Productivity)									
Cross Drive Upgrade (PPA)(Productivity)									
Fluid Recovery/Recycling System (Productivity)									
M777 Gymnasticator (PPB)(Productivity)									
Air Bearing Steel Transporting System (Productivity)									
<u>FY2014</u>									
Trumpf Punch Replacement (PPA) (Productivity)									
35 Ton Crane for 2200 (PPA) (Productivity)									
Automated Anodizer for Small Arms (PPA) (Productivity)									
Powder Coating Pre-Wash System (PPA) (Productivity)									
Engine Dynamometer Project (PPB) (Productivity)									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES April 2013						
Department of the Navy / Depot Maintenance - Marine Corps Depots									
	FY 2012			FY 2013			FY 2014		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
ADPE and Telecommunications Equipment									
Computer Hardware (Production)	2	176	352	0		0	0		0
Computer Software (Operating System)	0		0	0		0	0		0
Telecommunications	0		0	0		0	0		0
Other Computer & Telecommunications Spt Equipment	1	299	299	0		0	0		0
Total	3	217	651						
Justification:									
FY2012									
IUID Equipment Upgrade (PPB) (Productivity)									
NGEN Tech Refresh (PPA) (Productivity)									
NGEN Tech Refresh (PPB) (Productivity)									
FY 2013									
FY 2014									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES April 2013					
Department of the Navy / Depot Maintenance - Marine Corps Depots				Minor Construction					
				FY 2012		FY2013		FY2014	
Minor Construction				Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement				0		0	0		0
Productivity Capability				6	641	3,847	9	602	5,422
New Mission				0		0	0		0
Environmental				0		0	0		0
Total				6	641	3,847	9	602	5,422
Justification:									
<u>FY2012</u> Vehicle Air Conditioner Maintenance Facility (PPA) Productivity Hazmat Distribution/Management Facility (PPA) Productivity Clear Span Over Main Crane Outdoor Extension (PPA) Productivity Natural Gas Line (PPA) Productivity Clear Span at 2235 (PPA) Productivity Clear Span West End 2248 (PPA) Productivity <u>FY2013</u> Hardstand behind 2214 (PPA) Productivity Support Facility (PPA) Productivity Facility Drainage Improvements (PPA) Productivity Metal Storage Building Renovation (PPB) Productivity Calibration Labortory Renovation (PPB) Productivity 2460 Floor/Ends (PPA) Productivity Automotive Building Enclosure, Productivity Hardstand Extension - Southeast of Bldg 573 (PPB) Productivity IWTP Laboratory Space (PPA) Productivity <u>FY2014</u> Clearspan for AAV/GT Area (PPA) Clearspan for 715/725 Code B WIP (PPA)									

CAPITAL INVESTMENT PROGRAM
DEPARTMENT OF THE NAVY/ NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
DOLLARS IN MILLIONS

FY13 BUDGET ESTIMATE

	<u>Approved Project</u> Title	<u>Reprogs</u>	<u>Approved</u> <u>Project Cost</u>	<u>Current</u> <u>Project Cost</u>	<u>Asset/</u> <u>Deficiency</u>	<u>Explanation</u>
	Equipment except ADPE and TELECOM					
2013	3-D Laser Cutter (PPA)	0.000	1.400	1.400	0.000	Productivity
2013	Cross Drive Upgrade (PPA)	0.000	0.765	0.765	0.000	Productivity
2013	Fluid Recovery/Recycling System (PPB)	0.000	0.800	0.800	0.000	Productivity
2013	M77 Gymnasticator (PPB)	0.012	1.451	1.463	0.000	Productivity
2013	High Performance Band Saw	0.500	0.000	0.500	0.000	Productivity
	Sub-total Equipment	0.512	4.416	4.928	0.000	
	Equipment - ADPE and TELECOM					
2013	RFID Technology (PPB)	-1.000	1.000	0.000	0.000	Productivity
2013	Wireless Lan (PPB)	-1.000	1.000	0.000	0.000	Replacement
	Subtotal Equip - ADPE and TELECOM	-2.000	2.000	0.000	0.000	
	Minor Construction					
2013	Engineering & Integration Facility (PPA)	-0.745	0.745	0.000	0.000	Productivity
2013	Office Modules, Relocatable, Qty 2 (PPB)	-0.749	0.749	0.000	0.000	Productivity
2013	Maintenance Support Facility (PPA)	-0.600	0.600	0.000	0.000	Productivity
2013	Hardstand behind 2214 (PPA)	0.000	0.745	0.745	0.000	Productivity
2013	Support Facility (PPA)	0.000	0.745	0.745	0.000	Productivity
2013	Facility Drainage Improvements (PPA)	0.000	0.350	0.350	0.000	Productivity
2013	Metal Storage Building Renovation (PPB)	0.745	0.000	0.745	0.000	Productivity
2013	Calibration Labortory Renovation (PPB)	0.600	0.000	0.600	0.000	Productivity
2013	2460 Floor/Ends (PPA)	0.600	0.000	0.600	0.000	Productivity
2013	Automotive Building Enclosure	0.692	0.000	0.692	0.000	Productivity
2013	Hardstand Extension - Southeast of Bldg 573 (PPB)	0.550	0.000	0.550	0.000	Productivity
2013	IWTP Laboratory Space (PPA)	0.395	0.000	0.395	0.000	Productivity
	Sub-total Minor Construction	1.488	3.934	5.422	0.000	
	FY 2013 Estimate	0.000	10.350	10.350	0.000	

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MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE-MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS
Fiscal Year 2012

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	103.9	0.0	103.9	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	193.6	0.0	193.6	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	193.6	0.0	193.6	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	204.2	0.0	204.2	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	204.2	0.0	204.2	0.0
Material Inventory	93.3	0.0	93.3	0.0

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

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE-MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS
Fiscal Year 2013

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	93.3	0.0	93.3	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	150.9	0.0	150.9	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	150.9	0.0	150.9	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	184.6	0.0	184.6	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	184.6	0.0	184.6	0.0
Material Inventory	59.6	0.0	59.6	0.0

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

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE-MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS
Fiscal Year 2014

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	59.6	0.0	59.6	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	184.7	0.0	184.7	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	184.7	0.0	184.7	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	188.1	0.0	188.1	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	188.1	0.0	188.1	0.0
Material Inventory	56.2	0.0	56.2	0.0

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

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SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2014 PROGRAM BUDGET ESTIMATES
APRIL 2013

	<u>Revenue 3-Year Average</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	<u>09-11</u>	<u>10-12</u>	<u>11-13</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue							<u>6%</u>	<u>6%</u>	<u>6%</u>
Working Capital Fund	602.3	576.7	602.1	22.5	16.6	32.5			
Appropriations	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>						
Total Revenue	602.3	576.7	602.1				36.1	34.6	36.1
Working Capital Fund Depot Maintenance Investment									
Facilities Restoration and Modernization				5.1	6.2	6.2			
Equipment				0.0	0.0	1.3			
Equipment purchase by Other Organizations above Expense/Investment Threshold				0.0	0.0	1.3			
Capital Investment Program				8.8	10.4	10.0			
Productivity Enhancements				<u>0.0</u>	<u>0.0</u>	<u>0.0</u>			
Total WCF Investment				13.9	16.6	17.5			
Appropriated Funding									
Facilities Sustainment, Restoration and Modernization				0.0	0.0	0.0			
Equipment				0.0	0.0	0.0			
Capital Investment Program				0.0	0.0	0.0			
Productivity Enhancements				0.0	0.0	0.0			
Military Construction (MILCON)				<u>8.6</u>	<u>0.0</u>	<u>15.0</u>			
Total Appropriated Funding				8.6	0.0	15.0			
Component Total				22.5	16.6	32.5			
							<u>Budget Minus Six Percent of</u>		
							<u>Revenue Difference</u>		
							-13.6	-18.1	-3.6

The table above reflects data for the Department of the Navy (DoN). The six percent threshold is applicable at the DoN level, to include both Navy Working Capital Fund and appropriated fund activities. As a result of the FY 2013 Continuing Resolution, the FY 2013 column above reflects data from the FY 2013 President's Budget.

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TAB 3 - Naval Air warfare Center

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**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Mission Statement / Overview

The Naval Air Warfare Center (NAWC) budget submission includes the Aircraft Division (AD) and the Weapons Division (WD). NAWCs mission is to provide the Navy with full spectrum research, development, test, evaluation (RDT&E); in-service engineering; aircraft weapons integration; assigned airborne electronic warfare systems; naval aircraft engines; avionics; aircraft support systems; weapons systems associated with air warfare (except antisubmarine warfare systems); missiles and missile subsystems; RDT&E, acquisition and life cycle support of training systems; and to maintain and operate the air, land, and sea test ranges complex. NAWC receives Major Range Test Facility Base funding (RDT&E,N appropriation) to maintain and support designated range facilities.

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.

Significant Changes Since the FY 2013 President's Budget:

NAWC has incorporated Service Cost Centers, except for Major Range and Test Facility Base (MRTFB) costs, to record in-house direct reimbursable costs that cannot be specifically identified and billed to customers each month. This FY 2014 President's budget submission reflects the impact of this decision on both FY 2013 and FY 2014 budget estimates.

In order to implement the provisions of Section 219 of the FY 2009 NDAA and Section 2801 of the FY 2010 NDAA, the DON established the Naval Innovative Science and Engineering Program. The NISE Program involves the following primary functions: 1) innovative basic and applied research that support military missions, 2) transition of technologies developed by R&D activities into operational use, 3) scientific and engineering workforce development and 4) revitalization and recapitalization of R&D facilities pursuant to 10 USC 2805(d). Beginning in FY 2013, NISE Program efforts are part of NWCF R&D activities' general & administrative functions.

Efficiencies and Cost Reductions:

NAWC has included several initiatives within their FY 2014 Budget submission, 30% reduction to indirect travel and Data Center Consolidation.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Financial Profile:

<u>Revenue/Expense/NOR/AOR (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue	\$4,226.7	\$4,521.0	\$4,553.8
Expense	<u>\$4,271.6</u>	<u>\$4,519.9</u>	<u>\$4,562.7</u>
Operating Results	-\$44.9	\$1.1	-\$8.9
Other Changes Affecting NOR	\$0.0	\$0.0	\$0.0
Net Operating Results (NOR)	-\$44.9	\$1.1	-\$8.9
Other Changes Affecting AOR	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Accumulated Operating Results (AOR)	<u>\$7.8</u>	<u>\$8.9</u>	<u>\$0.0</u>

In order to ensure achievement of zero AOR in FY 2014, the correct computation of rates, and the proper resourcing of customer accounts, NWCF budget and manpower estimates have been updated from the FY 2013 President's Budget to reflect all known pricing and program/workload assumptions.

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

Operating Results: Operating Results: NAWC's actual FY 2012 Net Operating Results (NOR) was (\$44.9) which was \$9M better than the estimate of (\$53.9) in FY 2013 President's budget. In FY 2013, NAWC is budgeting for an NOR gain of \$1.1M, which is \$.2M less than the \$1.3M FY 2013 President's budget estimate. The decrease is primarily the result of an increase in general inflation costs from 1.7 to 2.0 percent. In FY 2014 NAWC will achieve a zero AOR balance.

<u>Collections/Disbursements/Outlays (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Collections	\$4,179.7	\$4,526.7	\$4,556.6
Disbursements	<u>\$4,245.4</u>	<u>\$4,505.9</u>	<u>\$4,545.7</u>
Outlays	\$65.7	-\$20.8	-\$10.9

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

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

<u>Reimbursable Orders (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	\$4,201.1	\$4,333.7	\$4,466.6

<u>Direct Labor Hours (000)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	20,054	17,196	17,308

The reduction in direct labor hours from FY 2012 to FY 2013 is primarily due to a change in classification of non-stabilized direct hours that is now classified as service cost center hours. The overall workload and workforce levels are not affected. FY 2014 increase in Direct Labor Hours over FY 2013 is associated with the increase in reimbursable orders projected.

Performance Indicator:

<u>Unit Cost</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Total Stabilized Cost (\$M)	\$1,585.7	\$1,406.4	\$1,500.4
Workload (DLHs) (000)	14,838	13,545	14,262
Unit cost (per DLH)	\$106.87	\$103.83	\$105.20

Unit cost is a measurement of total direct labor and overhead costs divided by the number of direct labor hours. The FY 2013 unit cost deviations from the PB 2013 budget submission are due to the incorporation of service cost centers and increase in the Naval Innovative Science and Engineering (NISE) Program.

<u>Stabilized / Composite Rates</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Stabilized Rate	\$98.41	\$102.76	\$104.79
Change from Prior Year		4.42%	1.98%
Composite Rate Change		2.46%	1.92%

Proposed composite rate changes from FY 2013 to FY 2014 are designed to achieve an accumulated operating result of zero.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013

Staffing Profile:

<u>Civilian/Military ES & Workyears</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	13,274	13,245	13,211
Civilian Workyears (Less OT)	13,037	12,998	12,963
Military End Strength	170	235	235
Military Workyears	167	162	162

Civilian Personnel: The civilian resource estimates are a baseline projection of civilian resources necessary to fulfill programming objectives and coordination with customers. Civilian resource estimates have been adjusted to reflect a balanced program of civilian resources to funded workload.

Capital Investment Program (CIP) Budget Authority:

<u>Capital Investment Program (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment, Non-ADP / Telecom	\$13.4	\$29.2	\$23.4
Equipment, ADPE / Telecom	\$9.0	\$8.1	\$9.6
Software Development	\$1.0	\$2.3	\$1.6
Minor Construction	<u>\$18.5</u>	<u>\$5.6</u>	<u>\$7.3</u>
Total	<u>\$41.8</u>	<u>\$45.3</u>	<u>\$41.9</u>

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Carryover Compliance:

<u>Carryover (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
New Orders	\$4,201.1	\$4,333.7	\$4,466.6
Less Exclusions:			
Foreign Military Sales	\$122.4	\$170.0	\$153.1
Base Realignment and Closure	-\$1.3	\$0.0	\$0.0
Other Federal Departments & Agencies	\$20.2	\$42.7	\$42.5
Non-Federal Agencies & others	\$16.2	\$25.2	\$25.2
Major Range & Test Facility Base	<u>\$273.0</u>	<u>\$291.0</u>	<u>\$283.2</u>
Orders for Carryover Calculation	\$3,770.6	\$3,804.8	\$3,962.6
 Composite Outlay Rate	 49.5%	 49.4%	 49.7%
Carryover Ceiling Rate	50.5%	50.6%	50.3%
Carryover Ceiling	\$1,865.4	\$1,880.4	\$1,969.3
 Balance of Customer Orders at Year End	 \$2,236.7	 \$2049.4	 \$1962.1
Less Work-in-Process	0	0	0
Less Exclusions			
Foreign Military Sales	\$130.1	\$144.9	\$125.9
Base Realignment and Closure	\$3.2	\$2.0	\$0.0
Other Federal Departments & Agencies	\$57.5	\$39.3	\$23.9
Non-Federal Agencies & Others	\$22.7	\$28.6	\$26.5
Major Range & Test Facility Base	<u>\$132.9</u>	<u>\$146.2</u>	<u>\$94.6</u>
Carryover Budget	<u>\$1,890.3</u>	<u>\$1,688.4</u>	<u>\$1,691.2</u>

In FY 2012, NAWC exceeded the carryover ceiling by approximately \$24.9 Million (+1.3%) due to a Continuing Resolution that delayed the receipt of orders giving the NAWC less time to execute funds as well as the late arrival of OCO requirements aligned to the NAWC mission. Budgeted carryover in FY 2013 and FY 2014 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) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue			
Gross Sales			
Operations	4186.3	4475.6	4511.5
Surcharges	0	0	0
Depreciation excluding Major Construction	40.4	45.3	42.3
Other Income			
Total Income	4226.7	4521	4553.8
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	13.7	12.4	12.7
Civilian Personnel	1675	1671.4	1681.5
Travel and Transportation of Personnel	97.8	61.3	61.3
Material & Supplies (Internal Operations)	426.9	402.6	396.3
Equipment	42.7	28.7	27.3
Other Purchases from NWCF	104.3	117.1	115.5
Transportation of Things	10.0	3.0	3.0
Depreciation - Capital	40.4	45.3	42.3
Printing and Reproduction	0.3	1.1	1.1
Advisory and Assistance Services	0.5	0.5	0.5
Rent, Communication & Utilities	62.1	92.2	97.9
Other Purchased Services	1797.9	2084.2	2123.3
Total Expenses	4271.6	4519.9	4562.7
Work in Process Adjustment	0	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	4271.6	4519.9	4562.7
Operating Result	-44.9	1.1	-8.9
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	-44.9	1.1	-8.9
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	7.8	8.8	0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)

	FY 2012 -----	FY 2013 -----	FY 2014 -----
1. New Orders	4201.1	4333.7	4466.6
a. Orders from DoD Components:	3936.9	3950.8	4108.4
Department of the Navy	3237.7	3093.9	3289.2
O & M, Navy	647.9	533.6	559.5
O & M, Marine Corps	16.7	13.9	14.5
O & M, Navy Reserve	1.1	0.5	0.5
O & M, Marine Corp Reserve	0.2	0.4	0.4
Aircraft Procurement, Navy	790.3	695.1	818.1
Weapons Procurement, Navy	61	45.1	59.4
Ammunition Procurement, Navy/MC	15.8	17.2	15.2
Shipbuilding & Conversion, Navy	65.6	86.3	85.8
Other Procurement, Navy	142.6	137.1	180.5
Procurement, Marine Corps	14.8	2.6	0
Family Housing, Navy/MC	0.5	0.3	0.3
Research, Dev., Test, & Eval., Navy	1480.2	1561.4	1554.3
Military Construction, Navy	0	0	0
National Defense Sealift Fund	0.8	0.5	0.7
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	229.6	255.3	246.3
Army Operation & Maintenance	52.2	51.8	50.5
Army Res, Dev, Test, Eval	31.0	51.3	49.3
Army Procurement	144.5	145.6	140.6
Army Other	2.0	6.7	6.0
Department of the Air Force	107.8	161.9	150.9
Air Force Operation & Maintenance	22.7	35.6	33.1
Air Force Res, Dev, Test, Eval	47.0	61.8	56.7
Air Force Procurement	38.2	64.5	61.1
Air Force Other	0	0	0
DOD Appropriation Accounts	361.9	439.7	422.0
Base Closure & Realignment	-1.3	0	0
Operation & Maintenance Accounts	91.9	108.3	106.4
Res, Dev, Test & Eval Accounts	124.1	197.4	191.3
Procurement Accounts	140.4	123.0	113.9
Defense Emergency Relief Fund	0	0	0
DOD Other	6.8	10.9	10.5
b. Orders from other Fund Activity Groups	105.4	145.0	137.4
c. Total DoD	4042.4	4095.8	4245.8
d. Other Orders:	158.8	237.9	220.7
Other Federal Agencies	20.2	42.7	42.5
Foreign Military Sales	122.4	170.0	153.1
Non Federal Agencies	16.2	25.2	25.2
2. Carry-In Orders	2262.2	2236.7	2049.4
3. Total Gross Orders	6463.3	6570.4	6516
a. Funded Carry-Over before Exclusions	2236.7	2049.4	1962.1
b. Total Gross Sales	4226.7	4521.0	4553.8
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-346.4	-361.0	-270.9
6. Net Funded Carryover	1890.3	1688.4	1691.2

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

Exhibit Fund-11
Sources of New Orders Revenue

CHANGES IN COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2014 PROGRAM / BUDGET SUBMISSION
APRIL 2013
(DOLLARS IN MILLIONS)

	Total Costs
FY 2012 Actual	\$ 4,271.6
FY 2013 Estimate in FY 2013 President's Budget	\$ 4,510.4
Pricing Adjustments	\$ -
Impact of Civilian Pay Raise	\$ -
Program Changes	\$ (42.5)
Productivity and Other Efficiencies	\$ -
Other Changes (incl Depreciation)	\$ 52.0
FECA	\$ (0.6)
DFAS	\$ 0.4
Indirect Travel Reduction	\$ (0.2)
Naval Innovative Science and Engineering (NISE) Program	\$ 42.5
All Other Changes	\$ 9.9
FY 2013 Current Estimate	\$ 4,519.9
Pricing Adjustments	\$ 55.5
Annualization of Pay Raises	\$ 2.4
Civilian Personnel	\$ 2.4
Military Personnel	\$ 0.0
Pay Raise	\$ 12.0
Civilian Personnel	\$ 11.9
Military Personnel	\$ 0.2
Working Capital Fund Price Changes	\$ 1.2
General Purchases Inflation	\$ 39.9

RESEARCH AND DEVELOPMENT
 NAVAL AIR WARFARE CENTER
 FISCAL YEAR (FY) 2014 PROGRAM / BUDGET SUBMISSION
 APRIL 2013
 (DOLLARS IN MILLIONS)

	Total Costs
Program Changes	\$ 2.7
Fixed Wing	\$ (2.2)
Guided Weapons	\$ 0.4
Rotor Craft	\$ 0.8
Avionics	\$ 6.8
Special Surveillance/Communications	\$ -
Unmanned Aircraft System	\$ -
Other	\$ (3.1)
Productivity and Other Efficiencies	\$ (2.6)
Data Center Consolidation	\$ (2.4)
Indirect Travel Reduction	\$ (0.2)
Other Changes (incl Depreciation)	\$ (12.8)
NWCF Funded Sustainment Cost to bring to 80%	\$ 1.3
FECA	\$ 0.7
DFAS	\$ 0.2
Depreciation	\$ (3.0)
CoSC/NGEN Fixed Cost Reduction	\$ (6.8)
Fuel Program Growth	\$ (4.5)
FEC Utilities and Other Base Support Services	\$ 2.5
All Other Changes	\$ (3.1)
FY 2014 Current Estimate	\$ 4,562.7

Fund-2 Changes in Cost of Operations

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CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

Line #	Description	FY 2012		FY 2013		FY 2014	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	4	\$3.051	9	\$5.589	8	\$5.675
	- Productivity Capability	10	\$5.270	35	\$18.360	23	\$15.220
	- New Mission Capability	9	\$5.095	8	\$5.275	4	\$2.510
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
		23	\$13.416	52	\$29.224	35	\$23.405
2	ADPE and Telecom Equipment						
	- Computer Hardware (Production)	5	\$2.486	14	\$7.492	12	\$5.897
	- Computer Software (Operating)	0	\$0.000	0	\$0.000	3	\$1.395
	- Telecommunications	11	\$6.479	2	\$0.650	4	\$2.280
	- Oth Computer & Telecom Spt Equip	0	\$0.000	0	\$0.000	0	\$0.000
		16	\$8.965	16	\$8.142	19	\$9.572
3	Software Development						
	- Projects = or > \$1M (List Separately)	0	\$0.000	1	\$0.415	1	\$0.856
	- Projects < \$1M	2	\$0.963	6	\$1.925	2	\$0.750
		2	\$0.963	7	\$2.340	3	\$1.606
4	Minor Construction						
	- 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	12	\$18.476	7	\$5.635	7	\$7.276
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
		12	\$18.476	7	\$5.635	7	\$7.276
	Grand Total	53	\$41.820	82	\$45.341	64	\$41.859
	Total Capital Outlays		\$35.907		\$37.940		\$35.600
	Total Depreciation Expense		\$40.420		\$45.341		\$42.341

Capital Investment Justification (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES April 2013						
Department of the Navy / Research and Development / Naval Air Warfare Center		#001 - Non-ADPE and Telecommunications						NAWC		
		FY 2012			FY 2013			FY 2014		
		Unit			Unit					
Non-ADPE and Telecommunications Equipment		Quant	Cost	Total Cost	Quant	Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment		4		3,051	9		5,589	8		5,675
Productivity Equipment		10		5,270	35		18,360	23		15,220
New Mission Equipment		9		5,095	8		5,275	4		2,510
Environmental Compliance										
Total		23		13,416	52		29,224	35		23,405
Justification:										
NON-ADPE and Telecommunications: FY 2012-FY 2014										
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. Replacement equipment will provide process control of energetic operations, test operations and data collection. Ordnance hazard test facilities will be upgraded to improve data acquisition, digitized high speed video coverage and improved communications. High speed spectroscopy equipment will enable improved analysis of lab scale combustion experiments. Increased work loads in laser technology and high energy lasers have exceeded the capacity and capabilities of current equipment. 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. Improved equipment is required to characterize and coat dielectric and optical windows used in advanced seeker, sensor and directed energy components. Optics lab and clean rooms will be upgraded to allow more effective data acquisition and evaluation in support of missile seeker development programs. Obsolete laboratory equipment in support of development of solid state millimeter wave devices, optical/EO/IR sensors, surface mount electronics and prototyping will be replaced allowing more efficient and effective support of weapons development programs. 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. Improved airborne instrumentation pods with expanded sensing capability will allow a broader range of data to be gathered in flight testing on available aircraft. Testing of electronic warfare equipment is limited by an insufficient number of radar environment simulators. An additional Advanced Multiple Environment Simulator will provide an enhanced capability to support the development of Electronic Warfare (EW) suites in a more cost effective and timely manner. RF chamber upgrades will allow testing of medium and high power jamming testing without the restrictions of open air testing. UHF/VHF chambers will be upgraded for improved accuracy, fidelity and efficiency. Upgraded materials testing equipment such as scanning electron microscopes and Instron mechanical test machines will provide more efficient and accurate characterization of materials. Installation of new controllers for climatic chambers will provide continued and improved testing of operational hardware and fleet weapons systems. Increased capacity will allow longer run times for testing of high speed propulsion systems and components and expanded aerothermal testing. An expanded storage tank capability will allow more effective testing of electronic safe arm devices. Signal generator and sensors will enable upgrading of reprogrammable, adaptable ground targets to meet customer needs. Upgrades to the Sensor Technology Integration/Exploitation Lab will enable prototyping and development of embedded processing algorithms. The Integration and Interoperability Arena will be upgraded to allow creation of service oriented architecture test beds and evaluation of cyber threats to network operations. Upgrading and expansion of launch and recovery equipment and mobile command and control systems will enhance our ability to perform payload integration and evaluation of unmanned platforms. Obsolete analog video documentation equipment in the Weapons Survivability Laboratory will be replaced with high definition digital equipment. This will greatly reduce the cost and increase the quality of video data required in support of live fire test programs. Upgrades to productivity equipment will benefit support equipment for antennas, radars, networks, ID Friend or Foe, heat treatment, hydraulic press, valve plug lathe, dust chamber, cylindrical grinder . Laboratories that will be upgraded include the antenna lab, and battery lab, unmanned aircraft lab, rapid prototype lab, microanalysis lab, fuel cell lab, altitude and dynamic breathing lab. Other capabilities to be upgraded include the ejection tower, windblast efforts, avionics, and sensor integration work. New mission equipment will support various NAWC areas to include equipment that will help in developing weaponization of unmanned vehicles and development of new high energy laser systems in support of war fighter operations. Beam control equipment and ion beam coating systems will complement the development of high energy laser systems. A new capability in ceramic material processing will allow fabrication of components for solid state laser devices for use in sensor and countermeasure applications. War fighter will be able to find, track, target and destroy enemy assets without putting themselves in harms way utilizing newly developed materials and components. A new capability for hands free prototyping will allow around the clock fabrication support for the warfighter. New capabilities in photonics will be initiated. Specialized equipment will enable the exploration of innovative, renewable energy technologies. Research capability will be established in the new areas of nano energetic materials and fabrication of sensors using nanotechnology. Composite fabrication and evaluation equipment will provide the capability to manufacture and assess precision missile components using new classes of composite materials. A capability will be developed utilizing new six degree of freedom techniques for more accurately simulating the vibration environment of stores in captive flight. An integrated suite of tools and sensors will lead to a unique capability in advanced radar processing and exploitation. Electromagnetic sensor and laboratory equipment will provide the capability to evaluate the effect of threat pulse power systems on electronic components. Hardware will be acquired allowing the evaluation of countermeasures against a new generation of threat systems. A new capability in in-service support of EW payload systems will be developed. Existing facilities and equipment will be upgraded to provide a new capability for analysis and evaluation of reactive liners for insensitive munitions. A large scale capability in Resonance Acoustic Mixing will enable safer, more efficient mixing of formulations using new classes of energetic materials. 2. The investments 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 investments are 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										

Capital Investment Justification (\$ in Thousands)		FISCAL YEAR (FY) 2014 BUDGET ESTIMATES								
		April 2013								
Department of the Navy / Research and Development / Naval Air Warfare Center	#002 - ADPE and Telecommunications Capabilities	NAWC								
		FY 2012			FY 2013			FY 2014		
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)		5		2,486	14		7,492	12		5,897
Computer Software (Operating System)								3		1,395
Telecommunications		11		6,479	2		650	4		2,280
Other Computer & Telecommunications Spt Equipment										
Total		16		8,965	16		8,142	19		9,572
Justification:										
ADPE and Telecommunications: FY 2012-FY 2014 1. Projects will support various NAWC areas to include networks, ADPE security, analysis tools, simulators, acoustic warfare, modeling and simulation, servers, technology enhancement, test environment development 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. Improved servers and software will be acquired to support C4ISR and precision targeting efforts. Computer hardware and software is required to support evaluation and integration of electronic attack payloads on unmanned platforms. Video production and archiving will be transferred to high definition digital equipment and media, thus conforming with current standards. 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 by implementing a high performance computational cluster. ADPE equipment will be upgraded for guidance navigation and control embedded software lab and assault aircraft survivability equipment integration lab. Acquisition of secure workstation and networking capability will be utilized in advanced radar processing and exploitation efforts. Dedicated racks of computer equipment will be acquired to allow expansion of workload in the Threat Signal Processing in the Loop facility. Obsolete and degraded data acquisition equipment currently being used in combustion and detonation science investigations will be replaced with new, state of the art equipment. 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 investments are 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.										

FY2012-FY2014

Greater than \$1M:

EA & EW UxS FACILITY EQUIPMENT (2 PHASES)

1. The purpose is to create a facility/environment that will have the capability of integrating EA/EW (Electronic Attack/Electronic Warfare) systems into Unmanned Experimental Systems (air, ground, surface). This will include internal integration and external podded system integrations and will support actual platform and simulated systems integration (i.e guidance control section, flight control system, engines etc). This procurement will be used to obtain the equipment required to support integration of Electronic Warfare (EW) Systems into Unmanned and externally controlled systems and to obtain upgrades that augment existing lab capabilities that exist today in order to put NAWC in a good position to capitalize on new capabilities and opportunities. It will support integration of the increasing number of EA/EW systems into unmanned systems.
2. The environment required to support the development, sustainment, integration and test of EA/EW systems into unmanned platforms does not currently exist.
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. NAWC will not be able to stand up the facility and support the EA/EW systems for unmanned platforms, causing inability to support the EA/EW integration.

FY2012-FY2014

Greater than \$1M:

WSL COMMUNICATIONS UPGRADE

1. This project will replace existing communications between test sites at the Weapons Survivability Laboratory (WSL). The project will provide upgraded fiber, supporting equipment, data acquisition, controls, phone and computer networking needed to communicate between WSL test sites and with the outside world.
2. The current system does not provide an integrated capability, is subject to frequent maintenance issues and associated system downtime. The need to communicate with test participants and between test facilities is critical to safe and timely test operations. This project will provide WSL with an integrated, reliable communications, data acquisition, and controls capability.
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 the system is not acquired, maintenance issues will become more acute until at some point we are unable to maintain the existing hardware due to unavailability of parts. Test downtimes will increase as maintenance of the existing system becomes more difficult and takes longer to fix. One of a kind test articles requiring multiple instrumentation channels (100+) can cost an upwards of \$2M to re-create. Other common test platforms with 100 or less channels can cost up to \$200K to re-create.

FY2012-2014

Greater than \$1M:

SIPRNET Web and Database Environment

1. The Secret Internet Protocol Router Network (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, 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

FY2012-2014

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.

Capital Investment Justification (\$ in Thousands)		FISCAL YEAR (FY) 2014 BUDGET ESTIMATES							
		April 2013							
Department of the Navy / Research and Development / Naval Air Warfare Center		#003 - Software				NAWC			
Software		FY 2012			FY 2013			FY 2014	
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost Total Cost
Projects <\$1M		2		963	6		1,925	2	750
Projects = or > \$1M (LEDMI)					1		415	1	856
TOTAL		2		963	7		2,340	3	1,606
Justification:									
Software: FY2012-FY2014 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 NAWC areas to include mission task lab, conceptual rotorcraft analysis efforts, training system interoperability, and parametric aircraft drawing and analysis capability. 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.									
FY2012-2014 Greater than \$1M: LEDMI 1. The purpose of this project is to build a master data table that will synchronize in real time over 30 information systems and serve as a single entry point of query for all related Fleet support data. 2. Current Support Equipment (SE) and Aircraft Launch and Recovery Equipment (ALRE) maintenance, logistics, and other technical databases are disjointed, time consuming to access and often contain inconsistent or contradictory information, impairing the the ability of engineers and logisticians to achieve higher SE/ALRE reliability at a reduced cost. 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 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) 2014 BUDGET ESTIMATES																																										
		April 2013																																										
Department of the Navy / Research and Development / Naval Air Warfare Center	#004 - Minor Construction					NAWC																																						
		FY 2012			FY 2013			FY 2014																																				
Minor Construction		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost																																		
Replacement																																												
Productivity																																												
New Mission		12		18,476	7		5,635	7		7,276																																		
Environmental																																												
Total		12		18,476	7		5,635	7		7,276																																		
Justification:																																												
Minor Construction: FY2012-FY2014																																												
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 construct 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 test team facilities for irregular warfare, unmanned aircraft, air vehicles, and mission systems. Additonal effort will be done to construct a catapult windlab facility, mobile systems lab, environmental and electrical test facility, composite materials structures facility, jet car track facility, external cargo mockup facility, weapons survivability lab test article assembly building, a consolidated storage facility. 2. The following Minor Construction projects exceed the current Military Construction threshold levels of \$750K, using LRP authority. <table><tr><td colspan="2"><u>Project Name</u></td></tr><tr><td>FY 12 ICIS Tower_LRP</td><td>\$ 750</td></tr><tr><td>FY 12 Mobile ATC Systems Lab_LRP</td><td>\$ 750</td></tr><tr><td>FY 12 SAIL Minor C</td><td>\$ 864</td></tr><tr><td>FY 12 LR 141 LRP</td><td>\$1,200</td></tr><tr><td>FY12 Irregular Warfare LRP</td><td>\$1,999</td></tr><tr><td>FY 12 SE/ALRE LRP</td><td>\$1,999</td></tr><tr><td>FY 12 PSEF LRP</td><td>\$1,999</td></tr><tr><td>FY 12 UAS LRP</td><td>\$1,999</td></tr><tr><td>FY 12 Air Vehicles LRP</td><td>\$1,999</td></tr><tr><td>FY 12 Mission Systems LRP</td><td>\$1,999</td></tr><tr><td>FY 12 CONSOLIDATED STORAGE FACILITY</td><td>\$2,000</td></tr><tr><td>FY 13 HIGH ENERGY LASER LABORATORY</td><td>\$2,000</td></tr><tr><td>FY 13 WSL TEST ENGINEERING LABORATORY</td><td>\$1,100</td></tr><tr><td>FY 14 UxS FLASH SITE</td><td>\$1,965</td></tr><tr><td>FY 14 SECURE TARGETS BUILDUP</td><td>\$1,200</td></tr><tr><td>FY 14 Composite Materials and Structures Building LRP</td><td>\$1.999</td></tr></table> 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											<u>Project Name</u>		FY 12 ICIS Tower_LRP	\$ 750	FY 12 Mobile ATC Systems Lab_LRP	\$ 750	FY 12 SAIL Minor C	\$ 864	FY 12 LR 141 LRP	\$1,200	FY12 Irregular Warfare LRP	\$1,999	FY 12 SE/ALRE LRP	\$1,999	FY 12 PSEF LRP	\$1,999	FY 12 UAS LRP	\$1,999	FY 12 Air Vehicles LRP	\$1,999	FY 12 Mission Systems LRP	\$1,999	FY 12 CONSOLIDATED STORAGE FACILITY	\$2,000	FY 13 HIGH ENERGY LASER LABORATORY	\$2,000	FY 13 WSL TEST ENGINEERING LABORATORY	\$1,100	FY 14 UxS FLASH SITE	\$1,965	FY 14 SECURE TARGETS BUILDUP	\$1,200	FY 14 Composite Materials and Structures Building LRP	\$1.999
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FY 14 SECURE TARGETS BUILDUP	\$1,200																																											
FY 14 Composite Materials and Structures Building LRP	\$1.999																																											

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

Projects on the FY 2013 President's Budget

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/ Reason for Change</u>
2013	Equipment except ADPE and TELECOM	<u>-1.799</u>	\$31.023	\$ 29.224	1.799	Seven projects cancelled. Six new projects added. Two project cost estimates increased. One project cost estimate decreased.
2013	Equipment - ADPE and TELECOM	<u>-3.078</u>	11.220	\$ 8.142	3.078	Seventeen projects cancelled. Eleven new projects added.
2013	Software Development	<u>1.240</u>	1.100	\$ 2.340	-1.240	Five new projects added. Two project cost estimates decreased.
2013	Minor Construction	<u>3.637</u>	1.998	\$ 5.635	-3.637	Four projects cancelled. Six new projects added.
	Total FY 2011 Capital Purchase Program	<u>\$ -</u>	<u>\$ 45.341</u>	<u>\$ 45.341</u>	<u>\$ -</u>	

TAB 4 - Naval Surface Warfare Center

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**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

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. Central to our strategy is the sustainment and development of critical core capabilities that support legacy and emerging systems in the Fleet. Critical to our vision is the need to acquire, train, and retain top quality, diverse, scientists and engineers and to maintain the corresponding infrastructure necessary to support the Navy's future strategic requirements.

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. NSWC Carderock also develops and applies science and technology associated with naval architecture and marine engineering as well as provide support to the maritime industry. 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. This is done by gauging the Navy's warfighting capability of weapons and integrated combat systems from unit to force level. This division will access 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.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
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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.

EXPLOSIVE ORDNANCE DISPOSAL (EOD) TECHNOLOGY DIVISION: The mission is to provide EOD technology and logistics management for the Joint Services. This division, in its efforts to support DoD components and the security needs of other agencies, also, develops war essential elements of intelligence, equipment, and procedures to counter munitions, both U.S. and foreign. This division also supports the Executive Manager for EOD Technology and Training in his Joint Forces role. The primary operating site is Rison, MD.

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. Focus areas are warheads, propulsion systems, ordnance and pyrotechnic devices and fuzing for Navy, Joint Forces, and the Nation. Capabilities 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 MacAlester, OK, and Picatinny, NJ.

DEPARTMENT OF THE NAVY
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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.

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 a small detachment in Dam Neck, VA.

Significant Changes Since the FY 2013 President's Budget:

There are no significant changes in the activity group composition since the FY 2013 President's Budget.

Financial Profile:

<u>Revenue/Expense/Operating Results (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue	\$3,998.1	\$4,481.7	\$4,448.8
Expense	\$4,048.7	\$4,489.0	\$4,550.5
Operating Results	-\$50.6	-\$7.2	-\$101.7
Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Results (NOR)	-\$50.6	-\$7.2	-\$101.7
Other Changes Affecting AOR	0.4	0.0	0.0
Accumulated Operating Results (AOR)	\$109.0	\$101.7	\$0.0

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
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NAVAL SURFACE WARFARE CENTER
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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. Gains from additional direct labor hours in FY 2012 and FY 2013 allow us to offset the FY 14 pay raise. FY 2012 reflects overhead efficiencies of \$40M/year; FY 2013 reflects additional overhead efficiencies of \$25.6M/year and FY 2014 reflects additional efficiencies of \$23.2M/year.

The FY 2012 operating results reflects a gain of \$73.8M from the FY 2013 President's Budget due to additional direct labor hours +\$26.3M, \$11.8M in write-offs needed to achieve clean financial opinions, +\$26.0M under execution of overhead and +\$9.7M in Workload/Stabilized rate mix. FY 2013 operating results reflects a gain of \$27.5M from the FY 2013 President's Budget due to additional direct labor hours +\$15.7M and \$11.8M in write-offs needed to achieve clean financial opinions. The negative AOR recoupment in FY 2014 will return projected cumulative gains and will achieve a zero Accumulated Operating Result balance in FY 2014.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Collections/Disbursements/Outlays (\$Millions)</u>			
Collections	\$3,961.7	\$4,481.7	\$4,448.8
Disbursements	\$3,997.3	\$4,501.4	\$4,535.2
Outlays	\$35.6	\$19.7	\$86.4

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

Workload:

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Reimbursable Orders (\$Millions)</u>			
Current Estimate	\$3,979.7	\$4,540.9	\$4,444.6

NSWC has estimated reimbursable orders in coordination with major recurring customers.

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<u>Direct Labor Hours (000)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	23,690	23,163	22,486

Direct labor hours show a modest decline in FY 13 (-2.2%) and FY 14 (-2.9%), reflecting a more conservative in-house/out-house posture. The workforce will continue to be sized in execution in accordance with funded workload.

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

<u>Unit Cost</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Total Stabilized Cost (\$Millions)	\$2,290	\$2,319	\$2,291
Workload (DLHs) (000)	23,690	23,163	22,486
Unit cost (per DLH)	\$96.65	\$100.11	\$101.90

Unit Cost: The Center's unit cost reflects a modest increase from FY 2013 to FY 2014 due to reduced DLHs, and inflation.

<u>Stabilized / Composite Rates</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Stabilized Rate	\$93.53	\$97.14	\$95.45
Change from Prior Year		3.9%	-1.7%
Composite Rate Change		2.8%	0.3%

Staffing:

<u>Civilian/Military ES & Workyears</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	16,234	15,485	15,481
Civilian Workyears (straight time)	16,045	15,762	15,345
Military End Strength	209	176	173
Military Workyears	215	173	174

Civilian Personnel: Projected workyear and end strength estimates have been sized to meet funded customer demand in FY 2012 and the FY 2013 President's Budget in FY 2013 and FY 2014.

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

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Capital Investment Program (CIP):

<u>CIP Authority (\$Millions)</u>	<u>FY FY2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment, Non-ADP / Telecom	\$17.5	\$21.6	\$17.2
Equipment, ADPE / Telecom	6.4	8.5	8.0
Software Development	0.6	0.9	0.0
Minor Construction	9.8	5.3	13.8
Total	\$34.3	\$36.3	\$39.0

The NSWC CIP program procures mission essential equipment to support a wide customer base.

Carryover Compliance:

<u>Carryover (\$Millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
New Orders	\$3,979.7	\$4,541.0	\$4,444.6
Less Exclusions:			
Foreign Military Sales	156.8	186.0	187.3
Base Realignment and Closure	0.6	0.1	0.2
Other Federal Departments & Agencies	69.0	75.5	71.1
Non-Federal Agencies & others	18.2	20.8	19.7
Major Range & Test Facility Base	0.0	0.0	0.0
Orders for Carryover Calculation	\$3,735.1	\$4,258.6	\$4,166.4
Composite Outlay Rate	55.3%	55.0%	55.2%
Carryover Ceiling Rate	44.7%	45.0%	44.8%
Carryover Ceiling	\$1,670.2	\$1,916.6	\$1,867.9
Balance of Customer Orders at Year End	\$1,981.9	\$2,041.1	\$2,037.0
Less Work-in-Process	0.0	0.0	0.0
Less Exclusions			
Foreign Military Sales	224.1	230.3	229.2
Base Realignment and Closure	2.4	0.4	0.2
Other Federal Departments & Agencies	69.6	77.6	81.4
Non-Federal Agencies & Others	25.6	27.0	27.0
Major Range & Test Facility Base	0.0	0.0	0.0
Carryover Budget	\$1,660.1	\$1,705.8	\$1,699.3

Budgeted carryover is within the ceiling allowed by outlay rates.

REVENUE AND EXPENSE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
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(DOLLARS IN MILLIONS)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue:			
Gross Sales			
Operations	3,972	4,444	4,410
Surcharges	-	-	-
Depreciation excluding Major Constr	26	38	39
Other Income			
Total Income	3,998	4,482	4,449
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	13.3	12.7	12.7
Civilian Personnel	2,045.9	2,030.1	1,995.8
Travel and Transportation of Personnel	109.3	143.0	145.4
Material & Supplies (Internal Operation	176.7	236.4	246.8
Equipment	70.3	93.3	98.5
Other Purchases from NWCF	125.3	122.8	112.5
Transportation of Things	5.5	3.5	4.2
Depreciation - Capital	26.3	38.0	38.6
Printing and Reproduction	3.9	2.2	2.2
Advisory and Assistance Services	-	1.0	1.0
Rent, Communication & Utilities	71.8	78.8	71.3
Other Purchased Services	1,400.8	1,727.1	1,821.5
Total Expenses	4,049.0	4,489.0	4,550.5
Work in Process Adjustment	-	-	0
Comp Work for Activity Retention Adj	(0.3)	-	0
Cost of Goods Sold	4,048.7	4,489.0	4,550.5
Operating Result	-50.6	-7.2	-101.7
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AC	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	0	0	0
Net Operating Result	-50.6	-7.2	-101.7
Other Changes Affecting AOR	0.4	0	0
Accumulated Operating Result	109	101.7	0

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
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APRIL 2013
(DOLLARS IN MILLIONS)

	FY 2012 -----	FY 2013 -----	FY 2014 -----
1. New Orders	3,979.7	4,541.0	4,444.6
a. Orders from DoD Components:	3,479.6	3,951.2	3,862.3
Department of the Navy	2,907.2	3,234.8	3,162.0
O & M, Navy	979.0	1,052.6	1,050.3
O & M, Marine Corps	51.7	48.5	49.5
O & M, Navy Reserve	3.4	8.5	8.9
O & M, Marine Corp Reserve	1.1	1.1	1.2
Aircraft Procurement, Navy	61.8	82.2	77.1
Weapons Procurement, Navy	86.4	103.4	105.2
Ammunition Procurement, Navy/MC	82.3	116.9	123.6
Shipbuilding & Conversion, Navy	280.3	304.5	292.2
Other Procurement, Navy	385.2	444.5	435.9
Procurement, Marine Corps	49.3	82.5	77.2
Family Housing, Navy/MC	-	-	-
Research, Dev., Test, & Eval., Navy	914.0	974.0	924.5
Military Construction, Navy	0.5	0.4	0.4
National Defense Sealift Fund	19.5	15.3	15.7
Other Navy Appropriations	(7.5)	0.1	0.2
Other Marine Corps Appropriations	-	0.3	0.2
Department of the Army	90.7	118	117.3
Army Operation & Maintenance	19.5	27.6	27.6
Army Res, Dev, Test, Eval	25.6	23.9	22.8
Army Procurement	18	28.1	28.7
Army Other	27.6	38.5	38.2
Department of the Air Force	32.8	75.1	82.2
Air Force Operation & Maintenance	10.9	25	27.7
Air Force Res, Dev, Test, Eval	9.6	20.1	24.5
Air Force Procurement	12.4	29.8	29.9
Air Force Other	-0.1	0.1	0.1
DOD Appropriation Accounts	448.9	523.3	500.8
Base Closure & Realignment	0.6	0.1	0.2
Operation & Maintenance Accounts	69.5	75.9	78.4
Res, Dev, Test & Eval Accounts	340.6	406	381.3
Procurement Accounts	32.2	34.4	34.1
Defense Emergency Relief Fund	0	0	0
DOD Other	6	6.9	6.9
b. Orders from other Fund Activity Group:	256.1	307.5	304.3
c. Total DoD	3,735.7	4,258.7	4,166.6
d. Other Orders:	244	282.3	278
Other Federal Agencies	69	75.5	71.1
Foreign Military Sales	156.8	186	187.3
Non Federal Agencies	18.2	20.8	19.7
2. Carry-In Orders	2,000.3	1,981.9	2,041.1
3. Total Gross Orders	5,980.0	6,522.9	6,485.8
a. Funded Carry-Over before Exclusions	1,981.9	2,041.1	2,037.0
b. Total Gross Sales	3,998.1	4,481.7	4,448.8
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-321.7	-335.3	-337.7
6. Net Funded Carryover	1,660.1	1,705.8	1,699.3

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

CHANGES IN THE COST OF OPERATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER
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	<u>Total Cost</u>
FY 2012 Estimated Actuals	\$4,048.7
FY 2013 President's Budget	\$ 4,091.7
Estimated Impact in FY 2013 of Actual FY 2012 Experience	52.2
Program Changes	
Increased Customer Workload	352.5
Other Changes	
Clean-up/Write-offs for Audit Readiness	(11.9)
Travel Reductions	(1.6)
Change in General Inflation Guidance	6.1
FY 2013 Current Estimate	\$ 4,489.0
Pricing Adjustments	
Annualization of Prior Year Pay Raises	
Military	-
Civilian	2.6
FY 2014 Pay Raises	
Military	0.1
Civilian	15.2
Working Capital Fund Price Changes	(9.7)
General Purchase Inflation	39.5
Productivity Initiatives	
HR Delivery Process	(1.0)
IT Policy Changes	(0.6)
Data Center Consolidation	(21.7)
Travel Reductions	(0.1)
Program Changes	
Increased Customer Workload	47.6
Other Changes	
Continuity of Services Contract Restructure (formerly Navy/Marine Corps Intranet)	(10.4)
FY 2014 Current Estimate	\$ 4,550.5

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CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
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\$ IN MILLIONS

Line #	Description	FY 2012		FY 2013		FY 2014	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non ADP Equipment	25	\$17.498	28	\$21.623	25	\$17.220
	- Replacement	11	\$7.557	10	\$7.179	15	\$8.717
	- Productivity	10	\$7.874	13	\$10.777	9	\$7.978
	- New Mission	4	\$2.067	5	\$3.667	1	\$0.525
	- Environmental	0	\$0.000	0	\$0.000	0	\$0.000
2	ADPE and Telecommunications Equipment	13	\$6.400	16	\$8.483	15	\$7.989
	- Computer Hardware (Production)	13	\$6.400	15	\$7.912	14	\$7.589
	- Computer Software (Operating System)	0	\$0.000	1	\$0.571	0	\$0.000
	- Telecommunications	0	\$0.000	0	\$0.000	1	\$0.400
	- Other Computer & Telecom Support Equipment	0	\$0.000	0	\$0.000	0	\$0.000
3	Software Development	2	\$0.612	2	\$0.905	0	\$0.000
	ERP Licenses						
	Software Projects <\$1M	2	\$0.612	2	\$0.905	0	\$0.000
4	Minor Construction	14	\$9.801	11	\$5.292	18	\$13.801
	- Replacement	2	\$2.088	3	\$1.700	3	\$1.390
	- Productivity	12	\$7.713	8	\$3.592	15	\$12.411
	- New Mission	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental	0	\$0.000	0	\$0.000	0	\$0.000
	Grand Total	54	\$34.311	57	\$36.303	58	\$39.010
	Total Capital Outlays		\$21.333		\$31.030		\$31.030
	Total Depreciation Expense		\$26.258		\$37.972		\$38.617

CAPTIAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2014 Budget Estimates					
Department of the Navy, Research and Development, Naval Surface Warfare Centers, April 2013		1 - Non ADP - Replacement							
	FY 2012		FY 2013			FY 2014			
Non ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Replacement	11		7.557	10		7.179	15		8.717
Total	11		7.557	10		7.179	15		8.717
<u>Replacement Equipment:</u> 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 6 projects with an individual cost greater than or equal to \$1000K. 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 2.5 - 5 years.									

Non ADP Replacement Projects >\$1M:

B 1400 Antenna Measurement System: Procure and install an antenna measurement system and procure instrumentation equipment (calibration horns, waveguides, connectors, calibrated antennae and spheres) to support projects using the B1400 Tapered Anechoic Chamber. Acquire a antenna measurement system (hardware and software) from a commercial vendor who will provide installation, integration into existing chamber, training, and technical support. Deliverable is a antenna measurement system along with items such as horns, waveguides, and calibrated antennae and spheres to fill capability gaps. Payback estimated at 2.7 years.

Carriage 2 Test Model Servicing Device: This project replaces the current servicing device (circa 1949) with a new device featuring upgraded capabilities to accommodate models weighing over 20,000lbs (6,000lbs currently) and up to 45ft in length (~23ft currently). Scope of work includes removal of the existing device and associated equipment, fabrication and/or procurement of new parts and materials, and assembly of a new servicing device in the Carriage 2 test basin. Status quo includes use of overhead cranes to rig large/heavy surface models comprising 20% of yearly testing, and the use of cranes for rigging and divers to support large submarine testing comprising 30% of yearly testing. Additional cost of overhaul of existing device included in FY17. Benefit to Investment Ratio: 1.32. Payback Period: 7 years.

Electronic Attack Verification and Effectiveness System (EAVES): The EAVES will create real-time radio frequency (RF) scenario generation across the COMMS and RADAR spectrum to enable testing of advanced EW systems in a lab/laboratory environment to perform detailed systems analysis of Electronic Warfare Support (ES) and Electronic Attack (EA) systems performance on a pulse by pulse basis. The EAVES will provide for high fidelity scenario creation of the most complex threat environments and provide testers the ability to conduct detailed analysis of ES/EA systems performance in an open and closed loop testing environment. A state-of-the-art, real-time threat simulator that provides full-suite, multi-SUT capability for laboratory and anechoic chamber applications. Estimated payback is < 2 years.

Time-of-Flight Secondary Ion Mass Spectrometer (TOF-SIMS): This project will procure a fully operational SIMS which is used in the inspection and analysis of electronic components and materials in the performance of failure analysis and in-depth component and materials evaluation. Providing trusted electronics. Deliverable is a Time-of-Flight Secondary Ion Mass Spectrometer (SIMS) including all hardware and software to perform analysis. Estimated payback is < 5 years.

Metrology/Calibration Clean Room: This investment is to restore and expand the calibration capability facility at NSWC Crane. The purchase and installation of a Clean Room (class 100,000) will meet the prescribed standards for temperature, humidity, lighting, vibration, and particle control requirements identified in NAVAIR 17-35FR-06, Facility Requirements for Navy and Marine Corps Calibration Laboratories, to perform accurate measurements in accordance with OPNAVINST 3960.16A, Navy Test, Measurement, and Diagnostic Equipment, Automatic Test Systems, and Metrology and Calibration. The Clean room will provide environmental controls for Electrical/Electronic, Physical/Mechanical, Dimensional/Optical, and Electro-Optical Calibration. Deliverable is a Clean Room approximately 5000 square feet capable of maintaining environmental control per NAVAIR 17-35FR-06.

Stereolithography (SLA) Machine: Procure large platform Stereolithography (SLA) machine to replace existing machine approaching obsolescence. This SLA will be capable of fabricating parts four times faster and three times larger than the current NSWCCD SLA, while improving build resolution by a factor of two. The new SLA will also address sustainment and new capability demand concerns related to WFC Technical Capabilities Hull Forms and Fluid Dynamics (CD07) and Propulsors (CD08). Business Case Analysis determined 4.9 year payback which meets funding category compliance criteria. Deliverable is a Stereolithography machine capable of manufacturing parts within a maximum build volume of 59"x30"x20".

CNC Horizontal Milling Machine: Procure new horizontal milling machine featuring four axis numerically controlled capability to address complex geometries to within extremely close tolerances. This investment is a replacement of a conventional horizontal boring machine approaching obsolescence. Part of a multiyear plan effort to increase CNC manufacturing capabilities within the Structural Mechanics Facility and collaboration with designers. CNC manufacturing enables reduced setup, machining, and inspection efforts of technical department design engineers and manufacturing personnel.

CAPTIAL INVESTMENT JUSTIFICATION (\$ in Thousands)				(FY) 2014 Budget Estimates					
Department of the Navy, Research and Development, Naval Surface Warfare Centers, April 2013		1 - Non ADP - Productivity							
	FY 2012		FY 2013			FY 2014			
Non ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Productivity	10		7.874	13		10.777	9		7.978
Total	10		7.874	13		10.777	9		7.978
<u>Productivity Equipment:</u> 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, running automatically, and reducing ship board testing. These investments increase the operational efficiency of the research and development mission by procuring equipment that is equipment that results in a reduction of the operating costs. Productivity investments also lower operating costs through efficiency achieved by reducing energy consumption, reducing operational test time, reducing floor space required, and replacing inefficient test processes with a single specialized asset. Impact: These investments support the Navy's Maritime strategy 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: There are 7 projects equal to or greater than \$1000K in budgeted cost. An economic analysis was performed on all individual projects greater than the DOD capitalization threshold. All non-ADPE productivity projects have an estimated useful life of 10 years and an average payback period of 3.5 - 4.5 years.									

Non ADP Productivity Projects >\$1M:

Optical Tracking System Phase 2: A system to optically track objects on the Potomac River Test Range. This is Phase 2 of the project that will expand remotely controlled, optical tracking capability of the PRTR to 25k yards. System can track gun projectiles in flight or air/surface targets such as unmanned systems. Equipment includes high resolution video cameras, eye-safe laser range finders and pan/tilt mounts. Target triangulation produces real-time, closed loop 3D track or single site 3D solution with the onboard eye-safe laser range finder. Investment creates a new capability to remotely track UXVs and objects on PRTR through closed loop video tracking. Cost savings are realized by reduced setup time and elimination of down range personnel required for manual object tracking. Payback estimated 5.2 years.

Large Scale Mobile Tracking Mount: A mobile system capable of tracking various targets of interest. The large scale tracking mount will include an automatic video tracking kit. The system will be capable of performing 2-D tracks and will have an interface compatible with an existing radar system that NSWC Dahlgren owns. This mount will also include various external inputs for communication and remote operation. This large scale tracking mount will be used in support of test activities that require the remote monitoring of a moving target. Deliverable is a functional large scale mobile tracking mount capable of taking initial track info from an existing Radar system. The mount will be populated with various sensors which the WC already owns. Payback estimated at < 2 years.

Electronic Warfare (EW) Test Capability Improvement: NSWC, Crane, Glendora Lake Test Site capability expansion. This phase provides an expansion to the existing (provided by FY12 CIP) EW/IO Interoperability Test system. This improvement will improve the Interoperability Test System quality and quantity that is used for testing of ground and waterborne Electronic Warfare (EW) systems. The addition of emitter channels to improve the quality of realistic theater environments provided to test EW system performance, interoperability, compatibility, engineering development, techniques, training and load set field development.

EW/IO Interoperability Test Capability Expansion: This investment would be to expand the test facilities at LGTF (Lake Glendora Test Facility) to provide waterborne and to expand ground Electronic Warfare (EW) systems test capabilities. The expansion would include the procurement and installation of a suite of equipment to replicate tactical systems deployed into theater environments. This capability would be utilized to provide a true theater electromagnetic environment test existing and developmental ground and waterborne EW systems. Delivers a Interoperability Test system which includes equipment, antenna tower and routing power and fiber.

Transmission Electron Microscope (TEM): This CIP will procure a fully operational TEM which is used in analyses to determine micro-structure and composition of materials such as semi-conductors and metal ceramics. TEMs are capable of imaging at a significantly higher resolution than light microscopes. This enables the instrument to be able to examine fine detail -- even as small as a single column of atoms, which is tens of thousands times smaller than the smallest resolvable object in a light microscope. Deliverable is a 200 kV Transmission Electron Microscope with Scanning Transmission Electron Microscopy (STEM) capability and EDS analyzer. Payback = 8.6 years. ROI = 115%.

Multi-Agent Radio Frequency Path Simulator (MARPS) Consolidation: MARPS replicates field testing of ground electronic warfare systems in close proximity to the target device in a controlled environment. MARPSs allows testing to be performed at a greatly reduced cost with results that are higher resolution, more consistent and repeatable. In addition, due to the multiple inputs and outputs, characteristic of MARPS, it also performs compatibility testing (EW versus Comms) and interoperability (EW versus EW) testing between systems. In order to improve the capacity, reliability and maintainability this project adds a second MARPS system with maintainability, and reliability improvements to NSWCs inventory, doubling the testing capacity. This version of MARPS integrates RF path modules into hybrid RF modules to improve reliability and reducing total cost of ownership. MARPS provides a significant cost saving over field testing, by eliminating escalating range costs and significantly reducing travel requirements for test events. Payback = .2 years.

Electronic Attack Verification and Effectiveness System (EAVES) The eaves project will create real-time radio frequency (RF) scenario generation across the COMMS and RADAR spectrum to enable testing of advanced electronic warfare systems in a laboratory environment. The EAVES will provide for high fidelity scenario creation of the most complex threat environments and provide testers the ability to conduct detailed analysis of EA/EA systems performance in an open and closed loop testing environment. The deliverable is a state-of-the-art, real-time threat simulator that provides full suite, multi SUT capability for laboratory and anechoic chamber applications to improve electronic warfare threat analysis.

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				(FY) 2014 Budget Estimates						
Department of the Navy, Research and Development, Naval Surface Warfare Centers, April 2013		1 - Non ADP - New Mission								
		FY 2012		FY 2013			FY 2014			
Non ADP		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
New Mission		4		2.067	5		3.667	1		0.525
Total		4		2.067	5		3.667	1		0.525

New Mission Equipment:

These Non-ADP equipment investments support the acquisition of mission essential research, development, test and evaluation equipment that include 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 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 Navy's Maritime strategy for maintaining readiness and building a relevant and future force 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:

There is 1 project greater than \$1000K 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 of 2.4 - 4.4 years.

SDTS High Energy Laser Beam Director: Procure and install a High Energy Laser (HEL) Beam Director (BD) on the Self Defense Test Ship (SDTS). This investment would support the Fleet by allowing HEL weapons to be fielded sooner since developers will be able to discover problems early by exposing the weapons to a real maritime environment. The fleet would be able to develop training and tactics prior to fielding thus reducing support costs. Deliverable is a A stabilized tracking mount modified to withstand the maritime environment and upgraded to support HEL testing via addition of a laser Coude' path and beam control optics. Payback estimated 3.2 years.

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				(FY) 2014 Budget Estimates					
Department of the Navy, Research and Development, Naval Surface Warfare Centers, April 2013				2 - ADP					
				FY 2012		FY 2013		FY 2014	
ADP				Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Hardware				13		6.400	15		7.912
Computer Software (Operating System)						0.000			0.571
Telecommunications Equip.						0.000	1		0.000
Total				13		6.400	16		8.483
<u>ADP Equipment and Telecommunications Equipment and Capabilities:</u> 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: There is one project greater than \$1 Million. All projects have an average useful life of 5 years according to guidance provided in the OMB A-94 circular. The payback period for the following projects range from 1.7 to 3.8 years. <u>ADP Hardware Projects >\$1M:</u> <u>CP-1273/UPX-24(V):</u> Attain Tactical IFF test capability as provided by Mode 5 capable CP-1273/UPX-24(V) processor. Equipment for use in Distributed Engineering Plant (DEP) for testing of IFF innovations and interoperability impact in a battle group. Estimated payback ~ 5 years.									

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				(FY) 2014 Budget Estimates					
Department of the Navy, Research and Development, Naval Surface Warfare Centers, April 2013		3 - Software							
		FY 2012		FY 2013			FY 2014		
Software	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Software Projects < \$1.000M	2		.612	2		0.905			0.000
Total	2		.612	2		0.905			0.000
Software Projects < \$1.000M: Software projects in this budget support predictive maintenance capability for Fleet electronics systems. This capability would develop an onboard ship system that could be used to predict and monitor electronic systems. In addition, the development of a Maritime Electronic Warfare Modeling and Simulation tool will allow the test community to analyze performance and interoperability from weapon system to battle force levels. The useful life of these investments average 5 years, with a payback of 2.5 - 3.5 years. 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)				(FY) 2014 Budget Estimates					
Department of the Navy, Research and Development, Naval Surface Warfare Centers, April 2013		4 - Minor Construction							
		FY 2012		FY 2013			FY 2014		
Minor Construction	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Replacement	2		2.088	3		1.700	3		1.390
Productivity	12		7.713	8		3.592	15		12.411
New Mission									
Environmental									
Total	14		9.801	11		5.292	18		13.801
Minor Construction Projects: 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, 11 MCON projects do exceed the threshold specified by 10 USC 2805. The below MCON projects utilize Sec. 2804 of the FY08 National Defense Authorization Act (NDAA) authority for the Lab Revitalization Demonstration Program (LDRP) and authority to correct Life, Safety & Health issues. 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.									

MCON Projects >\$1M:

Human Performance Lab Prototyping & Analysis Support Facility: Construction project consists of a single floor expansion of the Human Performance Lab (HPL) and Special Access Program (SAP) Facility complex to allow additional projects to co-locate in a more cost effective manner. The SAP expansion would provide support to an ever expanding customer base and provide maximum flexibility for conducting new experiments. This is an LDRP project.

Acoustic Test Facility Pier Reconstruction: This project replaces a 50 year old structure that exceeded its expected service life and is near condemnation. It enhances the capacity throughput and capability of the Acoustic Test Facility (ATF) by increasing the testing area, hoist capability and adding precise positioning necessary to meet the high and increasing demand for assessing emerging technologies in a time saving, economical manner. The project will deliver a 100 foot covered pier with a 2 ton hoist, positioner, and pool liner with filtration system. This is an LDRP project.

Open Secret Distance Support Project (building 1387): This project converts the Weapons Systems Integration lab to open secret space by air conditioning the building and sealing all windows. This effort includes electrical upgrades to support the air conditioning and is required for secure computer terminals (SIPR seats) to support in service engineering and distance support for surface combat and weapons systems. As the combat systems complexities increase and shipboard manning decreases, technical expertise on In-Service Engineering Agents (ISEA) are being increasingly relied upon to resolve fleet capability and readiness issues. This support requires an increasing requirement for operating in secure lab environments (open-secret) to rapidly detect faults and to isolate and provide solutions for a global fleet. This is an LDRP project.

IA/IT Consolidation: This project involves constructing a site information and assurance (IA) test laboratory in building 1000. This facility consolidates servers into a secure, environmentally controlled space. It will also consolidate IT support and IA testing currently performed throughout the site. The result is a collaborative test environment that can be shared by workforce members at the site. This is a LDRP project that supports the technical capabilities and mission work at the Philadelphia, Carderock site. This consolidation will allow the site to share best practices and standard operating procedures for reducing the overall cost of securing and operating the IA test site. This is an LDRP project.

IWSL MINCON for Prototype Integration Laboratory (PIL): Provide an OSS 3,400 Square Foot second floor addition to the Integrated Warfare Systems Lab (IWSL) to support Engineering Prototype and Commercial Equivalent Enclosure Multi-Platform System integration. This is supported by the FHA under the IWSL Complex. An essential part of Prototype development and Production Quality Assurance is integration and test within the larger system environments of which they are to be a part. Without the space and supporting infrastructure to support physical placement of these Prototypes and Commercial Equivalents in varied numbers/configurations within connection proximity to these environments, this necessary requirement cannot be supported and thus the Prototyping and Engineering development processes themselves not fulfilled to their full conclusion to yield usable systems. This is an LDRP project.

Range Systems and Communications Lab: Project will reconfigure an existing storage warehouse into a range systems integration and communications lab. Support space includes a wireless lab, machine shop, staging area, secure equipment storage, and engineering office space. This project will enable the telecommunications engineering division to properly store, test, integrate and stage communications equipment and systems by constructing the appropriate facilities for each functional area. Benefits: Consolidated Work Area: Saves time walking/driving between buildings, Improved On-site Systems Integration: Reduces work time (overtime) in the field and rework/troubleshooting. Inventory Consolidation: Saves time moving inventory between locations and improves trackability. This is an LDRP project.

Surface Warfare Engineering Facility Integration Lab: Robust systems engineering to support Fleet readiness requires in-depth testing on representative equipments to ensure that there is proper risk mitigation for today's rapidly evolving systems. With the decommissioning of AEGIS CGs, SPY-1B(V) assets and associated infrastructure components will become available to enable the construction of a state of the art interoperability testing lab at PHD. This will give the Navy much needed capacity to expedite needed capability into the fleet. Additionally, close proximity with the Pacific Missile Test Center would allow the site to act as a node in supporting Link and CEC testing during CSSQT and other tests. Reduction in travel for personnel to perform ORDALT Proof In, Documentation Validation & Verification, Interoperability testing and other activities that require actual equipment.

In-Service Systems Engineering Facility: Establish a Combat System In-Service Development Facility by refurbishing an existing structure at Pt. Mugu that will support emerging systems development and supportability testing. The Test Resource Management Center (TRMC) has identified a gap in the Navy's Directed Energy (DE) capability and has directed that the Navy create a Maritime DE Land Based Test Site (LBTS). Provides a fully capable In-Service Systems Engineering Facility. This is an LDRP project.

Type 4 Test Cell with MBIT Capability: Provide permanent installation of Type 4 rated test cell with Missile Built in Test (MBIT) Capability. No location other than White Sands Missile Range (WSMR) Detachment has capacity to process SM-6 and next generation MBIT equipped fleet issue rounds. Due to recurring research, development test & evaluation requirements, this capacity is needed to maintain viability with test of fleet issue development of weapons. Break even point at 15 years with expected service life of 30 years. Payback: Expected payback greater than \$100K/year in NEW workload capture. This is an LDRP project.

Tactical Vehicle Integration Facility: Construct a facility supporting integration of countermeasure systems and mine roller systems on board tactical vehicles. The facility provides covered, secure spaces for a tactical vehicle and mine roller assembly to undergo sensitive testing and systems integration. Contributes to NSWC PCD's support of the Global War on Terror. Supports deployed warfighters with S&T solutions to counter landmines and IED integration and test onboard tactical vehicles. Maintains and strengthens NSWC PCD technical competence. Deliverable is a 2,500 sq ft. integration facility capable of accepting USMC, US Army, and coalition tactical vehicles supporting integration of advanced landmine countermeasures and counter-IED systems. Payback estimated 3.2 years. This is an LDRP project.

Applied Metrology Lab: This project will convert bldg 522, which was abandoned in FY08 for demolition and is currently being utilized for furniture storage, to a metrology engineering and calibration data assessment laboratory containing environmentally controlled laboratories, technical office space, conference rooms, and library. Specific calibration labs to include: METBENCH Lab, MCMS Lab, secured IED Threat Assessment Lab, Mechanical Lab, and Electronics Lab. This is an LDRP project

The following Minor Construction Projects exceed the current Military Construction Threshold levels of \$750K using Laboratory Revitalization Demonstration Program (LDRP) authority or Life, Safety & Health authority.

		\$ 000		
	<u>Project Name</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
FY 2012	Human Performance LAB (HPL)	1.560	LDRP	
FY 2012	IWSL MINCON for Prototype Integration	1.000	LDRP	
FY 2012	Open Secret Distance Support Project (1387)	1.750	LDRP	
FY 2012	Acoustic Test Facility Pier Reconstruction (ATFPR)	2.000	LDRP	
FY 2012	Information Assurance/Information Technology Consolidation	1.400	LDRP	
FY 2013	Range Systems and Communications Lab		1.227	LDRP
FY 2013	Prototype Materials Storage Facility		0.890	LDRP
FY 2014	Applied Metrology Lab			1.426 LDRP
FY 2014	Tactical Vehicle Integration Facility			1.700 LDRP
FY 2014	In Service Systems Engineering Facility			1.700 LDRP
FY 2014	Type 4 Test Cell W/Missile Built in Test (MBIT) Capability			1.500 Life, Safety, Health
FY 2014	Surface Warfare Engineering Facility (SWEF) Integration Lab			1.400 LDRP
		7.710	2.117	7.726

Capital Budget Execution
Department of the Navy
Research and Development / Naval Surface Warfare Centers
Fiscal Year (FY) 2014 Budget Estimates
APRIL 2013
(Dollars in Millions)

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2013	1	Non ADP		\$20.358	\$21.623	-\$1.265	
			Replacement	\$5.509	\$7.179	-\$1.670	Program Restructure
			Productivity	\$10.324	\$10.777	-\$0.453	Program Restructure
			New Mission	\$4.525	\$3.667	\$0.858	Program Restructure
			Environmental	\$0.000	\$0.000	\$0.000	
	2	ADP		\$9.533	\$8.483	\$1.050	
			Hardware	\$9.533	\$7.912	\$1.621	Program Restructure
			Telecommunications Equip.	\$0.000	\$0.000	\$0.000	
			Computer Software (Operating System	\$0.000	\$0.571	-\$0.571	Program Restructure
			Other Support Equip.	\$1.000	\$0.000	\$1.000	Program Restructure
	3	Software		\$0.650	\$0.905	-\$0.255	
			Software Projects < \$1.000M	\$0.650	\$0.905	-\$0.255	Program Restructure
	4	Minor Construction		\$3.605	\$5.292	-\$1.687	
			Replacement	\$1.210	\$1.700	-\$0.490	Program Restructure
			Productivity	\$2.395	\$3.592	-\$1.197	Increase mostly due to extension of LDRP authority
			New Mission	\$0.000	\$0.000	\$0.000	
			Environmental	\$0.000	\$0.000	\$0.000	
All	Total FY 2013	All		\$34.146	\$36.303	-\$2.157	

TAB 5 - Naval Undersea Warfare Center

Back of Tab

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

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, and stewards existing and emerging technologies in support of undersea warfare. Execute other 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. We execute 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 and Ford Island Hawaii, NanOOSE British Columbia, and Naval Sea Logistics Center Mechanicsburg Pennsylvania.

Significant Changes Since the FY 2013 President's Budget: Accumulated Operating Results (AOR) at the end of FY 2012 was \$12.7M better than anticipated in the FY 2013 President's Budget.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Financial Profile:

<u>Revenue/Expense/NOR/AOR/(\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue	\$1,152.7	\$1,238.3	\$1,174.8
Expense	\$1,155.2	\$1,239.4	\$1,186.5
Operating Results	(\$2.6)	(\$1.2)	(\$11.7)
Other Changes Affecting AOR			
Accumulated Operating Results (AOR)	\$12.9	(\$11.7)	\$0.0

Revenue/Expense: Estimates for FYs 2013-2014 are in line with our anticipated customer workload, and results in NUWC achieving a zero AOR by FY 14.

Operating Results: NUWC's actual FY 2012 Net Operating Results (NOR) was (\$2.6M) which was \$12.7M better than the estimate of (\$15.3M) in FY 2013 President's budget. In FY 2013, NUWC is budgeting for an NOR loss of -\$1.2M, which is primarily the result of an increase in sustainment, restoration, and modernization costs. In FY 2014 NUWC will achieve a zero AOR balance.

<u>Collections/Disbursements/Outlays (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Collections	\$1,119.5	\$1,238.8	\$1,175.5
Disbursements	\$1,157.5	\$1,238.2	\$1,181.3
Outlays	\$38.0	(\$0.6)	\$5.7

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

Some totals may not add due to rounding.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Workload:

<u>Reimbursable Orders (\$M):</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	\$1,149.8	\$1,286.5	\$1,232.7

Orders in FY12 show a decrease from the FY13 President's budget while FY13 shows a slight increase from FY12. FY14 continues to show a decrease in anticipated customer funding.

<u>Direct Labor Hours (000):</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	6,326	6,397	6,419

For FY12 and FY13 direct labor hours are slightly below those reflected in the FY 2013 President's budget.

Performance Indicators: NUWC's outputs are scientific and engineering designs, developments, tests, evaluations, analyses, and fleet support in NUWC's assigned mission areas. The primary performance indicators are Direct Labor Hours, Unit Cost, Net and Accumulated Operating Results, which are found in various tables throughout the narrative.

<u>Unit Cost</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Stabilized Cost (\$M)	\$625.6	\$648.1	\$632.8
Direct Labor Hours (000)	6,326	6,397	6,419
Unit Cost	\$98.88	\$101.31	\$98.58

<u>Stabilized/Composite Rates</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Stabilized Rate	\$97.86	\$98.63	\$94.78
Change from Prior Year		0.8%	-3.9%
Composite Rate Change		-2.9%	-0.8%

Some totals may not add due to rounding.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Staffing:

<u>Civilian/Military ES & Workyears</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	4,669	4,727	4,722
Civilian Workyears (Straight time)	4,615	4,680	4,683
Military End Strength	42	44	44
Military Workyears	40	39	39

Civilian Personnel: NUWC's civilian end strength numbers are lower than those in the FY 2013 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 2013 President's budget by five to accommodate the inclusion of NSLC military.

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program (\$M)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment, Non-ADP/Telecom	\$7.80	\$6.30	\$5.70
Equipment, ADPE/Telecom	\$3.60	\$4.10	\$4.00
Software Development	\$0.60	\$0.80	\$0.30
Minor Construction	\$4.20	\$4.80	\$3.30
Total	\$16.20	\$15.90	\$13.30

Some totals may not add due to rounding.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
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Carryover Compliance:

<u>Carryover(\$M):</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
New Orders	\$1,149.8	\$1,286.5	\$1,232.7
Less Exclusions:			
Foreign Military Sales	\$63.7	\$61.0	\$85.6
Base Realignment and Closure	(\$0.1)	\$0.0	\$0.0
Other Federal Departments & Agencies	\$6.0	\$1.6	\$5.5
Non-Federal Agencies & others	\$26.8	\$41.2	\$49.4
Major Range & Test Facility Base	\$72.0	\$70.0	\$80.2
Orders for Carryover Calculation	\$981.4	\$1,112.7	\$1,012.0
Composite Outlay Rate	44.6%	46.1%	46.9%
Carryover Ceiling Rate	55.4%	53.9%	53.1%
Carryover Ceiling	\$438.1	\$512.7	\$474.2
Balance of Customer Orders at Year End	\$604.8	\$653.1	\$711.0
Less Work-in-Process	\$0.0	\$0.0	\$0.0
Less Exclusions			
Foreign Military Sales	\$97.2	\$102.7	\$129.6
Base Realignment and Closure	\$0.0	\$0.0	\$0.0
Other Federal Departments & Agencies	\$1.8	\$1.9	\$5.9
Non-Federal Agencies & Others	\$24.1	\$27.3	\$44.1
Major Range & Test Facility Base	\$33.1	\$37.9	\$58.1
Carryover Budget	\$448.7	\$483.3	\$473.3

In FY 2012, NUWC exceeded the carryover ceiling by approximately \$10.6 Million primarily as a result of delays in contractual actions during the NERP cutover period and the Newport Special Review Team (NSRT) stand down. The learning curve associated with NERP implementation also resulted in more contract funding being accepted on reimbursable orders versus direct cite.

Some totals may not add due to rounding.

REVENUE AND EXPENSE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue			
Gross Sales			
Operations	1138.2	1223.4	1161.4
Surcharges	0.0	0.0	0.0
Depreciation excluding Major Construction	14.4	14.8	13.3
Other Income			
Total Income	1152.7	1238.3	1174.8
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	3.0	3.1	3.5
Civilian Personnel	594.5	607.1	612.8
Travel and Transportation of Personnel	30.6	34.3	31.7
Material & Supplies (Internal Operations)	53.2	83.9	81.1
Equipment	4.6	10.0	10.1
Other Purchases from NWCF	56.7	58.9	60.0
Transportation of Things	1.6	2.1	2.1
Depreciation - Capital	14.4	14.8	13.3
Printing and Reproduction	1.8	1.2	1.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication & Utilities	23.3	21.7	22.4
Other Purchased Services	372.0	402.2	348.4
Total Expenses	1155.6	1239.4	1186.5
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	-0.4	0.0	0.0
Cost of Goods Sold	1155.2	1239.4	1186.5
Operating Result	-2.6	-1.2	-11.7
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	-2.6	-1.2	-11.7
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	12.9	11.7	0.0

SOURCES OF REVENUE
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(DOLLARS IN MILLIONS)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
1. New Orders	1149.8	1286.5	1232.7
a. Orders from DoD Components:	990.6	1115.3	1041.3
Department of the Navy	962	1072.8	1001.7
O & M, Navy	303.2	287.4	248.8
O & M, Marine Corps	2.4	0.0	0.0
O & M, Navy Reserve	1.0	0.4	0.3
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	15.9	20.3	24.3
Weapons Procurement, Navy	84.6	122.9	115.4
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	70.3	69	69.9
Other Procurement, Navy	168.6	226.6	215.3
Procurement, Marine Corps	0.4	0.0	0.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	314.7	346.2	327.6
Military Construction, Navy	0.0	0.0	0.0
National Defense Sealift Fund	0.9	0.0	0.0
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	8.0	22.1	20.6
Army Operation & Maintenance	0.2	16.3	15.4
Army Res, Dev, Test, Eval	1.9	1.7	1.6
Army Procurement	5.7	2.8	2.5
Army Other	0.2	1.3	1.2
Department of the Air Force	3.7	1.7	1.6
Air Force Operation & Maintenance	1.3	0.3	0.3
Air Force Res, Dev, Test, Eval	2.4	1.4	1.4
Air Force Procurement	0.0	0.0	0.0
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	16.9	18.7	17.3
Base Closure & Realignment	-0.1	0.0	0.0
Operation & Maintenance Accounts	1.0	1.0	0.9
Res, Dev, Test & Eval Accounts	14.7	17.2	16
Procurement Accounts	1.1	0.3	0.3
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.2	0.2	0.2
b. Orders from other Fund Activity Groups	62.7	67.5	50.9
c. Total DoD	1053.3	1182.7	1092.2
d. Other Orders:	96.5	103.8	140.5
Other Federal Agencies	6.0	1.6	5.5
Foreign Military Sales	63.7	61.0	85.6
Non Federal Agencies	26.8	41.2	49.4
2. Carry-In Orders	607.7	604.8	653.1
3. Total Gross Orders	1757.5	1891.3	1885.8
a. Funded Carry-Over before Exclusions	604.8	653.1	711.1
b. Total Gross Sales	1152.6	1238.3	1174.8
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-156.1	-169.8	-237.8
6. Net Funded Carryover	448.7	483.3	473.3

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

CHANGES IN THE COST OF OPERATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
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(DOLLARS IN MILLIONS)

	<u>Total Cost</u>
FY 2012 Estimated Actuals	\$1,155.6
FY 2013 President's Budget	\$ 1,260.4
Estimated Impact in FY 2013 of Actual FY 2012 Experience	(2.3)
Program Changes	
Decreased Customer Workload	(20.2)
Change in General Inflation Guidance	1.5
FY 2013 Current Estimate	1,239.4
Pricing Adjustments	
Annualization of Prior Year Pay Raises	
Military	0.3
Civilian	0.5
FY 2014 Pay Raises	
Military	0.1
Civilian	1.4
Working Capital Fund Price Changes	1.6
General Purchase Inflation	8.3
Productivity Initiatives	
IT Policy Changes	(0.2)
Data Center Consolidation	(13.8)
Program Changes	
Decreased Customer Workload	(48.0)
Other Changes	
Continuity of Services Contract Restructure (formerly NMCI)	(3.1)
FY 2014 Current Estimate	1,186.5

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
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(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2013	1	Non-ADP Equipment		\$6.995	\$6.321	-\$0.674	
			Replacement Capability	\$2.485	\$2.175	-\$0.310	Project Reprogramming
			Productivity Capability	\$2.885	\$2.396	-\$0.489	Project Reprogramming
			New Mission Capability	\$1.625	\$1.750	\$0.125	Project Reprogramming
			Environmental Capability	\$0.000	\$0.000	\$0.000	No Change
	2	ADP & Telecom Equipment		\$3.731	\$4.070	\$0.339	
			Computer Hardware	\$3.106	\$2.819	-\$0.287	Project Reprogramming
			Computer Software	\$0.000	\$0.000	\$0.000	No Change
			Telecommunications	\$0.275	\$0.856	\$0.581	Project Reprogramming
			Oth Computer & Telecom Spt Equip	\$0.350	\$0.395	\$0.045	Project Reprogramming
	3	Software		\$1.075	\$0.775	-\$0.300	
			Projects > \$1 Million	\$0.000	\$0.000	\$0.000	No Change
			Projects < \$1 Million	\$1.075	\$0.775	-\$0.300	Project Reprogramming
	4	Minor Construction		\$4.120	\$4.755	\$0.635	
			Replacement Capability	\$1.170	\$0.930	-\$0.240	Project Reprogramming
			Productivity Capability	\$2.200	\$3.355	\$1.155	Project Reprogramming
			New Mission Capability	\$0.000	\$0.000	\$0.000	No Change
			Environmental Capability	\$0.750	\$0.470	-\$0.280	Project Reprogramming
All	Total FY 2013	All		\$15.921	\$15.921	\$0.000	

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN MILLIONS)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND						APRIL 2013	
Department of the Navy / Research and Development / Naval Undersea Warfare Center								Location Newport/Keyport		
Non ADPE Equipment	FY 2012			FY 2013			FY 2014			
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Replacement Equipment	6		\$3.645	5		\$2.175	3		\$1.700	
Total	6		\$3.645	5		\$2.175	3		\$1.700	
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 environmental testing equipment, magnetic materials, sensors characterization system, vibration test equipment, six axis motion table, 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. Six Axis Motion Table (FY12 - \$1.033M) Newport - Procurement of a new more capable hydraulic powered Six Axis Motion Table. The existing hydraulic motion table is 12 years old and will need a major overhaul to replace leg cylinders, pumps, bearings, etc. which will cost more than the new hydraulic powered motion table. The motion test of systems is an essential part of the EM Sensor Facility without which numerous systems would fail after installation on submarines. Performance of the new system is superior to the hydraulic model currently owned by NUWC and its cost is much less than the overhaul of the existing unit.										

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN MILLIONS)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND				APRIL 2013	
Department of the Navy / Research and Development / Naval Undersea Warfare Center							Location Newport/Keyport		
Non ADPE Equipment	FY 2012			FY 2013			FY 2014		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Productivity Equipment	7		\$2.845	6		\$2.396	4		\$2.530
Total	7		\$2.845	6		\$2.396	4		\$2.530
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, rapid prototyping equipment, power supply equipment, equipment to characterize advanced transduction materials, bridge cranes, 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 activities 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. Subsidiary Shock Test System (SSTS) (FY14 - \$1.375M) Newport - Procurement of the next generation of lab based shock vehicle. The SSTS is a programmable large displacement Shock and Vibration platform capable of performing laboratory replication of open water shock events to qualify COTS principle units as well as subsidiary components at a tenth of the cost of open water testing. This will give NUWC the capability to fully shock test/qualify systems before installation. The commercially available SSTS 1200 was developed with and accepted by NAVSEA 05P3 as an alternate shock test vehicle.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN MILLIONS)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND				APRIL 2013	
Department of the Navy / Research and Development / Naval Undersea Warfare Center							Location Newport/Keyport		
Non ADPE Equipment	FY 2012			FY 2013			FY 2014		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<i>New Mission Equipment</i>	2		\$1.274	3		\$1.750	3		\$1.500
Total	2		\$1.274	3		\$1.750	3		\$1.500
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 persistent power source technologies, inground and underwater surveillance system, experimentation, sensor technology integration and evaluation, measurement system, 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.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN MILLIONS)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND				APRIL 2013		
Department of the Navy / Research and Development / Naval Undersea Warfare Center							Location Newport/Keyport		
ADPE Equipment	FY 2012			FY 2013			FY 2014		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
	Computer Hardware	7	\$2.268	7		\$2.819	6		\$2.671
	Computer Software	0	\$0.000	0		\$0.000	0		\$0.000
	Telecommunications	2	\$0.600	2		\$0.856	0		\$0.000
Other Support Equipment	1	\$0.760	1		\$0.395	2		\$1.300	
Total	10	\$3.628	10		\$4.070	8		\$3.971	
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 early prototype development, undersea warfare information operations, virtual systems, decision making and distributed networked systems. Investments will include routers, servers, firewalls, network infrastructure, 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. Bldg Access Cardreader System Phase 1(FY14 - \$1.000M) Keyport - Replace existing Access Control System/Intrusion Detection System (ACS/IDS) with one that uses CAC as access control card. Phase I will install the fiber network upgrades and ACS/IDS controllers in the high priority buildings, per the details to be determined in the FY13 project design. This system will provide Increased intrusion detection, cost reduction through elimination of annual phone line charges, elimination of duplicate badging requirements, and reduction in corrective maintenance costs required on obsolete, un-supported hardware.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN MILLIONS)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND						APRIL 2013
Department of the Navy / Research and Development / Naval Undersea Warfare Center								Location Newport/Keyport	
Software	FY 2012			FY 2013			FY 2014		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
	Software Projects >1M			0			0		
	Software Projects < 1M			2			1		
	Total			2			1		
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. 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.									

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN MILLIONS)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES DEPARTMENT OF THE NAVY / NAVY WORKING CAPITAL FUND						APRIL 2013	
Department of the Navy / Research and Development / Naval Undersea Warfare Center							Location Newport/Keyport			
Minor Construction	FY 2012			FY 2013			FY 2014			
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
<i>Replacement</i>	6		\$1.713	3		\$0.930	2		\$0.875	
<i>Productivity</i>	2		\$0.675	7		\$3.355	4		\$2.150	
<i>New Mission</i>	1		\$1.825	0		\$0.000	0		\$0.000	
<i>Environmental</i>	0		\$0.000	1		\$0.470	1		\$0.300	
Total	9		\$4.213	11		\$4.755	7		\$3.325	
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. 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 undersea warfare community - reduce operating expenses by building or improving government owned facilities. - reduce energy consumption by installing energy efficient building systems - modify existing systems to bring facilities up to current building, safety, or environmental codes.										

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2013	1	Non-ADP Equipment		\$6.995	\$6.321	-\$0.674	
			Replacement Capability	\$2.485	\$2.175	-\$0.310	Project Reprogramming
			Productivity Capability	\$2.885	\$2.396	-\$0.489	Project Reprogramming
			New Mission Capability	\$1.625	\$1.750	\$0.125	Project Reprogramming
			Environmental Capability	\$0.000	\$0.000	\$0.000	No Change
	2	ADP & Telecom Equipment		\$3.731	\$4.070	\$0.339	
			Computer Hardware	\$3.106	\$2.819	-\$0.287	Project Reprogramming
			Computer Software	\$0.000	\$0.000	\$0.000	No Change
			Telecommunications	\$0.275	\$0.856	\$0.581	Project Reprogramming
			Oth Computer & Telecom Spt Equip	\$0.350	\$0.395	\$0.045	Project Reprogramming
	3	Software		\$1.075	\$0.775	-\$0.300	
			Projects > \$1 Million	\$0.000	\$0.000	\$0.000	No Change
			Projects < \$1 Million	\$1.075	\$0.775	-\$0.300	Project Reprogramming
	4	Minor Construction		\$4.120	\$4.755	\$0.635	
			Replacement Capability	\$1.170	\$0.930	-\$0.240	Project Reprogramming
			Productivity Capability	\$2.200	\$3.355	\$1.155	Project Reprogramming
			New Mission Capability	\$0.000	\$0.000	\$0.000	No Change
			Environmental Capability	\$0.750	\$0.470	-\$0.280	Project Reprogramming
All	Total FY 2013	All		\$15.921	\$15.921	\$0.000	

TAB 6 - SPAWAR Systems Centers

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**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Mission Statement / Overview:

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 (SPAWAR) is the Navy's Information Dominance systems command, and the SSCs are SPAWAR's principal technical agent. Information Dominance is the ability to seize and control the information domain "high ground" when, where and however required for decisive competitive advantage across the range of Navy missions.

The SSCs are the C4ISR providers 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 SSCs provide cradle-to-grave products and services including:

- Warfare systems analysis
- Plan and conduct effective technology programs
- Cost conscious systems engineering and technical support to program managers in all phases of systems development and acquisition
- Test and evaluation support including RDT&E and measurement facilities
- Technical input to the development of operational tactics
- Electronics material support (technical and management) for systems and equipment
- Specialized technical support to the Fleet for quick-reaction requirements

Activity Group Composition:

The SSCs are under the management of the SPAWAR. 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, PA; Pearl Harbor, HI; Guam; and Japan. SSC Atlantic has its headquarters in Charleston, SC, with offices in Norfolk, VA; and Washington, DC.

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Significant Changes since FY 2013 President's Budget:

In order to implement the provisions of Section 219 of the FY 2009 NDAA and Section 2801 of the FY 2010 NDAA, the DON established the Naval Innovative Science and Engineering Program. The NISE Program involves the following primary functions: 1) innovative basic and applied research that support military missions, 2) transition of technologies developed by R&D activities into operational use, 3) scientific and engineering workforce development and 4) revitalization and recapitalization of R&D facilities pursuant to 10 USC 2805(d). Beginning in FY 2013, NISE Program efforts will be part of NWCF R&D activities' general & administrative functions.

There are no other significant changes in the activity group or composition since the FY 2013 President's Budget.

Base Realignment and Closure:

The BRAC V recommendation to consolidate Maritime Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and create multifunctional and multidisciplinary Centers of Excellence has been fully implemented at the SSCs. There are no significant changes related to BRAC action from the FY 2013 President's Budget.

Financial Profile:

<u>Revenue/Expense/Operating Results (\$M)*</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue	\$2,465.0	\$2,772.4	\$2,792.8
Expense	\$2,454.4	\$2,772.0	\$2,807.5
Operating Results	+\$10.6	+\$0.4	-\$14.8
Other Changes Affecting NOR	-\$4.7	-\$1.7	-\$1.5
Net Operating Results (NOR)	\$5.8	-\$1.4	-\$16.2
Other Changes Affecting AOR	-\$0.1	\$0.0	\$0.0
Accumulated Operating Results (AOR)	+\$17.6	+\$16.2	\$0.0

*Some totals may not add due to rounding

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Revenue and Cost of Goods and Services: Changes from year to year are primarily the result of updated new orders estimates and pricing adjustments along with an increase for the NISE program. The increase in revenue and cost from FY 2013 to FY 2014 is primarily due to inflation partially offset by decreases for information technology productivity initiatives.

Operating Results: FY 2012, FY 2013, and FY 2014 operating results include rate surcharges for Capital Investment Program (CIP) increases that are higher than depreciation.

Cash Collections, Disbursements, and Net Outlays:

<u>Collections/Disbursements/Outlays (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Collections	\$2,352.1	\$2,752.7	\$2,783.0
Disbursements	\$2,467.5	\$2,744.0	\$2,807.1
Net Outlays	\$115.3	-\$8.7	\$24.1

Current net outlay projections reflect changes in workload and updated operating estimates.

Workload:

<u>Reimbursable Orders (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	\$2,361.7	\$2,730.9	\$2,729.4

Changes from year to year are primarily the result of updated new orders estimates as coordinated with customers, and pricing adjustments.

<u>Direct Labor Hours (000)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	9,496	9,500	9,486

The SSCs' current direct labor hour estimates are above projections in the FY 2013 President's Budget to support increases across multiple customer programs, to include: Intelligence, Surveillance, and Reconnaissance; logistics/Fleet support, and surface/sub-surface support services. The SSCs also support non-Navy customers such as the Department of Veterans Affairs in the areas of information technology systems and networks and the Department of Homeland Security in areas such as intelligence.

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Performance Indicators: The Centers' outputs are scientific and engineering designs, developments, tests, evaluations, analyses, installations, and fleet support for systems in the SSCs' 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 SSCs, both general and administrative support and the unique production overhead costs of the performing employee's cost center. Non-labor, non-overhead costs, such as customer required material and equipment purchases, travel expenses, and contractual services, are charged to the customer on an actual cost reimbursable basis, and are excluded from the SSCs' stabilized pricing structure. The SSCs 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 SSCs are discussed below.

<u>Stabilized / Composite Rate Changes</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Stabilized Rate	\$103.23	\$104.61	\$106.64
Change from Prior Year		+1.3%	+1.9%
Composite Rate Change		+1.6%	+1.9%

Rate changes incorporate adjustments in direct workload and inflation, as well as overhead adjustments in support of direct efforts and programmed efficiencies.

<u>Unit Cost</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Total Stabilized Cost (\$M)	\$971.9	\$1,019.7	\$1,024.7
Workload (DLHs) (000)	9,496	9,500	9,486
Unit Cost (per DLH)	\$102.34	\$107.34	\$108.02

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
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Staffing:

<u>Civilian/Military ES & Work Years</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	7,715	7,607	7,618
Civilian Work Years	7,368	7,511	7,530
Military End Strength	73	78	77
Military Work Years	81	78	77

Civilian Personnel: The SSCs continue their efforts to revitalize the workforce, balance the skills mix, and shape force capabilities to address current and future threats. Changes in workforce levels are associated with customer demand, labor requirements that include performing some previously contracted work in-house (in-sourcing), as well as a realignment starting in FY 2013 of human resources personnel. The Human Capital Plan includes attrition through Voluntary Separation. At the end of FY 2012, the SSCs performed in-sourcing of personnel to a greater degree than planned.

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

Capital Investment Program (CIP):

<u>CIP Authority (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment, Non-ADP/Telecommunications	\$0.0	\$1.1	\$0.0
Equipment, ADPE/Telecommunications	\$1.2	\$3.5	\$1.6
Software Development	\$0.8	\$1.5	\$0.0
Minor Construction	\$12.9	\$4.7	\$8.1
Total	\$14.9	\$10.8	\$9.7

The SSCs' modest investment in capital assets will acquire affordable and technically efficient capabilities to support customer requirements. 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.

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Carryover Compliance:

Budgeted carryover is within the ceiling allowed by the approved outlay rates, as depicted in the table below:

<u>Carryover (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
New Orders	\$2,361.7	\$2,730.9	\$2,729.4
Less Exclusions:			
Foreign Military Sales	\$33.8	\$53.8	\$54.3
Base Realignment and Closure	-\$4.1	\$0.0	\$0.0
Other Federal Departments & Agencies	\$310.3	\$438.6	\$434.9
Non-Federal Agencies & others	\$9.2	\$9.6	\$9.7
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Orders for Carryover Calculation	\$2,012.4	\$2,228.8	\$2,230.5
Composite Outlay Rate	53.5%	53.7%	53.6%
Carryover Ceiling Rate	46.5%	46.3%	46.4%
Carryover Ceiling	\$936.5	\$1,031.6	\$1,033.9
Balance of Customer Orders at Year End	\$1,388.5	\$1,347.1	\$1,283.7
Less Work-in-Process	\$0.0	\$0.0	\$0.0
Less Exclusions			
Foreign Military Sales	\$39.2	\$41.4	\$41.6
Base Realignment and Closure	\$2.1	\$2.1	\$2.1
Other Federal Departments & Agencies	\$403.7	\$366.9	\$289.0
Non-Federal Agencies & others	\$17.2	\$12.9	\$11.9
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Carryover Budget	\$926.3	\$923.8	\$939.1

*Some totals may not add due to rounding.

**REVENUE AND EXPENSES
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(DOLLARS IN MILLIONS)**

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue			
Gross Sales			
Operations	2,453.8	2,761.6	2,783.0
Surcharges	-4.7	-1.7	-1.5
Depreciation excluding Major Construction	6.4	9.1	8.3
Other Income			
Total Income	2,465.0	2,772.4	2,792.8
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	7.2	7.2	7.5
Civilian Personnel	942.4	973.1	984.0
Travel and Transportation of Personnel	48.8	47.0	48.5
Material & Supplies (Internal Operations)	245.0	266.1	274.3
Equipment	74.3	86.9	89.1
Other Purchases from NWCF	28.1	40.5	40.9
Transportation of Things	9.0	5.9	6.0
Depreciation - Capital	6.4	9.1	8.3
Printing and Reproduction	0.1	0.3	0.3
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication & Utilities	35.8	34.7	40.5
Other Purchased Services	1,057.3	1,301.1	1,308.0
Total Expenses	2,454.4	2,772.0	2,807.5
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	2,454.4	2,772.0	2,807.5
Operating Result	10.6	0.4	-14.8
Less Surcharges	-4.7	-1.7	-1.5
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	5.8	-1.4	-16.2
Other Changes Affecting AOR	-0.1	0.0	0.0
Accumulated Operating Result	17.6	16.2	0.0

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
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	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
1. New Orders	2,361.7	2,730.9	2,729.4
a. Orders from DoD Components:	1,905.6	2,132.9	2,134.7
Department of the Navy	1,266.3	1,353.2	1,356.1
O & M, Navy	437.1	476.7	473.7
O & M, Marine Corps	36.5	30.8	31.2
O & M, Navy Reserve	5.8	4.5	4.6
O & M, Marine Corp Reserve	0.0	0.3	0.3
Aircraft Procurement, Navy	16.3	14.6	13.9
Weapons Procurement, Navy	3.9	1.2	1.2
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	47.3	70.7	71.6
Other Procurement, Navy	394.6	443.3	448.0
Procurement, Marine Corps	29.9	27.4	28.2
Family Housing, Navy/MC	0.6	0.5	0.6
Research, Development, Test, & Evaluation, Navy	289.3	273.5	273.7
Military Construction, Navy	1.2	2.4	1.6
National Defense Sealift Fund	3.6	7.3	7.5
Other Navy Appropriations	0.0	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	184.0	175.5	168.6
Army Operation & Maintenance	68.2	68.5	58.8
Army Research, Development, Test, & Evaluation	19.4	14.7	14.8
Army Procurement	95.7	91.3	93.9
Army Other	0.6	1.1	1.1
Department of the Air Force	118.3	166.7	168.4
Air Force Operation & Maintenance	54.8	65.9	66.3
Air Force Research, Development, Test, & Evaluation	48.8	81.6	84.7
Air Force Procurement	14.7	19.2	17.5
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	337.0	437.5	441.6
Base Closure & Realignment	-4.1	0.0	0.0
Operation & Maintenance Accounts	104.5	158.4	165.3
Research, Development, Test & Evaluation Accounts	130.1	159.8	158.6
Procurement Accounts	62.0	69.3	67.5
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	44.5	50.1	50.2
b. Orders from other Fund Activity Groups	102.8	95.9	95.9
c. Total DoD	2,008.3	2,228.8	2,230.5
d. Other Orders:	353.3	502.1	498.9
Other Federal Agencies	310.3	438.6	434.9
Foreign Military Sales	33.8	53.8	54.3
Non Federal Agencies	9.2	9.6	9.7
2. Carry-In Orders	1,491.8	1,388.5	1,347.1
3. Total Gross Orders	3,853.5	4,119.4	4,076.5
a. Funded Carry-Over before Exclusions	1,388.5	1,347.1	1,283.7
b. Total Gross Sales	2,465.0	2,772.4	2,792.8
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-462.2	-423.3	-344.6
6. Net Funded Carryover	926.3	923.8	939.1

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

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**CHANGES IN THE COST OF OPERATIONS
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	<u>Total Cost</u>
FY 2012 Actual	\$2,454.4
FY 2013 Estimate in FY 2013 President's Budget:	\$2,625.5
<u>Estimated Impact in FY 2013 of Actual FY 2012 Experience</u>	\$0.0
<u>Price Changes</u>	
Change in FY 2013 Pay Raise Assumptions	\$0.0
Change in FY 2013 Fuel Price Assumptions	\$0.0
Change in FY 2013 General Inflation Assumptions	\$5.0
<u>Productivity Initiatives and Other Savings</u>	
Command Directed Reduction in Overtime	-\$3.3
Energy/Conservation Savings	-\$0.6
Guard Contract Savings	-\$0.2
Travel Reduction to 30% of FY 2010 Levels	-\$1.0
<u>Program Changes</u>	
Customer Workload	\$121.1
<u>Other Changes</u>	
Naval Innovative Science and Engineering (NISE) Program	\$24.5
Defense Finance and Accounting Service (DFAS)	\$0.6
Communications	\$0.1
Equipment Maintenance	\$0.4
Training	\$0.5
Other	-\$0.6
FY 2013 Current Estimate	\$2,772.0

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	<u>Total Cost</u>
FY 2013 Current Estimate	\$2,772.0
<u>Price Changes:</u>	
Annualization of Prior Year Pay Raises	
Military	\$0.0
Civilian	\$1.4
FY 2014 Pay Raise	
Military Personnel	\$0.1
Civilian Personnel	\$6.9
Fuel Price Changes	\$0.0
Working Capital Fund Price Changes	\$3.1
General Purchase Inflation	\$32.1
<u>Productivity Initiatives and Other Savings</u>	
Capital Investment Program Savings	-\$0.7
Overhead Savings from Data Center Consolidation	-\$1.1
IT Policy Changes	-\$0.2
<u>Program Changes</u>	
Customer Workload	-\$8.3
Human Resource Realignment	\$0.7
Change in General & Administrative Personnel Mix	-\$0.6
<u>Other Changes:</u>	
Utilities	\$2.8
Depreciation	-\$0.8
DFAS	\$0.6
Continuity of Services Contract/Next Generation Enterprise	
Network Fixed Cost Reductions	-\$0.6
Other	\$0.1
FY 2014 Current Estimate	\$2,807.5

CAPITAL INVESTMENT SUMMARY
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(DOLLARS IN MILLIONS)

Line #	Description	FY 2012		FY 2013		FY 2014	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment >= \$.250M	0	\$0.000	1	\$1.069	0	\$0.000
	- Replacement Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Productivity Capability	0	\$0.000	1	\$1.069	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 >= \$.250M	3	\$1.210	6	\$3.512	3	\$1.600
	- Computer Hardware (Production)	3	\$1.210	4	\$2.782	3	\$1.600
	- Computer Software (Operating)	0	\$0.000	0	\$0.000	0	\$0.000
	- Telecommunications	0	\$0.000	2	\$0.730	0	\$0.000
	- Oth Computer & Telecom Spt Equip	0	\$0.000	0	\$0.000	0	\$0.000
3	Software Development >= \$.250M	1	\$0.760	2	\$1.505	0	\$0.000
	- Projects = or > \$1M (List Separately)	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects < \$1M	1	\$0.760	2	\$1.505	0	\$0.000
4	Minor Construction (>= \$.250M and <= \$2.000M)	10	\$12.940	4	\$4.728	7	\$8.140
	- Replacement Capability	4	\$7.700	1	\$0.650	1	\$0.481
	- Productivity Capability	4	\$3.960	2	\$2.633	2	\$3.919
	- New Mission Capability	2	\$1.280	1	\$1.445	4	\$3.740
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
	Grand Total	14	\$14.910	13	\$10.814	10	\$9.740
	Total Capital Outlays		\$11.933		\$10.637		\$10.429
	Total Depreciation Expense		\$6.413		\$9.078		\$8.272

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013								
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers				#001 - Non-ADPE and Telecommunications / Productivity Capability				SPAWAR Systems Centers				
Non-ADPE and Telecommunications Equipment				FY 2012			FY 2013			FY 2014		
				Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Productivity							1	\$ 1,069	\$ 1,069			
Total							1	\$ 1,069	\$ 1,069			
Justification:												
<u>Non-ADPE and Telecommunications:</u>												
PRODUCTIVITY												
The "Enterprise Engineering and Certification (E2C) lab, Building 606" (FY13) is the physical enabler providing a distributed test environment via robust connectivity to remote test sites. It is comprised of a comprehensive suite of operational representative equipment, a test management team, and test tools and processes based on industry best practices. These capabilities include major improvements in the communication infrastructure allowing individual programs to connect to remote sites performing complimentary work. The use of diesel generators provides a backup power source and serves as a form of insurance that can save thousands of dollars in lost productivity and schedule slippage. A cost analysis has been performed. The cost savings realized by ensuring an uninterrupted power supply is directly proportional to the duration of an outage, number of test events impacted, and the impact on remote sites participating in the test and development process. Power failures during critical testing of this nature will have a direct impact on schedule and ship readiness. Failure to capitalize on this opportunity will negatively impact SSC Pacific's ability to guarantee on demand availability of our facilities to provide test and exercise support.												

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013						
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers		#002 - ADPE and Telecommunications (Projects <\$1 Million)					SPAWAR Systems Centers			
		FY 2012			FY 2013			FY 2014		
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)		3	\$ 403	\$ 1,210	3	\$ 632	\$ 1,897	2	\$ 650	\$ 950
Computer Software (Operating System)										
Telecommunications					2	\$ 365	\$ 730			
Other Computer & Telecommunications Spt Equipment										
Total		3	\$ 403	\$ 1,210	5	\$ 525	\$ 2,627	2	\$ 475	\$ 950
Justification:										
<u>ADPE and Telecommunications Equipment:</u> COMPUTER HARDWARE (PRODUCTION): There is a "Database Engine Upgrade & License for Cluster" project in every year for SSC Pacific. 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 current servers are nearing the end of their service life and backup capability is unable to keep up with current data storage needs. The Database Engine Upgrade & License for Cluster needs memory and processor upgrades which will enhance system performance and provide additional storage, backup capability, and associated licenses. Database tuning software will analyze and correct inefficient user queries in real-time, resulting in increased performance. Increased performance, along with state of the art "GREEN" technology will result in reduced power requirements and HVAC requirements. A cost analysis has been performed. Estimated cost savings is about \$50K/yr beginning in FY14, which will be realized in lower power and cooling requirements and through an expanded customer base (i.e. lower cost per customer as the customer base increases). If the "Database Engine Upgrade & License for Cluster" project is not funded, it would result in continued limited memory capacity and degraded unit capability through-put for database queries. There is an "RDT&E Network Upgrade" project in every year for SSC Pacific. 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 will provide a technology refresh that will allow the network to continue operations and support future needs. A cost analysis has been performed. There will be no cost savings; however, this project is expected to increase productivity. Without this upgrade, 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. In FY12, the "Guam Facility Intrusion Detection System, Building 4175" project for SSC Pacific will procure IT and peripheral equipment and capabilities (intrusion detection and access control systems) to accommodate 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. A cost analysis has been performed. There are no anticipated savings or cost avoidance. This is vital to support the growth of personnel required to position the Guam Facility as the leading execution arm of any C4ISR projects on Guam in support of the military build-up. If the "Guam Intrusion Detection System, Building 4175" project is not funded, the Guam facility will not be able to support the required personnel needed to support the military build-up.										

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)		FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers	#002 - ADPE and Telecommunications (Projects <\$1 Million)	SPAWAR Systems Centers
In FY13, the "Very Secure Networks Infrastructure Upgrade" project for SSC Pacific will replace or upgrade existing networking and service devices that are near end of life. In SSC Pacific's role as the leading Navy RDT&E Center for information dominance, it is imperative that SSC Pacific be at the forefront of these new Very Secure Networking capabilities. SSC Pacific is currently leading the Task Force Cloud Pilot doing risk reduction for Navy Systems moving to cloud computing. The existing network equipment was designed to support 100 Megabit (Mb) connectivity. At the implementation, that was the maximum through-put allowed by cryptographic equipment. The current hardware solution does not allow for growth and a centrally managed infrastructure architecture, and there is no cloud computing infrastructure implemented in the current infrastructure. The existing telecommunication microwave equipment provides a 100Mb connection to the Fleet Intelligence Training Center Pacific (FITCPAC) for network communications. Microwave equipment has had two failures on radio modules in the last year and the unit needs to be replaced. The newer switches have a gigabit throughput. By upgrading to gigabit devices, the network would see a 100 percent improvement as the newer cryptographic equipment provides a 200Mb throughput. The Turbulence Universal Infrastructure Core (TUIC) will supply secure standardized communications architecture between Cloud Nodes and be a basis for the converging of the Network security domains. The Blade servers will run the Cloud and communications software. Other computer and telecommunication support equipment (KG175 E-100) have a through-put of 100 Mb. There is no existing Ghost Machine Data Cloud equipment available at SSC Pacific for the use of researchers and engineers. The majority of Navy programs will be moving to this technology in the future. The Ghost Machine stack runs over secure communications using the TUIC as Cloud sites for secure communications. By acquiring a Ghost Machine and TUIC, SSC Pacific can experiment and optimize the communications to Navy ship and shore Intelligence Surveillance Reconnaissance (ISR) assets. It will also allow SSC Pacific to make the required security changes for Navy programs to run in this environment as well as participate in the Navy Cyber defense strategy. The routers that will be implemented will have more processing power to support the gigabit throughput. The new hardware will allow a centrally managed infrastructure solution to be implemented and installation of equipment to implement a Cloud Node to support DoD networks. The upgrade to a new microwave radio and antenna would provide greater stability on SSC Pacific network. Also, the current system does not have a redundant capability. The newer equipment would provide a back-up radio and antenna if the primary equipment would fail. A cost analysis has been performed. While there are no cost savings, there will be increased speed and capacity to meet business demand. Not investing in this equipment would hamper SSC Pacific's ability to communicate in the new domain security architecture for DoD networks, and impact negatively on SSC Pacific not being able to meet networking requirements to support the Navy.		
TELECOMMUNICATIONS		
Currently, the "Super High Frequency (SHF) SATCOM and Terrestrial Transport Lab" supports various test activities for systems such as Terrorist Threat Integration Center (TTIC), Commercial Wideband SATCOM Program (CWSP), Commercial Broadband Satellite Program (CBSP) as well as engineering and technical services to the Navy, Defense Information Systems Agency (DISA), and other Joint agencies. In FY13, the "SHF SATCOM Terrestrial Transport Lab" project for SSC Atlantic would solve current layout and interconnectivity capability issues restricting the ability to perform multiple or large scale test events. With the addition of newer systems into the lab, the existing fiber and copper distribution system has become inadequate. Additionally, the space constraints hamper the ability of test conductors to perform requisite tasks including, but not limited to, performance validation/verification, metrics collection, and test equipment insertion. The proposed lab upgrades will focus on the interconnection of both fiber-optic and copper cabling and ensure standardized reconnection of equipments are made. This upgrade will ensure reliable interconnections of equipment within the lab and adequate interconnectivity with other SPAWAR, Navy, DISA, and Joint agencies. A cost analysis has been performed. No savings or cost avoidance is expected in the near term. This upgrade will provide new capability. Failure to invest in this project could erode SSC Atlantic's ability to provide technologically innovative products and state of the art expertise to customers.		
Current terminals are incapable of providing hubbing support within certain bands, thereby reducing the SATCOM team capability to support and promote multi-terminations. In FY13 the "Bldg 166 Ka-Band & C-Band Terminals" project for SSC Atlantic would provide hubbing support capability in the specified bands. The capability to provide multiple site access to the SPAWAR engineering and laboratory facilities will allow the end-to-end testing of secure voice and data products from within the SPAWAR facility to shipboard, mobile, and remote users. This real time testing will benefit SPAWAR and its industry partners. Satellite service through DISA will allow access to other government labs and facilities to be used to strengthen our position as a global provider of premier SATCOM services. The use of the C and Ka band terminal will allow system engineers to further test proposed scenarios for new systems and help develop new ideas for future systems. A cost analysis has been performed. No savings or cost avoidance is expected in the near term. This project would provide new capability. Along with our technical codes, the ability to provide and demonstrate strategic engineering alternatives for our customers and potential customers is a technological step forward in the development of next generation communication systems. Failure to invest in this project could erode SSC Atlantic's ability to provide technologically innovative products and state of the art expertise to customers.		

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013					
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 2012			FY 2013			FY 2014		
ADPE and Telecommunications Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)				1	\$ 885	\$ 885	1	\$ 650	\$ 650
Computer Software (Operating System)									
Telecommunications									
Other Computer & Telecommunications Spt Equipment									
Total				1	\$ 885	\$ 885	1	\$ 650	\$ 650
Justification:									
<u>ADPE and Telecommunications Equipment:</u> The following two projects are connected in that the project in FY14 is an upgrade to the project in FY13. As such, they have been included on the "ADPE and Telecom Over \$1M" tab as the sum of their individual project costs exceeds \$1M. COMPUTER HARDWARE (PRODUCTION): The "Data Warehouse Business Intelligence System (DWBIS)" project for SSC Atlantic in FY13 is comprised of multiple technical components including an On-Line Analytical Process (OLAP) database, Extract Transform Load (ETL) scripts/tools, and Business Intelligence (BI) analytical reporting tools. This system provides data integration to enable the delivery of cross-functional diverse business information into standard reporting formats with drill down detail, executive dashboards and super user query capabilities. In FY13, the "Data Warehouse Business Intelligence System" project will establish initial core capability to integrate existing national and local data resources for business intelligence, including transactional and historical data. The benefits such as to reduce Total Ownership Cost (TOC), answer data calls, identify revenue generating opportunities, allow trend analysis and forecasting, highlight possible cost savings initiatives, identify process improvement areas, allow gains in effectiveness and efficiency, and address significant information gaps. Examples of data analysis areas are Financial Analysis & Reporting, Logistics Management, Development Management, Order Management, Facilities Management, Project and Program Management, HR Reporting and Analysis, Customer Management, Contracts Management, and Executive Monthly Indicators, Balanced Score Card Metrics and Portfolio Management. A cost analysis has been performed. Savings of \$13K per year are expected for this project for SSC Atlantic. Failure to invest in this project would hinder gains in efficiency and reduction of TOC as well as erode SPAWAR's ability to provide technologically innovative products and state of the art expertise to customers. In FY14, the "Cross Functional Business Intelligence Module" project will expand Business Intelligence to build out cross domain Business Intelligence modules integrating key data from multiple DON and DoD sources to deliver more comprehensive reporting aligned with tactical business requirements. This project will upgrade the DWBIS project from FY13 to provide enhanced capability and add more breadth by adding more powerful analytical, long range tools so that data and reporting products can easily be sent from coast to coast. This will allow SSC Atlantic and SSC Pacific to share in the strategic planning and analysis to play their respective capabilities into a larger whole. A cost analysis has been performed. Savings will coincide with those of the DWBIS project. If this investment is not made, it will hinder SSC Atlantic and SSC Pacific's ability to easily share data and reporting products and will hinder their ability to coordinate with each other in strategic planning.									

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers		#003 - Software (Projects < \$1 Million)					SPAWAR Systems Centers		
Software	FY 2012			FY 2013			FY 2014		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Portfolio Monitoring and Control (P2MC)	1	\$ 760	\$ 760						
Human Resources Process Workflow				1	\$ 515	\$ 515			
Integrated Cost Accountability Management				1	\$ 990	\$ 990			
TOTAL	1	\$ 760	\$ 760	2	\$ 753	\$ 1,505			
Justification:									
Software: The FY12 "Portfolio Monitoring and Control (P2MC)" project for SSC Atlantic is requested in order to gain efficiencies in project management within the command and offer a single process point for the entry of data. P2MC will allow management the ability to assess the work being accepted into the command by determining if a project is within the core areas chartered and determining the technological and program management risk with the project. P2MC replaces the Work Shaping and Acceptance application and the Project Initiation Assessment application and additionally marries data within Navy Enterprise Resource Planning (ERP) to monitor the project's entire life cycle. P2MC is a project developed internally where data, presentation, and reporting requirements are gathered, implemented, tested, and then deployed to gain feedback and the ability to make corrections and ensure logic, data, and presentation meets the user's expectations. In FY12 an enterprise production version of the application will be developed for full deployment and use within the SPAWAR enterprise. A cost analysis has been performed. Cost savings for this project are expected to be \$94K per year from FY13 to FY17. Without this investment, SSC Atlantic will have limited capability in assessing and managing the impact of non core capability projects. The software will be internally developed and is expected to be delivered in the beginning of the first quarter of FY13. The Human Resources (HR) Competency has requested an improved workflow and tracking capability for processing in new hires and other personnel actions. This new capability is required to properly and securely input data and to monitor progress with HR. In FY13, the "Human Resources Process Workflow" project for SSC Atlantic will gain efficiencies in HR processes and will provide an improved workflow for tracking personnel actions within the Command. A cost analysis has been performed. Cost savings for this project are expected to be \$38K per year from FY14 to FY18. If this investment is not implemented, the HR competency would be forced to continue to use a manual process to support their hiring and personnel action ,which is labor intensive and not cost effective. Such processes that are known to be labor intensive do not help the Command to strive for continued process improvement and efficiency. The software will be internally developed and is expected to be delivered at the end of the second quarter of FY14. Currently SPAWAR does not have the capability to easily pull together the total cost, schedule, performance and risk of a project. While Navy ERP and P2MC track some of the cost and performance requirements, no tool or database brings together the total view of a project. The FY13 "Integrated Cost Accountability Management" project for SSC Atlantic will take the results of reviewing Best Practices throughout the SPAWAR claimancy and either purchase or develop one tool to be used throughout SPAWAR. This will have a cost benefit for all projects because unique solutions would not have to be purchased or developed. This project will also greatly increase efficiency as Project Managers (PM) will no longer have to use multiple commercial or home grown tools to manage their projects on a daily basis. A cost analysis has been performed. Cost savings for this project are expected to be \$312K per year from FY14 to FY18. Without this investment, SPAWAR will not be able to gain the benefits and improved productivity that is critical in these times of constrained budgets. The software will be internally developed and is expected to be delivered at the end of the third quarter of FY14.									

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013					
Department of the Navy / Research and Development / Space and Naval Warfare Systems Centers				#004 - Minor Construction			SPAWAR Systems Centers		
Minor Construction	FY 2012			FY 2013			FY 2014		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	4	\$ 1,925	\$ 7,700	1	\$ 650	\$ 650	1	\$ 481	\$ 481
Productivity	4	\$ 990	\$ 3,960	2	\$ 1,317	\$ 2,633	2	\$ 1,960	\$ 3,919
New Mission	2	\$ 640	\$ 1,280	1	\$ 1,445	\$ 1,445	4	\$ 4,190	\$ 3,740
Environmental									
Total	10	\$ 1,294	\$ 12,940	4	\$ 1,182	\$ 4,728	7	\$ 4,190	\$ 8,140
Justification:									
<u>Minor Construction:</u> No project described herein exceeds the current Military Construction (MILCON) threshold. All projects are within the \$2 million threshold for minor construction afforded by the Defense Laboratory Revitalization Act. <u>REPLACEMENT</u> The "Replace/Demo T-24" project for SSC Atlantic in FY12 will construct a new 4,874 square foot (SF) facility to demolish and replace a temporary facility. The existing facility is a temporary facility and requires significant sustainment resources and efforts to maintain and operate. SSC Atlantic requires temporary facilities to be replaced with permanent facilities/structures. The offices that are currently housed in the temporary facility include Information Assurance, Command Operations, Labor Relations, and Database Management functions in support of SSC Atlantic. The existing operations and functions will be located at the new facility. The new construction would satisfy current needs and will comply with current Navy requirements and standards. A cost analysis has been performed. The maintenance, repair, and utilities costs savings for replacement of this building would be estimated at \$0.852M over the life of the project. The continued use of existing facilities will burden sustainment resources and efforts for a substandard facility and will sub optimize workforce productivity and support requirements. Funds for Design and Planning for this project are included in FY12. This project is part of the Lab Revitalization Demonstration Program (LRDP). The "Replace/Demo T-1" project for SSC Atlantic in FY12 will construct a new 4,925 SF facility to demolish and replace a temporary facility. The existing facility is a temporary facility and requires significant sustainment resources and efforts to maintain and operate. SSC Atlantic requires temporary facilities to be replaced with permanent facilities/structures. The Security department is currently located in this temporary facility, which provides access control, pass and identification operations, new employee check in, and customer services. The administrative areas support Physical Security, Access Control and Trusted Agents. The facility also houses offices for the Security Directory, Security Manager, Command Investigators, and a conference area for security briefings. The existing operations and functions will be located at the new facility. The new construction would satisfy current needs and will comply with current Navy requirements and standards. A cost analysis has been performed. The maintenance, repair, and utilities costs savings for replacement of this building would be estimated at \$0.861M over the life of the project. The continued use of existing facilities will burden sustainment resources and efforts for a substandard facility and will sub optimize workforce productivity and support requirements. Funds for Design and Planning for this project are included in FY12. This project is part of the Lab Revitalization Demonstration Program (LRDP). The "Replace/Demo T-9" project for SSC Atlantic in FY12 will construct a new 3,000 SF facility to demolish and replace a temporary facility. The existing facility is a temporary facility and requires significant sustainment resources and efforts to maintain and operate. SSC Atlantic requires temporary facilities to be replaced with permanent facilities/structures. The facility will provide operational, technical, and production support space for Command Operations management staff, Labor Relations, Facilities Engineering, Planning, Space Management and Safety and Environmental. The facility will also provide support functions for warehouses in Complex B. The existing operations and functions will be located at the new facility. The new construction would satisfy current needs and will comply with current Navy requirements and standards. A cost analysis has been performed. The maintenance, repair, and utilities costs savings for replacement of this building would be estimated at \$0.574M over the life of the project. The continued use of existing facilities will burden sustainment resources and efforts for a substandard facility and will sub optimize workforce productivity and support requirements. Funds for Design and Planning for this project are included in FY12. This project is part of the Lab Revitalization Demonstration Program (LRDP).									

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)		FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013
Department of the Navy / Research and Development / Space and Naval Warfare Systems	#004 - Minor Construction	SPAWAR Systems Centers
The "Lab Revitalization - Replace/Demo Bldg 3450" project for SSC Atlantic in FY12 will construct a new facility to demolish and replace a temporary facility. Bldg 3450 is over 90 years old and requires significant resources and efforts to maintain and operate. A new facility will house a permanent location to support the sustained capability of all Navy and to support the deployment of next generation network equipment, remote technical support, and maintain racks in constant "up state" supporting Tier III support desks. The new facility will provide new capabilities for future technological innovations and research. A cost analysis has been performed and cost savings are estimated at about \$10K per year beginning in FY13. The continued use of existing facilities will burden sustainment resources and efforts for a substandard facility and will sub optimize workforce productivity and support requirements. Funds for Design and Planning for this project are included in FY12. This project is part of the Lab Revitalization Demonstration Program (LRDP). The "Building 3147 Chiller Replacement" project for SSC Atlantic in FY13 entails replacement of existing chillers and cooling towers. These were installed in 1996 and have reached the expected operational life. The chiller plant is required to cool 256,000SF of space that is a mix of administrative and laboratory space. This cooling is required for the comfort of the occupants and is a mission requirement for laboratory equipment operations. A cost analysis has been performed. By replacing the existing chiller, the amount of equipment and maintenance will be reduced along with average electrical operating cost. If this investment is not made, there is a risk of system outage and program delays. There is also a high risk of leakage and the chiller uses refrigerant R-22, which is to be banned from production in 2014 and may not be available for future chiller repairs. The 336 ton chiller at Building 198 was installed in 1997. The chiller had a major compressor failure five years ago and again recently. Because of its age, it has reached its life expectancy of 15 years. It is also very inefficient compared to the latest technology. The "Building 198 Chiller Replacement" project for SSC Atlantic in FY14 will replace the current chiller with a new, more efficient chiller. A cost analysis has been performed. While there are no savings expected, there will be some cost avoidance with the cost of repairing the current chiller. Building 198 was constructed in 1965 as an administrative, shipping and receiving facility. Currently, SPAWAR operations include business functions on the second floor and administrative, warehouse, laboratory and vehicle upfitting operations on the first. When the current chiller fails, air conditioning for 900 people is lost. The chiller uses refrigerant R-22, which is to be banned from production in 2014 and may not be available for future chiller repairs. In the event repairs become impossible, a chiller failure would be considered catastrophic. Building 198 would be unusable during the hot seasons. The Authority requested in FY14 for Minor Construction/Replacement also includes some Planning Costs for projects that will occur in FY15. PRODUCTIVITY The majority of projects requested are due to SPAWAR's growth and/or to support technical requirements that are restricted in current facilities. The proposed projects will add fully functional spaces to support the type of advanced technology work done at the SSCs. 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. 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. The "Total Workforce Management Support Facility" project for SSC Pacific in FY12 will renovate the facility to support consolidation of Total Workforce Management, New Professional (NP) workforce, and provide workspace for staff/support code personnel. The facility will be renovated to support the specific needs of SSC Pacific's mission of providing fleet support and advancements in technologies. Funds for Design and Planning for this project were included in FY11. The "Construct 2nd Floor Addition, Bldg 588" project for SSC Pacific in FY12 will construct a second floor for Building 588 to provide additional office space for personnel to accomplish planned additional tasks for the PEO-C4I PMW-120 Sponsor that currently occur in several different buildings. The proposed additional floor will provide 8 office spaces which will accommodate the expected 12 additional personnel and allow for up to 4 personnel to be relocated from other buildings to allow that space to be converted to additional laboratory, testing and assembly spaces to meet the additional work requirements. Funds for Design and Planning for this project were included in FY11.		

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)		FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013
Department of the Navy / Research and Development / Space and Naval Warfare Systems	#004 - Minor Construction	SPAWAR Systems Centers
The facility that the "Energy Savings, Seaside" project for SSC Pacific in FY12 will benefit has many "hot spots" throughout the lab resulting in an environmental control system that is hard to control, inflexibility in equipment relocation, and a somewhat unstable environment for electronic equipment. Additional Heating Ventilation Air Conditioning (HVAC) capacity will provide adequate cooling to support laboratory equipment requirements and flexibility in the amount and location of such equipment. Savings will be achieved in energy usage. The lack of adequate HVAC to provide cooling for laboratory equipment requirements will limit the use and restrict the functionality of the facility. Future projected mission growth in laboratory equipment will not be supported. The "Command & Intelligence Facility" project for SSC Pacific in FY12 will support the already existing Planning and Decision Aid System (PDAS) space in Building 600 which is sized to support the PDAS program for RDT&E activities with a workforce of 11 Full-Time Equivalents (FTEs). In assuming the Program Management Office (PMO) role, workforce levels will increase to 30-35 FTEs. In addition, SSC Pacific has been designated as one of three Data Centers, requiring additional space to support the equipment and server racks. Existing space is insufficient to support the growth of the PDAS PMO, systems engineering, software engineering, test and evaluation, and Data Center responsibilities in accordance with the SSC approved Deputy Directorate for Global Operations (DDGO) Transition Plan. As a PMO, SSC Pacific will manage engineering, acquisition, operations, deployment, maintenance, and ongoing development and will serve as one of the three key PDAS Data Centers. SSC Pacific representatives will regularly interface with Joint Staff leadership. This facility will have the appropriate "compartmented" conference rooms and communications installed significantly reducing travel for the 30 personnel assigned to the PDAS PMO. Decrease of Travel per trip is estimated at \$75,000 for 30 travelers. Annual Travel Cost Savings based on 52 working weeks is projected to be \$975,000. This capability will augment on-going Center-wide Data Center strategic goals. If this project is denied, SSC Pacific will not be able to assume responsibility as the PDAS Program Management Office nor the west coast Data Center in accordance with the SSC approved Deputy Directorate of Global Operations (DDGO) Transition Plan. Also, substantial program delays shall be incurred in order to determine a new PMO and Data Center. These delays will impact the operational capabilities of the PDAS program for Navy and Joint users. Funds for Design and Planning for this project were included in FY11. This project is part of the Lab Revitalization Demonstration Program (LRDP). The "Maritime Tactical Command & Control Integration Lab 638" project for SSC Pacific in FY13 is needed because the existing facilities are at maximum capacity and will not support additional lab requirements. The proposed facility will accommodate up to five individual programs/projects and a work force of 50+ government and contractor employees. This facility will support current and increasing customer requirements such as Joint Cross Domain Exchange (JCDX) Lab support, Application Integration Framework (AIF) Lab support, Global Theater Security Cooperation Management Information System (G-TSCMIS), Joint Effects Model (JEM) Lab support, Engineering Design Assessment Facility (EDAF) capabilities for troubleshooting fleet issues, Design Engineering, and Software Quality Engineering. If this investment is not made, SSC Pacific would be unable to adequately support the needs of existing and an emergent Navy and DoD programs. Funds for Design and Planning for this project are included in FY12. This project is part of the Lab Revitalization Demonstration Program (LRDP). The "Code H Technical Development Center" project for SSC Pacific in FY13 is needed for a lab that supports computer projects and provides the only classified environment for SSC Pacific's Hawaii location with connections to the Secure Wide Area Network (SWAN), Enterprise, Engineering and Certification (E2C), and the Input/Output (I/O) Range. The projects requiring classified lab space do not have room for additional equipment and personnel. This proposal is to expand the space into the adjoining area and upgrade Heating, Ventilation and air conditioning (HVAC) and infrastructure to support these future endeavors. Future projects include support for Common Afloat Network Enterprise System (CANES) testing, Strategic Command (STRATCOM) classified reach back support, and United States Pacific Command (USPACOM) Chief Information Officer (CIO) Global Information Grid (GIG) 3.0. Currently, there is no other classified lab space available for Hawaii and without this investment, SSC Pacific will not be able to support upcoming projects. Also, the possibility of security incident increases if classified space is not available. Not making this investment will also hinder SPAWAR's mission of Information Dominance. Funds for Design and Planning for this project are included in FY12.		

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)		FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013
Department of the Navy / Research and Development / Space and Naval Warfare Systems	#004 - Minor Construction	SPAWAR Systems Centers
The "Enterprise, Engineering and Certification (E2C) Remote Lab" project for SSC Pacific in FY14 is needed in order to perform Interoperability Certification prior to ship/aircraft installation. SSC Pacific requires ForceNET Test Bed laboratory space capable of supporting growth in existing mission areas and new mission workload, specifically, comprehensive testing and evaluation for systems integration of contractor-supplied and off-the-shelf hardware and software prior to delivery to the fleet. In addition, shipboard mockups are needed to provide training to sailors prior to deployment. Modern laboratory spaces will also allow re-configuration to support testing for multiple platforms, instead of needing one lab devoted to only one platform; this permits more efficient use of laboratory spaces. Significant operational costs to the fleet are currently being incurred for substantial travel and per diem costs to perform systems integration work and training aboard ships, submarines and aircraft at distant locations instead of a controlled laboratory environment as mandated. Existing laboratory spaces for systems certification are currently fully utilized, and are at their maximum occupancy limits. There is not enough room for the already planned influx of additional test systems and Navy and SPAWAR changes in systems engineering governance resulting from Chief of Naval Operations (CNO) directed initiatives will mandate end-to-end testing of Command, Control, Communications, Computers, Combat Systems, Intelligence, Surveillance and Reconnaissance (C5ISR) baselines (collections of systems) before they can be approved for fielding. Also, there is a move within the Navy, led by Commander Operational Test & Evaluation Force (OPTEVFOR), to shift from system-level functional testing to mission thread based testing that exercises all of the systems/networks/communications paths in an operationally representative way. Annual savings in travel and per diem costs will be approximately \$3.6 M per year. If system interoperability issues are not identified during the development and pre-installation testing to be conducted in this facility, interoperability problems will continue to occur in newly installed systems, resulting in delayed afloat unit deployments or reduced operational capabilities. Failure to complete integration testing prior to installation could result in a ship/aircraft being unable to communicate with other platforms which could lead to an inability to prosecute assigned targets or conduct self defense. In addition to the impact on current operational systems, the lack of additional space for end-to-end testing will continue to impact technology transition from Space & Technology efforts to the Fleet. The ability to test development capabilities in an operationally representative test environment alongside the current operational systems reduces the time to field new solutions and reduces the risk of unattended adverse effects on operations from these new solutions. Funds for Design and Planning for this project are included in FY13. This project is part of the Lab Revitalization Demonstration Program (LRDP). The "Pier 160 Adding Small Boat Mooring Capacity" project for SSC Pacific in FY14 is needed because currently there is no existing small boat mooring capability on Pier 160 to safely load and unload personnel and equipment. SSC Pacific has a shortfall of limited access to a small boat pier and no long-term ability to moor small boats in the water. SSC Pacific hosts 18 small boats on Pier 169 and there is a plan to increase that count by 4. The elevated operation tempo has made sharing the limited space on Pier 169 a challenge. As a result, watercraft must be recovered from the water daily. At times, these recoveries occur in the dark and currently cannot be performed at low tide because of the excess sedimentation and shallow water at the ramp. These conditions pose added risk to personnel and equipment. Lacking adequate small boat mooring space creates time inefficiencies for project teams trying to support their sponsors expeditiously and additional efforts and labor are required to prepare for at-sea testing. Pier 160 (the large pier) provides no safe access to small boat loading and unloading of personnel and equipment. This investment would build 400 feet of floating dock and an articulating ramp (5 ft wide) that would connect the top of the pier to the floating dock on both sides. Also, a davit with the ability to lift one ton would be located on the middle pier for safely loading and unloading heavy equipment. Currently, every at-sea operation evolution requires on average of twelve hours of labor for pre- and post-mission efforts to include launch and recovery of watercraft which causes up to 36 hours of unnecessary labor daily, amounting to approximately 7200 hours, or an estimated \$720K, to launch and recover watercraft per year. A permanent floating small boat mooring would reduce this labor to an estimated 1,800 hours or \$180K annual, reflecting a potential savings of greater than \$500K annually beginning in FY15. With the absence of floating dock space, SSC Pacific projects cannot moor more than 2-3 small boat at any one time. This limits the projects' ability to support sponsor requirements for at-sea testing with small boats. The limitation will curtail any future opportunities for growth in ocean-related business areas: test and evaluation, autonomous and unmanned system technologies and hamstringing research and development opportunities. In addition, the current conditions pose safety hazards to personnel loading and unloading equipment. Funds for Design and Planning for this project are included in FY13. This project is part of the Lab Revitalization Demonstration Program (LRDP). The Authority requested in FY14 for Minor Construction/Productivity also includes some Planning Costs for projects that will occur in FY15. 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. Lack of production capacity would expose the command to schedule risk, raise production costs, and reduce our credibility to customers. A cost analysis has been performed for all projects and estimated savings/cost avoidance for the projects over the cost benefit period are minimal.		

CAPITAL INVESTMENT JUSTIFICATION (DOLLARS IN THOUSANDS)		FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013
Department of the Navy / Research and Development / Space and Naval Warfare Systems	#004 - Minor Construction	SPAWAR Systems Centers
The "Gatchell Road Electrical Substation" project for SSC Pacific in FY12 will complement existing electrical utility systems at the proposed site along Gatchell Road which are currently at capacity and cannot support additional load. The additional electrical power will be provided to support future construction at available building sites along Gatchell Road. The proposed electrical substation has been sized to account for potential future buildings in the area. If the proposed electrical substation is not completed, no future construction projects could be built at available building sites along Gatchell Road. Gatchell Road is one of the few remaining sites available for future construction due to existing development, steep slopes, and native vegetation that must be preserved in other areas. Operating & maintenance costs will be assumed by NAVFAC once completed. Funds for Design and Planning for this project are included in FY12. The "Construct Permanent Outdoor Production Site at Complex E" in FY12 is for the engineering, installation, integration, and testing of equipment and containers for the Aviation C2 Engineering Division. Currently the work is performed in an open unimproved area subject to flooding and erosion. The "Building 198 Exterior Stairwell" project for SSC Atlantic in FY13 is to construct two exterior stairwells in order to correct life safety egress deficiencies. This building was constructed in 1965 as an administrative, shipping and receiving facility. The interior of the building was later modified in 1996 for DFAS operations, but life safety code improvements were not accomplished at that time. Currently, SPAWAR operations include business functions on the second floor and administrative, warehouse, laboratory and vehicle upfitting operations on the first floor. Square footage of the second floor is adequate to accommodate 801 personnel, but because of existing egress capacity, only 698 personnel are allowed to occupy that floor. The existing stairwell does not meet current building codes and poses a safety hazard to personnel in the event of an emergency when evacuation becomes necessary. This investment is required to provide safe and efficient use of the second floor and provide maximum utilization of the space. This project is part of the Lab Revitalization Demonstration Program (LRDP). The "National Capital Region Facility Upgrades" project for SSC Atlantic in FY14 will provide facility modifications and space in direct support of the tenth fleet at the Washington Navy Yard. SSC Atlantic houses and develops the architecture and software tools for a secure, self contained testing capability to rapidly emulate large scale complex networks that match the depth and diversity of real world networks. The capability, demonstrated at scale with an operational prototype, will enable realistic testing and evaluation of new cyberspace concepts, policies and technologies by the Department of the Navy. DoD's Strategy for Operating in Cyberspace, released in July 2011, highlights the Cyber Range's role in DoD's pursuit of revolutionary cyberspace technologies. The cyber range facility would allow for multiple configurations of the networks to be tested, reconfigured, monitored, and performance adjudicated before deploying them into a real life world situation. Without facility upgrades the capability to have a facility where large scale networks, hybrid networks, and special purpose networks with their associated applications, server configurations, and application services available for testing to safeguard them from cyber attacks and counter-terrorism measures will put the U.S. Navy and the nation's defense at a serious deficiency and could result in the loss of life, property, and economic vitality. Funds for Design and Planning for this project are included in FY13. The "Cyber Warfare Lab" project for SSC Atlantic in FY14 will provide a unique facility to support cyber requirements with labs to enable a highly trained cyber workforce to conduct information assurance (IA) , computer network operations, cyber forensics, and cyber security and to develop and deploy command and control, communications, computer, intelligence, surveillance, and reconnaissance systems for the Navy. SSC Atlantic is currently unable to accept additional Cyber Forensics work due to the lack of adequate facilities. Without this investment, SSC Atlantic would be unable to perform the required research, development, and testing of network defense, network exploitation and network attack tools/capabilities necessary to support the warfighter. Not making this investment would also hinder the ability to adequately hone the skills of the current and future cyber workforce. Funds for Design and Planning for this project are included in FY13. This project is part of the Lab Revitalization Demonstration Program (LRDP). Building 3144 is 17 years old and in good condition structurally, but requires general repairs and upgrades. The "Building 3144 Renovation" project for SSC Atlantic in FY14 will provide upgrades such as painting, carpeting and floor plan modifications to increase the building's functionality. The age of the facility also dictates a complete HVAC replacement. The functions that would be assigned to this complex are targeted to include Total Force Management offices, including Civilian Workforce, Equal Employment Opportunity (EEO), Personnel Management Advisory office, Management Support, Employee Relations and Training. SSC Atlantic's mission continues to evolve and increase. Finding space for new personnel and restructured offices continues to be a challenge. Failure to secure this space and provide proper upgrades will leave the selected offices with no room for growth, which is considered necessary to meet the advancing mission and goals of SSC Atlantic. Building 3145 is 17 years old and in good condition structurally, but requires general repairs and upgrades. The "Building 3145 Renovation" project for SSC Atlantic in FY14 will provide upgrades such as painting, carpeting and floor plan modifications to increase the building's functionality. This facility will be a production/lab facility for repair of equipment. SSC Atlantic's mission continues to evolve and increase. Finding space for new personnel and restructured offices continues to be a challenge. Failure to secure this space and provide proper upgrades will leave the selected offices with no room for growth, which is considered necessary to meet the advancing mission and goals of SSC Atlantic. The Authority requested in FY14 for Minor Construction/New Mission also includes some Planning Costs for projects that will occur in FY15.		

**CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)**

Projects in the FY 2013 President's Budget

	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<u>FY 2013</u>						
Equipment (Non-ADPE)	1.069	0.000	1.069	1.069	0.000	
Equipment (ADPE)	3.465	0.047	3.512	3.512	0.000	
Software Development	1.505	0.000	1.505	1.505	0.000	
Minor Construction	4.775	(0.047)	4.728	4.728	0.000	
Total FY 2013	10.814	0.000	10.814	10.814	0.000	
Non-ADP Equipment >= \$.250M	1.069	0.000	1.069	1.069	0.000	
ADPE and telecommunications resources >= \$.250M	3.465	0.047	3.512	3.512	0.000	SSC Pacific delayed the Data Warehouse Business Intelligence System project and added the Very Secure Networks Infrastructure Upgrade project
Software Development >= \$.250M	1.505	0.000	1.505	1.505	0.000	
Minor Construction (>= \$.250M and <= \$2.000M)	4.775	(0.047)	4.728	4.728	0.000	Reflects reprioritization of minor construction requirements based on Systems Centers' needs.

TAB 7 - Naval Research Laboratory

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**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

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: primary in-house research in the physical, engineering, space, and environmental sciences; broadly based exploratory and advanced development program in response to identified and anticipated Navy and Marine Corps needs; broad multidisciplinary support to the Naval Warfare Centers; 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 initiates and conducts broad scientific research of a basic and long-range nature in scientific areas of interest to the Navy; conducts exploratory and advanced technological development deriving from or appropriate to the scientific program areas; develops prototype systems applicable to specific projects; assumes responsibility as the Navy's principal R&D activity in areas of unique professional competence upon designation from appropriate Navy or DoD authority; 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; serves as the lead Navy activity for space technology and space systems development and support; and serves as the lead Navy activity for mapping, charting, and geodesy marine chemistry & geochemistry 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 88 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.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

SCIENTIFIC DEVELOPMENT SQUADRON ONE (VXS-1) DIVISION: This division is 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.

CHESAPEAKE BAY DETACHMENT: The 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.

NRL STENNIS SPACE CENTER (NRL-SSC) DIVISION: 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.

MARINE METEOROLOGY DIVISION: Located in Monterey, California, this division is 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.

Significant Changes Since the FY 2013 President's Budget:

In order to implement the provisions of Section 219 of the FY 2009 NDAA and Section 2801 of the FY 2010 NDAA, the DON established the Naval Innovative Science and Engineering Program. The NISE Program involves the following primary functions: 1) innovative basic and applied research that support military missions, 2) transition of technologies developed by R&D activities into operational use, 3) scientific and engineering workforce development and 4) revitalization and recapitalization of R&D facilities pursuant to 10 USC 2805(d). Beginning in FY 2013, NISE Program efforts are included in the NWCF R&D activities' general & administrative functions.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Financial Profile:

<u>Revenue/Expense/NOR/AOR (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue	\$757.1	\$727.9	\$731.0
Expense	736.7	749.1	756.1
Operating Results	20.5	-21.1	-25.0
Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Results (NOR)	20.5	-21.1	-25.0
Other Changes Affecting AOR	25.7	46.2	25.0
Accumulated Operating Results (AOR)	46.2	25.0	0.0
<i>Some totals may not add due to rounding</i>			

The zero AOR in FY14 is based on the computation of rates from resourcing of customer accounts. Estimates include manpower, pricing and program/workload assumptions.

Revenue and Expense: The changes in revenue primarily reflect inflation and AOR payback. The increases in expense from year to year primarily reflect re-phasing of facility restoration/modernization projects, as well as inflation and the Naval Innovative Science and Engineering (Section 219) program.

Operating Results: The favorable Accumulated Operating Results (AOR) in FY 2012 and for FY 2013 are primarily due to re-phasing of facility restoration/modernization projects. The FY 2014 rate is established to achieve an end-of-year AOR of zero.

<u>Collections/Disbursements/Outlays (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Collections	\$749.7	\$729.5	\$721.5
Disbursements	719.2	753.6	754.2
Outlays	(30.5)	24.0	32.7

Fluctuations in Net Outlays primarily reflect the timing of end-of-year billings and the impact of NOR, discussed above.

Workload:

<u>Reimbursable Orders (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	\$796.5	\$720.4	\$729.4

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

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

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.

<u>Direct Labor Hours (000)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	3,060.7	3,020.9	3,020.9

The direct workforce (scientists and engineers) is expected to remain relatively steady in the budget years.

Performance Indicators:

The primary performance indicator is unit cost.

<u>Unit Cost</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Total Stabilized Cost (\$M)	\$422.0	\$456.7	\$461.7
Workload (DLHs) (000)	3,060.7	3,020.9	3,020.9
Unit cost (per DLH)	\$137.88	\$151.19	\$152.82

The unit cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in unit cost for FY 2012 through FY 2014 primarily reflects delays in execution of FY 2012 facility restoration/modernization projects, inflation, and the Naval Innovative Science and Engineering (Section 219) program.

Other performance indicators are direct labor hours and NOR performance, discussed above.

<u>Stabilized / Composite Rates</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Stabilized Rate	\$143.45	\$142.69	\$145.04
Change from Prior Year		-0.5%	+1.6%
Composite Rate Change		+0.4%	+1.8%

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

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 2014 rate increase is due mainly to pricing/inflation adjustments and a reduction in AOR payback.

Staffing:

<u>Civilian/Military ES & Workyears</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	2,531	2,585	2,585
Civilian Workyears (Straight Time)	2,469	2,490	2,490
Military End Strength	54	59	58
Military Workyears	61	59	58

Civilian Personnel: Civilian strength levels, measured by both end strength and full-time equivalents (FTEs). Civilian strength levels remain relatively steady in the budget years.

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

Capital Investment Program (CIP) Budget Authority:

<u>Capital Investment Program (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment, Non-ADPE / Telecom	\$7.8	\$7.8	\$10.9
Equipment, ADPE / Telecom	2.2	4.4	3.3
Software Development	0.3	0.0	0.0
Minor Construction	0.0	4.0	4.0
Total	10.3	16.2	18.3

Some totals may not add due to rounding

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.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013

Carryover Compliance:

<u>Carryover (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
New Orders	\$796.5	\$720.4	\$729.4
Less Exclusions:			
Foreign Military Sales	3.8	4.7	4.7
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Departments & Agencies	46.9	42.2	42.7
Non-Federal Agencies & others	11.2	9.3	9.4
Major Range & Test Facility Base	0.0	0.0	0.0
Orders for Carryover Calculation	734.6	664.2	672.5
 Composite Outlay Rate	53.2%	53.1%	53.1%
Carryover Ceiling Rate	46.8%	46.9%	46.9%
Carryover Ceiling	344.0	311.7	315.6
 Balance of Customer Orders at Year End	335.1	327.6	325.9
Less Work-in-Process	0.5	0.5	0.5
Less Exclusions			
Foreign Military Sales	0.5	1.6	2.0
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Departments & Agencies	32.2	23.1	20.3
Non-Federal Agencies & Others	8.5	5.5	4.6
Major Range & Test Facility Base	0.0	0.0	0.0
Carryover Budget	293.3	296.8	298.5
<i>Some totals may not add due to rounding</i>			

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

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue:			
Gross Sales			
Operations	740.4	710.9	712.5
Surcharges	0	0	0
Depreciation excluding Major Construction	16.7	17	18.5
Other Income			
Total Income	757.1	727.9	731
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	3.8	3.8	3.8
Civilian Personnel	329.8	332.2	335.1
Travel and Transportation of Personnel	12	9.8	9
Material & Supplies (Internal Operations)	38.5	39.3	37.9
Equipment	33.2	27.1	27.6
Other Purchases from NWCF	17.5	15.7	16.7
Transportation of Things	1.7	1.6	1.6
Depreciation - Capital	16.7	17	18.5
Printing and Reproduction	0.1	0.1	0.1
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	23.6	31.8	32.4
Other Purchased Services	260	270.6	273.4
Total Expenses	736.9	749.1	756.1
Work in Process Adjustment	-0.2	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	736.7	749.1	756.1
Operating Result	20.5	-21.1	-25
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0	0	0
Other Changes Affecting NOR/AOR	0	0	0
Extraordinary Expenses Unmatched	-0.1	0	0
Net Operating Result	20.4	-21.1	-25
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	46.2	25	0

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)

	FY 2012 -----	FY 2013 -----	FY 2014 -----
1. New Orders	796.5	720.4	729.4
a. Orders from DoD Components:	729.9	659.2	667.4
Department of the Navy	502.9	470.5	476.6
O & M, Navy	38.1	33.5	33.9
O & M, Marine Corps	0.8	1	1
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	2.1	3.5	3.5
Weapons Procurement, Navy	0	0.1	0.1
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0.9	0.6	0.6
Other Procurement, Navy	9.9	1.7	1.7
Procurement, Marine Corps	0.6	0.5	0.5
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	450.4	429.6	435.2
Military Construction, Navy	0	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	28	18.8	19
Army Operation & Maintenance	1.5	0	0
Army Res, Dev, Test, Eval	11.2	9.7	9.8
Army Procurement	0	0.3	0.3
Army Other	15.3	8.8	8.9
Department of the Air Force	93.6	76.9	77.8
Air Force Operation & Maintenance	9.2	8.6	8.7
Air Force Res, Dev, Test, Eval	61.4	50.1	50.7
Air Force Procurement	22.9	18.1	18.3
Air Force Other	0	0.1	0.1
DOD Appropriation Accounts	105.4	92.9	94
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	13.6	12.8	12.9
Res, Dev, Test & Eval Accounts	89.8	75.9	76.8
Procurement Accounts	0.2	2.6	2.7
Defense Emergency Relief Fund	0	0	0
DOD Other	1.8	1.6	1.6
b. Orders from other Fund Activity Groups	4.7	5	5.1
c. Total DoD	734.6	664.2	672.5
d. Other Orders:	61.9	56.2	56.8
Other Federal Agencies	46.9	42.2	42.7
Foreign Military Sales	3.8	4.7	4.7
Non Federal Agencies	11.2	9.3	9.4
2. Carry-In Orders	295.8	335.1	327.6
3. Total Gross Orders	1092.2	1055.5	1056.9
a. Funded Carry-Over before Exclusions	335.1	327.6	325.9
b. Total Gross Sales	757.1	727.9	731
4. End of Year Work-In-Process (-)	-0.5	-0.5	-0.5
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-41.3	-30.2	-26.9
6. Net Funded Carryover	293.3	296.8	298.5

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 & DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)

	<u>Total Cost</u>
FY 2012 Actual	736.7
FY 2013 Estimate in FY 2013 President's Budget:	727.9
Estimated Impact in FY 2013 of Actual FY 2012 Experience	2.1
Pricing Changes:	
General Purchase Inflation	1.1
Program Changes:	
Increase in Facility Restoration/Modernization	5.4
Scientist & Engineer Hiring and Retention (Increased Direct Labor Hours/Cost)	1.4
Cliff Stabilization at Chesapeake Bay Detachment	0.7
Other	0.5
Other Changes:	
Naval Innovative Science and Engineering (NISE) Program	10.0
FY 2013 Current Estimate:	749.1
Pricing Adjustments:	
Civilian Personnel	
Pay Raise	2.8
Military Personnel Pay Raise	0.1
General Purchase Inflation	7.0
Program Changes:	
Increase in Depreciation	1.5
Increase in Intrafund purchases	0.9
Increase in Facility Restoration/Modernization	0.6
Military Personnel	-0.1
Reduction to Indirect Travel	-0.9
Decrease in Overhead Equipment	-2.1
Decrease in Contractual Services	-2.9
Other	0.1
FY 2014 Budget Estimate:	756.1

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FUND 9a - CAPITAL INVESTMENT SUMMARY

DEPARTMENT OF THE NAVY

RESEARCH AND DEVELOPMENT

NAVAL RESEARCH LABORATORY

FISCAL YEAR (FY) 2014 BUDGET ESTIMATES

APRIL 2013

\$ in Millions

Line #	Description	FY 2012		FY 2013		FY 2014	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
001	Equipment Capabilities	16	\$7.835	14	\$7.835	19	\$10.941
	- Replacement	5	\$1.593	1	\$0.750	0	\$0.000
	- Productivity	2	\$0.701	1	\$0.525	2	\$0.803
	- New Mission	9	\$5.541	12	\$6.560	17	\$10.138
	- Environmental	0	\$0.000	0	\$0.000	0	\$0.000
002	ADPE and Telecommunications Equipment Capabilities	5	\$2.230	6	\$4.367	7	\$3.330
	- Computer Hardware (Production)	4	\$1.943	1	\$0.580	5	\$2.121
	- Computer Software (Operating System)	1	\$0.287	2	\$2.800	0	\$0.000
	- Telecommunications	0	\$0.000	1	\$0.435	1	\$0.465
	- Oth Computer & Telecom Sup Equip.	0	\$0.000	2	\$0.552	1	\$0.744
003	Software Development	1	\$0.282	0	\$0.000	0	\$0.000
	Internally Developed	0	\$0.000	0	\$0.000	0	\$0.000
	Externally Developed	1	\$0.282	0	\$0.000	0	\$0.000
004	Minor Construction Capabilities	0	\$0.000	1	\$4.000	1	\$4.000
	- Replacement	0	\$0.000	1	\$4.000	1	\$4.000
	- Productivity	0	\$0.000	0	\$0.000	0	\$0.000
	- New Mission	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental	0	\$0.000	0	\$0.000	0	\$0.000
	Grand Total	22	\$10.347	21	\$16.202	27	\$18.271
	Total Capital Outlays		\$12.607		\$16.202		\$18.271
	Total Depreciation Expense		\$16.708		\$17.000		\$18.500

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES			
Department of the Navy / Research and Development Naval Research Laboratory April 2013		#001 - Equipment Replacement Capability				NRL Washington, DC
		FY 2012		FY 2013		FY 2014
		Quant	Unit Cost	Quant	Unit Cost	Unit Cost
Equipment Capability			Total Cost		Total Cost	Total Cost
Replacement		5	1.593	1	0.750	
Total		5	1.593	1	0.750	
Justification:						
<u>Non-ADPE Equipment :</u> As part of NRL's continued mission to remain at the forefront of research, development and technology, one investment in the replacement capability is proposed for FY 2013. Replacement of the lab's aging and/or outdated equipment is necessary as the current equipment is becoming obsolete. Newly acquired equipment and capabilities in the area of vehicle aerodynamic and propulsion systems is proposed. The knowledge and capabilities gained from this investment will enable NRL to sufficiently meet research requirements for highly visible government programs. A pre-investment economic analysis was performed for this project.						

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES			
Department of the Navy / Research and Development Naval Research Laboratory April 2013		#001 - Equipment Productivity Capability			NRL Washington, DC	
	FY 2012		FY 2013		FY 2014	
	Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost
Equipment Capability		Total Cost		Total Cost		Total Cost
Productivity	2	0.701	1	0.525	2	0.803
Total	2	0.701	1	0.525	2	0.803
Justification:						
<u>Non-ADPE Equipment:</u> Part of NRL's continued mission is to remain at the forefront of research, development and technology by improving the efficiency and effectiveness of its projects. Three investments in the productivity capability are proposed for FY 2013 and FY 2014. The FY 2013 equipment acquisition will support Navy and DoD programs in the area of semiconductor device fabrication. Two projects in FY 2014 will enhance NRL's capability in the areas of optical characterization and fabrication of nanostructured materials. Pre-investment economic analyses were performed for all projects.						

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES			
Department of the Navy / Research and Development Naval Research Laboratory April 2013		#001 - Equipment New Mission Capability				NRL Washington, DC	
		FY 2012		FY 2013		FY 2014	
		Total		Total		Total	
Equipment Capability		Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost
New Mission		9	5.541	12	6.560	17	10.138
Total		9	5.541	12	6.560	17	10.138
Justification:							
<u>Non-ADPE Equipment:</u> Equipment acquisition in the new mission capability for FY 2013 and FY 2014 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. NRL's largest investment will be in FY 2014 with the \$2.5M "Wave Radar Test-Bed." This investment will support research into the capabilities and vulnerabilities of high frequency surface wave radar research and be used to help mitigate sky wave clutter returns and the investigation of multi-static configurations. Additional investments for both years will be made in the following research areas: magnetic materials design and processing, spectrosun solar simulation, object detection and identification in underwater environments, three-dimensional riverine mapping, network analysis, and satellite laser ranging, tracking and astrometry. Pre-investment economic analyses were performed for all projects.							

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES				
Department of the Navy / Research and Development Naval Research Laboratory April 2013		#002 - ADPE and Telecommunications Equipment Capabilities				NRL Washington, DC	
		FY 2012		FY 2013		FY 2014	
		Total		Total		Total	
Equipment Capability		Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost
Computer Hardware (Production)		4	1.943	1	0.580	5	2.121
Computer Software (Operating System)		1	0.287	2	2.800		
Telecommunications				1	0.435	1	0.465
Other Computer & Telecommunications Spt Equipment				2	0.552	1	0.744
Total		5	2.230	6	4.367	7	3.330
Justification:							
<u>ADPE and Telecommunications Equipment:</u> <u>Computer Hardware (Production)</u> Several investments in computer hardware (production) are proposed for FY 2013 and FY 2014. In FY 2013, NRL proposes to invest in a single project in the area of state-of-the-art computer server processing. In FY 2014, some of the investments will benefit the following areas: developing new high fidelity and high performance computing capabilities addressing large-scale scientific and engineering issues, automated behavioral classification research, and meteorological satellite data processing. Pre-investment economic analyses were performed for all projects. <u>Computer Software (Operating System)</u> Two investments in computer software (operating system) are proposed for FY 2013. NRL will invest in a simulation training assessment facility which will enable the user to be placed in one of the roles of today's war fighters through simulation. These roles include aircraft crews, surface or subsurface sea vessels, ground vehicles, and dismounted personnel. The second investment will concern high performance math acceleration units. Pre-investment economic analyses were performed for both projects. <u>Telecommunications</u> Two investments are proposed for FY 2013 and FY 2014 in the telecommunications capability. In FY 2013, the "Two-Node Networking Data Link Server" project will allow for real-time mobile autonomous wide-band data link input and output for simultaneous bi-directional transmission of networked large data files. In FY 2014, the "4G Communications Testbed" will support the research of various techniques that would enable the Navy to counter the use of such networks by adversaries while also enabling the research of advanced geolocation techniques. Pre-investment economic analyses were performed for both projects. <u>Other Computer & Telecommunications Support Equipment</u> Three investments are proposed for FY 2013 and FY 2014 in the Other Computer and Telecommunications Support capability. In FY 2013, two investments are proposed in the areas of satellite control networking and multi-physics computer simulations. In FY 2014, the investment will allow for telemetry, command, and control abilities of satellite ground stations. Pre-investment economic analyses were performed for both projects.							

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES					
Department of the Navy / Research and Development Naval Research Laboratory April 2013		#003 - Software Development					NRL Washington, DC	
	FY 2012		FY 2013		FY 2014			
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost
Equipment Capability								
Internally Developed								
Externally Developed	1		0.282					
Total	1		0.282					
Justification:								
<u>Software:</u> There are no projects in the software category for FY 2013 and FY 2014.								

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Millions)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES				
Department of the Navy / Research and Development Naval Research Laboratory April 2013		#004 - Minor Construction Capabilities				NRL Washington, DC	
		FY 2012		FY 2013		FY 2014	
		Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost
Equipment Capability							
Replacement				1	4.000	1	4.000
Productivity							
New Mission							
Environmental							
Total				1	4.000	1	4.000
Justification:							
<u>Minor Construction:</u> Replacement The FY 2013 Laboratory Revitalization Demonstration Program (LRDP) investment of \$4M is for the "Power Electronics Addition" project. This LRDP investment is supported through Section 219 of the Duncan Hunter National Defense Authorization Act. The "Power Electronics Addition" project provides for approximately 7,800 square feet of support space for the Electronics Science and Technology division's current and future requirements of research in electronics development. This investment is envisioned to meet this division's space inadequacies. In addition, this investment will allow for the extension of development in the area of solid state electronics research; as well as related technologies that support Navy and DoD interests and competence in the full range of new weapons capabilities enabled by high-power solid state electronic devices. A pre-investment economic analysis was performed for this investment. The FY 2014 Laboratory Revitalization Demonstration Program (LRDP) investment of \$4M is for the "Optical Physics Facility Addition" project. This LRDP investment is supported through Section 219 of the Duncan Hunter National Defense Authorization Act. The "Optical Physics Facility Addition" project provides for approximately 4,500 square feet of new laboratory space to meet the future requirements of research in optical devices, optical materials, and optical phenomena. This investment is envisioned to meet this division's space inadequacies. In addition, this investment will support efforts of extending developments in the areas of device engineering and advanced operational techniques including systems analysis, prototype system development, and exploitation of R&D for the solution of optically related military problems. A pre-investment economic analysis was performed for this investment.							

FUND 9c - CAPITAL INVESTMENT AND FINANCING SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATE
APRIL 2013
(\$ IN MILLIONS)

FY	Line Item	Category	Capability/Project	Approved Amount	Current Estimate	Asset / Deficiency	Explanation
2013	1	Non ADP		\$8.610	\$7.835	\$0.775	Funding adjusted as projects were reprioritized
			Replacement	\$1.000	\$0.750	\$0.250	
			Productivity	\$0.525	\$0.525	\$0.000	
			New Mission	\$7.085	\$6.560	\$0.525	
	2	ADP		\$3.790	\$4.367	-\$0.577	Funding adjusted as projects were reprioritized
			Hardware	\$0.855	\$0.580	\$0.275	
			Software	\$2.500	\$2.800	-\$0.300	
			Telecommunications Equip.	\$0.435	\$0.435	\$0.000	
			Other Support Equip.	\$0.000	\$0.552	-\$0.552	
	3	Software		\$0.000	\$0.000	\$0.000	
			ERP Licenses	\$0.000	\$0.000	\$0.000	
			Software Projects < \$1.000M	\$0.000	\$0.000	\$0.000	
	4	Minor Construction		\$4.000	\$4.000	\$0.000	
			Replacement	\$4.000	\$4.000	\$0.000	
			Productivity	\$0.000	\$0.000	\$0.000	
			New Mission	\$0.000	\$0.000	\$0.000	
All	Total FY 2013		All	\$16.400	\$16.202	\$0.198	

TAB 8 - Military Sealift Command

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**NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

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.

Additionally, the Hurricane Sandy Recovery and Rebuilding Supplemental Appropriations Act (P.L. 113-002) provided \$1.5 million to the MSC in FY 2013 for necessary expenses related to the consequences of Hurricane Sandy. The direct cite appropriated funds received are not included in the MSC FY 2013 operating budget.

Activity Group Composition:

MSC supports the Fleet Commanders for Pacific Commander (COMPACFLT) and United States Fleet Forces Command (USFFC), the Naval Sea Systems Command (NAVSEA), the Naval Special Warfare Command (NAVSPECWARCOM), the Strategic Systems Programs (SSP), the US Air Force, and the National Defense Sealift Fund (NDSF) with unique vessels and programs.

The five programs budgeted through the Navy Working Capital Fund (NWCF) are:

1. Combat Logistics Force (CLF): Provides support utilizing civilian mariner manned non-combatant ships for material support.
2. Special Mission Ships (SMS): Provides unique seagoing platforms, operation of Navy Command Ships, and contracted Harbor Tugs.
3. Afloat Prepositioning Force: Navy (APF-N): Deploys advance material for strategic lifts for the Marine Expeditionary Forces.
4. Service Support Ships (SSS): Provides Navy with towing, rescue and salvage, submarine support and cable laying repair series as well as command and control platform and floating medical facilities.

**NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

5. Joint High Speed Vessels – Navy (JHSV): Program is a cooperative effort for a high-speed, shallow draft vessel intended for rapid intra-theater transport of medium sized cargo payloads. JHSV will reach speeds of 35-45 knots (65-83 km/h; 40-52 mph) and allow for the rapid transit and deployment of conventional or special forces as well as equipment and supplies.

Significant Changes FY 2012 to FY 2013:

CLF - A reduced operating status for the USNS T-AOE 6 SUPPLY (153 days) and a full year of operations for T-AKE 14.

SMS - A full year of operation for the Sea-based X-band (SBX) Radar Platform and the USNS PONCE; change ARC-7 ZEUS to a full year operating status. Reduce AS-39 EMORY LAND and AS-40 FRANK CABLE reimbursable workload and increase reimbursable workload for PATROL CRAFT.

APF-N - A full year of operation for T-AKE-13 EVERS; USMC's Maritime Prepositioning Force (MPF) restructuring, reduces Afloat Preposition Force-Navy (APF-N) from three FOS squadrons to two; Transfer of Offshore Petroleum Distribution System (OPDS) ships from Transportation Working Capital Fund (TWCF) to Navy Working Capital Fund (NWCF); The first Mobile Launcher Platform (MLP 1) come on line.

JHSV- A full year of operation is scheduled for HSV GUAM; JHSV-1 and JHSV-2; JHSV-3 and JHSV-4 are scheduled to come on line and pre-delivery cost will be recognized for JHSV-5.

Significant Changes FY 2013 to FY 2014:

CLF - Deactivation of USNS SUPPLY.

SMS - Increase TAGS from 6 to 7 with the new ship USNS MAURY (T-AG-66); T-AGM 25 USNS HOWARD O. LORENZEN is scheduled to begin the replacement of T-AGM 23 USNS OBSERVATION ISLAND; Workload in support of the SBX Radar Platform will no longer be performed by MSC.

APF-N- Deactivation of the HSV2 SWIFT will occur; A full year of operational costs will be recognized for MLP 1, while MLP 2 is scheduled to come on line late in September.

SSS- No major changes. (Created from realigning of Ships from CLF & SMS)

JHSV- JHSV 1 – JHSV 4 are scheduled to be fully operating.

**NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Financial Profile:

<u>Revenue/Expense/NOR/AOR (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue	\$2,980.3	\$3,101.5	\$2,539.0
Expense	\$2,924.6	\$2,899.1	\$2,850.1
Operating Result	\$55.6	\$202.4	-\$311.1
Capital Investment Program (CIP) Surcharge	\$0	-\$16.3	-\$2.2
Net Operating Result (NOR)	\$55.6	\$186.1	-\$313.3
Accumulated Operating Results (AOR)	\$127.2	\$313.3	\$0

Revenue and Expense: The changes in revenue and expense from year to year are associated with the differences in Models used to price out the workload changes associated with the USMC's Maritime Prepositioning Force (MPF). The difference in models retains two ships (USNS STOCKHAM and USNS BOBO) in Full Operating Status (FOS) with the MPF squadrons which were originally intended to go into Reduced Operating Status (ROS) in the Sealift account. In addition, the tanker ship will be returned to Maritime Administration (MARAD) to be placed in the National Defense Reserve Fleet (NDRF) and when delivered MLP-2 will be placed in a ROS vice FOS status. Various activation/deactivation and operating status changes associated with modification are being completed on T-AOE class ships. One T-AOE deactivation is scheduled in FY 2014. Increased reimbursable workload and AOR account for the remainder of the changes.

Net Operating Result (NOR): The FY 2013 President's Budget reflected a NOR of -\$174.7 vice the current actuals of \$127.2M for FY 2012. The favorable result is due to lower than planned fuel prices, and reduced fuel consumption based on FY 2012 end of year projections and Maintenance and Repair Regular Overhaul Schedules. All changes have been incorporated into the FY 2014 rates.

**NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Collections/Disbursements/Outlays</u>			
<u>(\$M)</u>			
Collections	\$2,945.6	\$3,251.4	\$2,539.0
Disbursements	\$2,861.2	\$2,977.0	\$2,858.2
Outlays	-\$84.4	-\$274.4	\$319.2

Collections: FY 2013 through FY 2014 reflects expected revenue based on current estimates adjusted for changes in accounts receivable.

Disbursements: This represents budgeted expense and Capital Investment Program (CIP) outlays adjusted for changes in accounts payable.

Workload:

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
CLF	14,274	14,600	10,585
SMS	8,442	9,490	8,477
APF-N	6,732	5,110	5,110
SSS	0	0	5,110
JHSV	0	365	0

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

CLF - Increase in FY 2013 is due to a realignment of T-AKE 14 from the Afloat Prepositioning Force-Navy (PREPO) program to the Combat Logistics Forces. Decrease in FY 2014 is due to a realignment of ships to the new Service Support Ships as well as the deactivation of T-AOE SUPPLY.

SMS - Increase in FY 2013 is due to the C-Champion, C-Commando and Dolores Chouest which support the NAVSPECWARCOM Customer. These ships had previously executed as reimbursable and will begin executing as per diem in FY 2013. Decrease in FY 2014 is due to a realignment of ships to the new Service Support Ships program.

**NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

APF-N - Decrease in FY 2013 is due primarily to USMC's Maritime Prepositioning Force (MPF) restructuring to reduce Afloat Preposition Force Navy (APF-N) from three FOS squadrons to two. The decrease is partially offset by a full year of operation for T-AKE-13 EVERS, and the transfer of the Offshore Petroleum Distribution System (OPDS) Ships from Transportation Working Capital Fund (TWCF) to Navy Working Capital Fund (NWCF).

SSS - Increase in FY 2014 is due to the realignment of ships from CLF and SMS to establish the new Service Support Ships program.

JHSV - Increase in FY 2013 is associated with the realignment of the WESTPAC EXPRESS from APF-N program to JHSV. The decrease in FY 2014 is the replacement of the WESTPAC EXPRESS with the newly acquired HSV PUERTO RICO.

<u>Reimbursable Orders (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	\$3,030.1	\$3,101.5	\$2,539.0

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 2014.

<u>Direct Labor Hours (000)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	13,792	13,505	13,588

Direct labor hours refer to Civilian Mariners (CIVMARS) only. Variances across fiscal years are minimal due primarily to new ships coming on line - e.g. T-AKE-12 and TAKE-13 offset by deactivations – (e.g., SHASTA) and changes in manning levels.

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 operations such as FOS to ROS, transitioning ships between coasts, or changing ship status (e.g., from ROS-15 days, ROS-30 days or ROS-45 days) are coordinated with the respective MSC customer.

A summary of performance goals is reflected below:

<u>Performance Measure</u>	<u>Goal</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Ship Availability	95%	95%	95%	95%

**NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

<u>Unit Cost</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
CLF	107,804	119,836	110,685
SMS	55,425	59,536	36,699
APF-N	72,282	61,977	49,256
SSS	0	0	63,112
JHSV	0	60,000	0

MSC operates under five 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). 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 Maintenance and Repair (M&R).

<u>Percentage Rate Change from Prior Year</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
CLF	3.1%	11.7%	-7.6%
SMS	N/A	17.2%	-38.4%
APF-N	17.2%	-17.5%	-20.5%
SSS			
JHSV		-6.4%	

Staffing:

<u>Civilian/Military ES & Workyears</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	6,725	6,855	6,692
Civilian Workyears (Straighttime)	9,073	8,892	9,022
Military End Strength	418	185	184
Military Workyears	354	185	184

Civilian Personnel: End Strength changes associated mainly with new ships coming on line – (e.g., T-AKEs and JHSV) increased ashore to cover new requirements for programs such as Load Management, INFOCON3, Conservation, and Financial Audit ability Sustainment. Workplace variance is primarily a function of decreasing lapse rate.

NARRATIVE SUMMARY OF OPERATIONS
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013

Military Personnel: Variances are due primarily to: 1). Deletion of various Military Detachments – (e.g., T-AO Flint, Kiska), 2). T-AKE Supply requirements deleted, and 3). various civilian substitutions .

Capital Investment Program (CIP) Budget Authority:

<u>Capital Investment Program (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment, Non-ADP / Telecom	\$0.0	\$0.8	\$0.0
Equipment, ADPE / Telecom	\$8.7	\$9.6	\$6.5
Software Development	\$4.9	\$12.1	\$4.2
Minor Construction	\$0.0	\$0.0	\$0.8
Total	\$13.5	\$22.5	\$11.5

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, Automated Data Processing Equipment for Shipboard local area networks (LANs), systems development efforts – (e.g., mandated travel system, financial management system), migration of civilian mariner (CIVMAR) pay function to Defense Finance and Accounting Service, and Next Generation Wideband. Non-IT equipment reflects the requirement for an elevator at MSC Headquarters. Minor construction covers purchase of a pre-engineered building to provide short term storage of specialized equipment at MSC Norfolk.

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
DOLLARS IN MILLIONS

	<u>Total Cost</u>
FY 2012 Estimated Actual	\$2,924.6
FY 2013 Estimate in FY 2013 President's Budget:	\$2,827.4
<u>Estimated Impact in FY 2013 of Actual FY 2012 Experience</u>	\$0.0
<u>Price Changes</u>	
Change in FY 2013 Pay Raise Assumptions	\$0.0
Change in FY 2013 Fuel Price Assumptions	\$0.0
Change in FY 2013 General Inflation Assumptions	\$3.9
<u>Productivity Initiatives and Other Efficiencies</u>	
Capital Investment Program Savings	\$0.0
Energy Efficiency and Conservation Savings	\$0.0
Guard Contract Savings	\$0.0
<u>Program Changes</u>	
Increases in reimbursable workload	\$122.8
Adjust Maritime Prepositing Ship Squadrons to the approved Model 4 vice Model 5C	\$42.9
Realign scheduled maintenance to FY 2012 for the ABLE and INVICIBLE per customer request	-\$5.0
Critical repair for the TAGS Bow Thrusters	\$2.4
Increases in operating costs for T-AKE 12 and T-AKE 13	\$7.4
Reductions in Ship Maintenance	-\$100.0
<u>Other Changes</u>	
Civilian Mariner Pipeline increase associated with the increase in the number of Rig Teams.	\$15.7
G&A Miscellaneous over head reductions	-\$5.7
Reduction in G&A Labor due to incorrect cost estimates	-\$8.7
Reduction associated with OMB's travel initiative	-\$4.0
FY 2013 Current Estimate	\$2,899.1

**CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
DOLLARS IN MILLIONS**

FY 2013 Current Estimate	\$2,899.1

Price Changes:

Annualization of Prior Year Pay Raises	
Military	\$0.1
Civilian	\$0.0
FY 2014 Pay Raise	
Military Personnel	\$0.0
Civilian Personnel	\$2.5
Fuel Price Changes	-\$19.4
Working Capital Fund Price Changes	\$0.0
General Purchase Inflation	\$26.6

Productivity Initiatives and Other Efficiencies

Energy Efficiency and Conservation Savings	-\$14.4

Program Changes

Deactivation of T-AOE SUPPLY	-37.2
Reduction in cost associated with 2 T-AOE in FOS and 1 in a ROS status	-\$23.8
Increase T-AGS from 6 to 7 Ships. (MAURY)	\$15.5
Replacement of OBIS with the LORENZEN	\$20.8
Increases in reimbursable workload	\$20.1
Deactivation of the WESTPAC	-\$20.2
Reduction in TUG support for Earle	-\$0.2
Reduction in fuel consumption based on FY 2012 actuals	-\$26.2

Other Changes:

Changes in Full-time Equivalent (FTE)s: Lapse rate, Financial Audit Sustainment, Support for new ships - e.g. Joint High Speed Vessel (JHSV), Sea-Based X-Band Radar (SBX) , etc.	\$6.8

FY 2014 Current Estimate	2,850.1

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DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
CAPITAL INVESTMENT SUMMARY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
DOLLARS IN MILLIONS

Line #	Description	FY 2012		FY 2013		FY 2014	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment >= \$.250M	0	\$0.000	1	\$0.800	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	1	\$0.800	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
2	ADPE and Telecom Equipment >= \$.250M	2	\$8.692	2	\$9.588	2	\$6.500
	- Computer Hardware (Production)	2	\$8.692	2	\$9.588	2	\$6.500
	- 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 >= \$.250M	3	\$4.795	6	\$12.108	4	\$4.200
	MSC-IS Portal	1	\$2.877	1	\$1.500	1	\$1.500
	MSC - Financial Management System	1	\$1.274	1	\$4.780	1	\$1.208
	Human Resources Management System	1	\$0.644	1	\$2.070	1	\$0.998
	Migration of Unified Civmar Payroll System to DFAS	0	\$0.000	1	\$2.000	0	\$0.000
	Ordnance Load Management	0	\$0.000	1	\$1.000	0	\$0.000
	- Projects < \$1M						
	Department Head Afloat Mgmt System	0	\$0.000	1	\$0.758	0	\$0.000
	Defense Readiness Reporting System	0	\$0.000	0	\$0.000	1	\$0.494
4	Minor Construction (>= \$.100M and <= \$.750M)	0	\$0.000	0	\$0.000	1	\$0.750
	- Replacement Capability	0	\$0.000	0	\$0.000	1	\$0.750
	- 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	5	\$13.487	9	\$22.496	7	\$11.450
	Total Capital Outlays		\$12.966		\$14.044		\$17.444
	Total Depreciation Expense		\$7.508		\$6.163		\$9.300

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013			
Department of the Navy / Transportation / Military Sealift Command		#001 - Non-ADPE and Telecommunications / Replacement Capabilities			Military Sealift Command (MSC)		
		FY 2012		FY 2013		FY 2014	
Non-ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
New Mission					1	\$ 800	\$ 800
Total					1	\$ 800	\$ 800
Justification:							
<u>Non-ADPE and Telecommunications:</u> NEW MISSION: Funding is to cover elevator upgrade in the Washington area.							

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013			
Department of the Navy / Transportation / Military Sealift Command		#002 - ADPE and Telecommunications (Projects = or > \$1 Million)			Military Sealift Command (MSC)		
		FY 2012		FY 2013		FY 2014	
ADPE and Telecommunications Equipment		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)		2	\$ 4,346	\$ 8,692	2	\$ 4,794	\$ 9,588
Total		2	\$ 4,346	\$ 8,692	2	\$ 4,794	\$ 9,588
Justification:							
<u>ADPE and Telecommunications Equipment:</u>							
Computer Hardware (Production):							
The above represents MSC requirements to implement unclassified and classified Local Area Networks (LANS) at all ships, offices, area command, and headquarters world-wide. Equipment includes servers, routers, modem pools, printers, firewall, etc. Funding also 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 Navy/Marine Corps Intranet or Base Level Infrastructure Implementation (BLII) plans. No EA for afloat ADPE as this was a directed Capital Investment Program cost by OSD. Software addresses remediation of DOD IG audit findings. This software will provide automated monitoring of key transactions to prevent unauthorized actions and detect patterns that could indicate fraud or errors. This software provides a fully auditable access record of all changes made to MSC FMS and HRMS systems.							

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013			
Department of the Navy / Transportation / Military Sealift Command		#003 - Software Development				Military Sealift Command (MSC)	
		FY 2012		FY 2013		FY 2014	
Software Development		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
MSC-IS Portal (Dev)		1	\$ 2,877	\$ 2,877	1	\$ 1,500	\$ 1,500
TOTAL		1	\$ 2,877	\$ 2,877	1	\$ 1,500	\$ 1,500
Justification:							
Software Development: <u>IS Portal Development</u> 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. <u>Information Systems: IS Portal</u> 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.)							

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013			
Department of the Navy / Transportation / Military Sealift Command		#003 - Software Development				Military Sealift Command (MSC)	
		FY 2012		FY 2013		FY 2014	
Software Development		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
MSC - Financial Management System		1	\$ 1,274	\$ 1,274	1	\$ 4,780	\$ 4,780
TOTAL		1	\$ 1,274	\$ 1,274	1	\$ 4,780	\$ 4,780
Justification:							
<u>Software Development:</u> <u>FMS</u>: 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 Improvement 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. Estimates do include requirement to replace current MSC budget development tool (BPS.) Current budget system is not integrated with other MSC business sytems. The replacement system will solve this shortcoming. Software addresses remediation of DOD IG audit findings. Business Enterprise Architecture (BEA) 4.1 compliant EA completed in 2007, however, all items have obtained OSD Business Transformation Agency (BTA) certification.							

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013			
Department of the Navy / Transportation / Military Sealift Command		#003 - Software Development				Military Sealift Command (MSC)	
		FY 2012		FY 2013		FY 2014	
Software Development		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
MSC - Human Resources Management System (Dev)		1	\$ 644	\$ 644	1	\$ 2,070	\$ 2,070
TOTAL		1	\$ 644	\$ 644	1	\$ 2,070	\$ 2,070
Justification:							
<u>Software Development:</u> 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. FY 2012 includes support for implementation of an electronic medical capability which will enable MSC to place qualified civmars aboard MSC ships in a more timely manner. Software addresses remediation of DOD IG audit findings. Note: Civilian Mariner (CIVMAR) personnel functions are not handled by the DOD Modern Defense Civilian Payroll Data System (DCPDS.) Business Enterprise Architecture (BEA) compliant Economic Analysis (EA) was completed in 2007, all items have obtained OSD Business Transformation Agency (BTA) certification.							

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013			
Department of the Navy / Transportation / Military Sealift Command		#003 - Software Development				Military Sealift Command (MSC)	
		FY 2012		FY 2013		FY 2014	
Software Development		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Migration of Unified Civmar Payroll System to DFAS					1	\$ 2,000	\$ 2,000
TOTAL					1	\$ 2,000	\$ 2,000
Justification:							
<u>Software Development:</u> Migration of Unified Civmar Payroll System (UCPS) to DFAS: Currently MSC civilian mariners (CIVMAR) are not paid through DFAS. This effort will provide for that transition.							

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013					
Department of the Navy / Transportation / Military Sealift Command	#003 - Software Development					Military Sealift Command (MSC)		
	FY 2012			FY 2013			FY 2014	
Software Development	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost Total Cost
Department Head Afloat Mgmt System				1	\$ 758	\$ 758		
TOTAL				1	\$ 758	\$ 758		
Justification:								
<u>Software Development:</u> Department Head Afloat Mgmt System (DHAMS): DHAMS is used to perform human resource (HR), payroll, and accounting functions. The current system was developed with tools that no longer are available. As a result, DHAMS requires constant helpdesk support. The new system will allow for better data validation, new functionality, and will incorporate new Informations Assurance (IA) and PII (Privacy) safeguards.								

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013						
Department of the Navy / Transportation / Military Sealift Command		#003 - Software Development					Military Sealift Command (MSC)			
		FY 2012			FY 2013			FY 2014		
Software Development		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Ordnance Load Management					1	\$	1,000	\$	1,000	
TOTAL					1	\$	1,000	\$	1,000	
Justification:										
<u>Software Development:</u> MSC has a requirement to support Ordnance Load Management. Data associated with this requirement is CLASSIFIED. In order to provide required support for this initiative MSC will have to establish a version of various afloat and ashore applications on the SIPRNET. If not funded, MSC will be unable to provide support for initiatives supporting the new Ordnance Load effort.										

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013						
Department of the Navy / Transportation / Military Sealift Command		#003 - Software Development						Military Sealift Command (MSC)		
		FY 2012			FY 2013			FY 2014		
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Software Development										
MSC-DRRS-N (Dev)								1	\$	494
TOTAL								1	\$	494
Justification:										
<u>Software Development:</u> <u>DDRS-N Development:</u> Defense Readiness Reporting System - Navy (DRRS-N) is a classified system mandated by DOD. DRRS-N is a Web-based management system providing Navy and joint commanders continous access to unit and group level readiness assessments. MSC currently meets the DRRS-N requirement by manually inputting information into the DRRS-N system on vetted MS-Excel spreadsheets. This manual process provides information in only two of the required five categories.										

CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES APRIL 2013			
Department of the Navy / Transportation / Military Sealift Command		#004 - Minor Construction			Military Sealift Command (MSC)		
		FY 2012		FY 2013		FY 2014	
Minor Construction		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Capability						1 \$	750 \$ 750
TOTAL						1 \$	750 \$ 750
Justification:							
Minor Construction: This building is required to provide short term storage of specialized equipment used on Tugs, Salvage Vessels and Joint High Speed Vessels (JHSVs). This building would be a replacement for storage space previously available at St. Helenna's Annex. MSC is in the process of consolidating warehousing efforts which will result in overall cost reductions. The replacement building would be located in Little Creek, Virginia. Currently this equipment is being housed in 15 CONEX boxes sitting exposed to the elements. This poses problems: (1) access to this equipment is difficult and (2) expected "life" of equipment is impacted due to the heat and humidity in the metal containers.							

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
TRANSPORTATION
MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
DOLLARS IN MILLIONS

Projects in the FY 2013 President's Budget

	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<u>FY 2013</u>						
Equipment (Non-ADPE)	0.800	0.000	0.800	0.800	0.000	
Equipment (ADPE)	9.588	0.000	9.588	9.588	0.000	
Software Development	12.108	0.000	12.108	12.108	0.000	
Minor Construction	0.000	0.000	0.000	0.000	0.000	
Total FY 2013	22.496	0.000	22.496	22.496	0.000	
Non-ADP Equipment >= \$.250M	0.800	0.000	0.800	0.800	0.000	No change
ADPE and telecommunications resources >= \$.250M	9.588	0.000	9.588	9.588	0.000	No change
Software Development >= \$.250M	12.108	0.000	12.108	12.108	0.000	No change
Minor Construction (>= \$.100M and <= \$.750M)	0.000	0.000	0.000	0.000	0.000	No change

TAB 9 - Facilities Engineering Commands

Back of Tab

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

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.

Activity Group Composition:

<u>Activity</u>	<u>Location</u>
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 - Africa - Southwest Asia	Naples, Italy
FEC Northwest	Silverdale, Washington

Significant Changes Since the FY 2013 President's Budget:

The FY 2014 Program/Budget Submission recognizes the need to make investments in order to achieve facility energy and utility distribution system efficiencies. Accordingly, the current estimate includes utility system energy investments to include steam plant production and distribution improvements, chiller plant replacements with high energy efficiency systems, and installation of network wide digital control and monitoring systems. These energy and distribution system improvements will have a direct impact by reducing the Navy's energy consumption levels. Additionally, facilities sustainment funding was increased which consists primarily of critical utility infrastructure and equipment that support the Warfighter's mission and operational capabilities.

Additionally, the Hurricane Sandy Recovery and Rebuilding Supplemental Appropriations Act (P.L. 113-002) provided \$22.7 million to the FECs in FY 2013 for necessary expenses related to the consequences of Hurricane Sandy. The direct cite appropriated funds received are not included in the FECs' FY 2013 operating budget.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Productivity Initiatives and Other Efficiencies:

FY 2014 estimates include \$8.4 million in cost reductions associated with Energy Major Maintenance Repair Program (eMMRP) and information technology-related savings.

Financial Profile:

Revenue/Expense/Operating Results

<u>(\$Millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue	\$2,994.8	\$3,210.8	\$3,314.0
Cost of Goods and Services	\$3,018.7	\$3,120.2	\$3,266.8
Operating Results	-\$23.8	+\$90.6	+\$47.1
Other Changes Affecting AOR	\$0.0	\$0.0	\$0.0
Accumulated Operating Results (AOR)	-\$137.7	-\$47.1	\$0.0

*Numbers may not add due to rounding

Revenue and Cost of Goods Sold: The trend in revenue and expense is primarily a result of higher purchased utility costs and general inflation.

Operating Results: The change in operating results since the FY 2013 President's Budget is primarily attributable to higher purchased utility costs partially offset by mitigation efforts to reduce the impact to FEC customers. The FECs adopted a number of measures to reduce the impact that higher purchased utility costs were expected to have on customer accounts. Among them are temporary reductions to/deferral of Civil Engineering Support Equipment, travel/training, and overtime.

Collections and Disbursements/Outlays:

<u>Net Outlays (\$Millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Collections	\$3,012.7	\$3,435.8	\$3,158.7
Disbursements	\$3,035.7	\$3,191.0	\$3,122.2
Net Outlays	\$23.0	-\$244.8	-\$36.4

*Numbers may not add due to rounding

Foreign Currency Issues: Foreign currency exchange rates can impact the FECs' operating results. The table on the following page shows the estimated value of FEC costs that are subject to payment in foreign currency:

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NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
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<u>Costs Subject to Foreign Currency (\$Millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Costs to be Paid in EUROS	\$92.2	\$78.8	\$83.0
Costs to be Paid in YEN	\$202.1	\$198.9	\$201.2
Total Costs to be Paid in Foreign Currency	\$294.3	\$277.7	\$284.2

<u>Direct Labor Hours (000)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate (Civilian and Military)	13,715	14,045	13,708

Performance Indicators:

Among the key financial indicators for the FECs are operating results (as noted on the previous page), annual rate changes, and unit costs (as presented on the following page). 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%.

<u>Performance Measures</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
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%

<u>Rate Changes</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Composite Rate	+0.9%	+8.5%	+2.8%
Utilities and Sanitation	+0.5%	+12.1%	+8.3%
Other Base Services	+1.8%	+1.8%	-5.8%

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

Unit Costs:

Unit costs for each of the FECs' 19 different product areas are displayed on the following page:

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
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Product/Service	Unit Of Measure	Unit Cost FY 12	Unit Cost FY 13	Unit Cost FY 14
<u>Utility Services</u>				
Electricity	MWH	151.18	159.95	171.52
Potable Water	KGAL	7.15	5.89	7.05
Salt/River Water	KGAL	1.32	1.72	1.13
Steam	MBTU	38.10	38.70	36.69
Sewage	KGAL	9.26	7.94	9.10
Natural Gas	MBTU	7.45	11.27	11.63
Compressed Air	KCF	1.86	2.21	2.14
<u>Sanitation Services</u>				
Refuse Collection & Disposal I	CUYD	14.81	15.06	15.09
Refuse Collection & Disposal II	TONS	258.95	180.47	201.22
Pest Control	HOURS	56.49	46.17	46.85
Hazardous Waste I	GAL	6.86	8.27	1.31
Hazardous Waste II	LBS	1.58	1.30	1.41
Industrial Waste	KGAL	69.07	36.91	33.10
Environmental Engineering	HOURS	97.39	96.25	104.29
Environmental Lab	TEST	82.31	91.27	85.00
<u>Transportation Services</u>				
Equipment Rental	HOURS	7.43	5.08	5.43
Vehicle Operations	HOURS	69.19	65.47	64.36
Vehicle Maintenance	SRO	185.95	194.07	206.26
Maintenance and Repair^{Note#1}	DLH	86.04	78.66	79.00

Note#1: Unlike prior submissions, the FY 2014 budget estimate adopts a single, universally recognized metric, direct labor hours, with which to measure our maintenance and repair efforts. Use of a clearly defined metric such as direct labor hours, versus a variety of metrics such as jobs or items, will improve consistency in reporting for this business line.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
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Utilities and Energy Management: Higher purchased electricity, natural gas and liquid fuel costs will continue to impact the FECs' cost of operations. Even though the FECs are impacted by higher purchased utilities, they 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 and system recap based on linear segments and consistent system condition information; 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 information assure industrial control systems.

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 from General Services Administration
- Downsize vehicles and equipment to minimum size, including Neighborhood Electric Vehicles and other slow moving vehicles to reduce the per mile cost including fuel
- Standardize vehicle and equipment type, sizes and configurations
- Optimize use of lease and short term rentals for vehicles and heavy equipment and facilitate sharing vehicles via easy to use reservation systems

Facility Support Contracts Management and Facility Services: FECs are reducing the cost of the Facility Sustainment, Utility and BSVE provision of Base Operating Support contracts through maximizing the use of regional contracts and seeking fewer and longer term contracts while still maintaining Small Business commitments. A contracting template that standardizes required Common Output Level performance is in use and is intended to create efficiencies for specification writers by minimizing the amount of tailoring required when defining customer requirements. The template is routinely updated to incorporate actual lessons learned and to reflect new or updated policy.

Facility Management and Sustainment: The Infrastructure Condition Assessment Process (ICAP) has been reengineered. The name change from FCAP (Facilities CAP) to ICAP (Infrastructure CAP) was done in order to emphasize the fact that the condition assessment program is a holistic, consistent approach to deliver the most accurate condition information regardless of facility type (e.g. building, structure, or utility). FCAP's sole focus was building

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
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condition assessments and reporting of building condition. ICAP's focus improves on this by ensuring the condition of specialized facilities (i.e., piers, water tanks, bridges, airfield pavement) and utilities is reported, is current, and is available to stakeholders as well. 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 and capturing data is being implemented.

Additionally, the FECs increased facilities sustainment to address decreased reliability and increased loss of service frequency/duration involving utility systems and other critical infrastructure, which negatively impacts Navy mission. Facilities sustainment includes preventative maintenance, replacement of components at the end of their useful life, and repair of critical utility infrastructure, equipment, and distribution networks. This will help prevent increased Environmental Notice of Violations for system operations, accelerated rates of deterioration and shortened service lives of utility systems, and increased restoration costs as systems and equipment degrades.

Staffing:

<u>Civilian/Military End Strength & Work Years</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	10,041	10,164	10,180
Civilian Work Years (Straight Time)	10,014	10,062	10,106
Military End Strength	78	78	78
Military Work Years	77	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 work years across the budget period reflects increases for workload-driven requirements in areas such as Base Support Vehicles, Facilities Management and Sustainment, Containerized Hazardous Waste, and Overseas Potable Water Requirements. Ultimately, the FECs continue to size its civilian workforce in response to mission and/or regulatory requirements.

Military Personnel: Military end strength remains unchanged.

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NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
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Capital Investment Program (CIP):

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

<u>CIP (\$Millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment, Non-ADP / Telecom	\$9.7	\$11.8	\$9.3
Equipment, ADPE / Telecom	0.0	0.0	\$0.0
Software Development	0.0	0.0	\$0.0
Minor Construction	\$6.9	\$7.5	\$8.3
Total	\$16.5	\$19.3	\$17.6

The main reason for the ~\$1.8 million increase in the current FY 2013 capital investment program (when compared to the FY 2013 President's Budget) is the addition of two minor construction projects at FEC Europe. The requirements for these projects were not available at the time for inclusion in the FY 2013 President's Budget.

Workload:

<u>Reimbursable Orders (\$Millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	\$2,989.6	\$3,141.9	\$3,300.0

FEC orders received are expected to increase \$158.1 million or ~5% between FY 2013 and FY 2014. This is primarily a function of the impact of the FECs' FY 2014 composite rate increase (+2.8%) as well as other workload changes driven by mission and/or regulatory requirements.

Workload Acronym List

MBTU	Million British Thermal Units	MWH	Mega Watt Hour
CUYD	Cubic Yard	SRO	Shop Repair Order
KCF	Thousand Cubic Feet	LBS	Pounds
KGAL	Thousand Gallons	DLHs	Direct Labor Hours
TONS	Tons		

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Product/Service	Unit Of Measure	Units FY 12	Units FY 13	Units FY 14
<u>Utility Services</u>				
Electricity	MWH	7,432,365	7,402,551	7,500,549
Potable Water	KGAL	24,815,995	28,295,430	25,995,840
Salt/River Water	KGAL	9,533,037	8,352,614	8,352,614
Steam	MBTU	7,525,460	8,975,502	8,956,960
Sewage	KGAL	17,571,718	19,655,412	18,730,734
Natural Gas	MBTU	3,422,854	3,165,965	3,151,106
Compressed Air	KCF	13,419,842	11,966,159	11,923,094
<u>Sanitation Services</u>				
Refuse Collection & Disposal I	CUYD	903,056	1,021,439	989,804
Refuse Collection & Disposal II	TONS	40,000	48,801	39,301
Pest Control	HOURS	67,196	70,175	68,150
Hazardous Waste I	GAL	504,470	170,000	170,000
Hazardous Waste II	LBS	13,339,005	18,995,816	21,309,858
Industrial Waste	KGAL	151,411	319,080	325,386
Environmental Engineering	HOURS	55,638	56,269	49,393
Environmental Lab	TEST	126,186	93,943	93,943
<u>Transportation Services</u>				
Equipment Rental	HOURS	27,709,056	44,727,875	44,843,097
Vehicle Operations	HOURS	1,095,930	1,134,709	1,179,229
Vehicle Maintenance	SRO	88,170	79,399	80,861
Maintenance and Repair^{Note#1}	DLH	6,607,017	6,417,931	6,597,303

Note#1: Unlike prior submissions, the FY 2014 budget estimate adopts a single, universally recognized metric, direct labor hours, with which to measure our maintenance and repair efforts. Use of a clearly defined metric such as direct labor hours, versus a variety of metrics such as jobs or items, will improve consistency in reporting for this business line.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT – FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

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. Investments in key components of our infrastructure such as those accomplished via eMMRP and facilities sustainment will preserve and improve the physical plant, help us achieve energy goals, and enable us to operate in the most effective, least costly, and most efficient way possible. 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 EXPENSE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue:			
Gross Sales			
Operations	2,981.0	3,191.3	3,296.2
Surcharges	0.0	0.0	0.0
Depreciation excluding Major Construction	13.8	19.5	17.8
Other Income			
Total Income	2,994.8	3,210.8	3,314.0
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	9.2	9.3	9.5
Civilian Personnel	767.8	770.6	779.3
Travel and Transportation of Personnel	5.8	6.5	8.6
Material & Supplies (Internal Operations)	322.6	393.5	389.4
Equipment	67.5	64.4	66.1
Other Purchases from NWCF	20.8	24.9	25.6
Transportation of Things	1.0	0.9	1.0
Depreciation - Capital	13.8	19.5	17.8
Printing and Reproduction	0.8	1.0	1.3
Advisory and Assistance Services	0.2	0.0	0.0
Rent, Communication & Utilities	1,118.0	1,153.7	1,201.5
Other Purchased Services	691.2	676.0	766.9
Total Expenses	3,018.7	3,120.2	3,266.8
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	3,018.7	3,120.2	3,266.8
Operating Result	-23.8	90.6	47.1
Less Surcharges	0	0	0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	-0.1	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Net Operating Result	-23.9	90.6	47.1
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	-137.7	-47.1	0.0

Exhibit Fund-14 Revenue and Expenses

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
1. New Orders	2989.6	3141.9	3300.0
a. Orders from DoD Components:	2251.2	2455.9	2619.4
Department of the Navy	2025.6	2195.0	2321.4
O & M, Navy	1860.0	2002.3	2126.0
O & M, Marine Corps	43.7	68.2	59.9
O & M, Navy Reserve	38.4	25.2	33.5
O & M, Marine Corp Reserve	1.0	4.0	3.5
Aircraft Procurement, Navy	0.3	1.5	1.4
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	1.7	3.2	3.3
Other Procurement, Navy	1.6	1.6	1.6
Procurement, Marine Corps	0.0	0.0	0.0
Family Housing, Navy/MC	77.1	82.8	87.4
Research, Dev., Test, & Eval., Navy	0.2	3.2	3.3
Military Construction, Navy	0.8	2.1	0.6
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	0.8	0.9	0.8
Other Marine Corps Appropriations	0.1	0.0	0.0
Department of the Army	63.5	47.8	66.4
Army Operation & Maintenance	27.8	16.3	22.8
Army Res, Dev, Test, Eval	0.0	2.2	2.0
Army Procurement	0.0	0.0	0.0
Army Other	35.6	29.2	41.6
Department of the Air Force	10.9	17.5	10.7
Air Force Operation & Maintenance	5.7	11.9	5.5
Air Force Res, Dev, Test, Eval	0.0	0.0	0.1
Air Force Procurement	0.0	0.0	0.0
Air Force Other	5.2	5.6	5.1
DOD Appropriation Accounts	151.3	195.6	220.9
Base Closure & Realignment	0.3	7.6	8.1
Operation & Maintenance Accounts	67.6	92.8	99.3
Res, Dev, Test & Eval Accounts	1.2	1.8	1.8
Procurement Accounts	0.9	1.1	1.1
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	81.3	92.4	110.5
b. Orders from other Fund Activity Groups	456.4	418.9	390.3
c. Total DoD	2707.6	2874.8	3009.7
d. Other Orders:	282.0	267.1	290.3
Other Federal Agencies	19.5	13.4	19.9
Foreign Military Sales	0.2	0.3	0.3
Non Federal Agencies	262.3	253.4	270.1
2. Carry-In Orders	231.2	226.0	157.2
3. Total Gross Orders	3220.8	3367.9	3457.2
a. Funded Carry-Over before Exclusions	226.0	157.2	143.3
b. Total Gross Sales	2994.8	3210.7	3314.0
4. End of Year Work-In-Process (-)	0.0	0.0	0.0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-31.5	-28.3	-30.2
6. Net Funded Carryover	194.6	128.9	113.1

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
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2014 PROGRAM / BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

	<u>Total Cost</u>
FY 2012 Actual Execution	\$3,018.7
FY 2013 Estimate in FY 2013 President's Budget:	\$3,065.3
<u>Price Changes:</u>	
Changes in FY 2013 General Inflation Assumptions	\$6.2
<u>Other Changes:</u>	
Purchased Utility Costs	\$54.0
Reduced Indirect Travel	-\$5.3
FY 2013 Current Estimate	\$3,120.2
<u>Price Changes:</u>	
Annualization of Prior Year Pay Raises	
Military	\$0.0
Civilian	\$1.0
FY 2014 Pay Raise	
Military Personnel	\$0.1
Civilian Personnel	\$5.8
Fuel Price Changes	-\$5.4
Other Working Capital Fund Purchases	-\$0.6
General Purchase Inflation	\$38.3
Foreign Currency	\$1.5
<u>Productivity Initiatives and Other Efficiencies</u>	
Cost Savings for FY12 Energy Major Maintenance Repair Program (eMMRP)	-\$6.2
Information Technology Policy Changes	-\$0.7
Continuity of Services Contract/Next Generation Enterprise Network Savings	-\$1.5
<u>Program (Workload) Changes:</u>	
Workload Changes	\$31.8
<u>Other Changes:</u>	
eMMRP	-\$11.9
Purchased Utility Costs	\$1.3
Utilities Infrastructure Condition Assessment Program	\$6.0
Facilities Sustainment	\$87.2
FY 2014 Current Estimate	\$3,266.8

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

Line #	Description	FY 2012		FY 2013		FY 2014	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADP Equipment Total		<u>\$9.671</u>		<u>\$11.802</u>		<u>\$9.276</u>
	- Replacement Capability	12	\$8.424	16	\$11.802	11	\$9.276
	- Productivity Capability	1	\$0.447	0	\$0.000	0	\$0.000
	- New Mission Capability	1	\$0.800	0	\$0.000	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
2	ADP and Telecom Equipment Total		<u>\$0.000</u>		<u>\$0.000</u>		<u>\$0.000</u>
	- 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		<u>\$0.000</u>		<u>\$0.000</u>		<u>\$0.000</u>
	- 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		<u>\$6.875</u>		<u>\$7.485</u>		<u>\$8.279</u>
	- Replacement Capability	0	\$0.000	2	\$0.933	2	\$0.803
	- Productivity Capability	6	\$2.628	7	\$3.247	7	\$4.866
	- New Mission Capability	8	\$4.247	3	\$1.870	3	\$1.530
	- Environmental Capability	0	\$0.000	2	\$1.435	2	\$1.080
	Grand Total	28	\$16.546	30	\$19.287	25	\$17.555
	Total Capital Outlays		\$17.689		\$22.218		\$19.825
	Total Depreciation Expense		\$13.822		\$19.499		\$17.761

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES					
\$ IN THOUSANDS								APRIL 2013	
Department of the Navy / Base Support / Facilities Engineering Commands		#001 - Non-ADPE and Telecommunications					Facilities Engineering Commands		
Non-ADPE and Telecommunications	FY 2012			FY 2013			FY 2014		
	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment	12	702	8,424	16	738	11,802	11	843	9,276
Productivity Equipment	1	447	447	0	0	0	0	0	0
New Mission Capability	1	800	800	0	0	0	0	0	0
Environmental Capability	0	0	0	0	0	0	0	0	0
Total	14	691	9,671	16	738	11,802	11	843	9,276

Justification:

Civil Engineering Support Equipment (CESE) and Industrial Plant Equipment (IPE) - FY12/13/14 Requirements

Requested CESE and IPE will replace overaged, deteriorated, and obsolete inventory covering the full range of public works support functions, e.g., utilities and maintenance. All budgeted CESE and IPE 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% - 60% higher in cost per hour than in-house equipment. 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				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES						
\$ IN THOUSANDS								APRIL 2013		
Department of the Navy / Base Support / Facilities Engineering Commands		#004 - Minor Construction (\$250K - \$750K)					Facilities Engineering Commands			
	FY 2012			FY 2013			FY 2014			
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	
Replacement Equipment	0	0	0	2	467	933	2	402	803	
Productivity Equipment	6	438	2,628	7	464	3,247	7	695	4,866	
New Mission Capability	8	531	4,247	3	623	1,870	3	510	1,530	
Environmental Capability	0	0	0	2	718	1,435	2	540	1,080	
Total	14	491	6,875	14	535	7,485	14	591	8,279	
Justification:										
<u>Minor Construction (\$250 Thousand - \$750 Thousand) - FY 12/13/14 Requirements:</u>										
FEC minor construction projects represent the full range of public works facilities requirements for transportation, utilities, storage and maintenance. The proposed projects are limited to and strictly controlled by the Capital Investment Program (CIP) thresholds. None of the projects in this budget exceed current MILCON thresholds. Budgeted projects are for construction, 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 effective 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 effective services at the least cost to the Navy will be lost.										

**CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FEC)
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS**

Projects in the FY 2013 President's Budget

<u>FY</u>	<u>Approved Project</u>	<u>President's Budget</u>	<u>Reprogs</u>	<u>Approved Project Cost</u>	<u>Current Project Cost</u>	<u>Asset/ Deficiency</u>
2013	Equipment except ADPE and TELCOM	\$11.242	\$0.560	\$11.802	\$11.802	\$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	\$6.307	\$1.178	\$7.485	\$7.485	\$0.000
	TOTAL FY 2013	\$17.549	\$1.738	\$19.287	\$19.287	\$0.000

<u>EQUIPMENT</u>	<u>FEC</u>	<u>Quantity Change</u>	<u>Cost Change</u>	<u>JUSTIFICATION</u>
Crane Wheel 50 Ton (Yokosuka)	FAR EAST	1	\$0.866	New emergent requirement
Crane Wheel Mounted Swing Cab 4X4 60 Ton (Sasebo)	FAR EAST	0	\$0.005	Price increase
Crane Wheel Mounted Swing Cab 4X4 70 Ton (Yokosuka)	FAR EAST	-1	-\$0.871	Change in crane capacity requirements
Mobile Truck Crane 75 Ton	HAWAII	1	\$0.740	New emergent requirement
Truck 16 Yard Tandem Axle Combination Jet/Vacuum Sewer Cleaner	HAWAII	1	\$0.380	New emergent requirement
Crane Truck Mounted Lattice Boom 150T	MIDLANT	-1	-\$1.450	Change in crane capacity requirements
Crane Truck Mounted Hydraulic Dedicated 90T	MIDLANT	-1	-\$0.800	Change in crane capacity requirements
Crane Truck Mounted Hydraulic Dedicated (100T-110T)	MIDLANT	1	\$0.850	Change in crane capacity requirements
Crane Wheel Mounted Swing Cab 4X4 (130T Rough Terrain)	MIDLANT	1	\$1.200	Change in crane capacity requirements
Trackhoe	MIDWEST	-1	-\$0.260	Cost came in lower than expected; reduced below CIP threshold
Crane, Truck	SOUTHEAST	0	-\$0.100	Price reduction
Cleaner Basin/Manhole Vacuum/Hydraulic Dedicated Truck Mounted 5409-00	SOUTHWEST	-2	-\$0.650	Cancelled to accommodate new emergent truck requirements
Truck Roll-off Hoist/Haul (San Diego Metro)	SOUTHWEST	1	\$0.325	New emergent requirement
Truck Maint Pole & Line Diesel Engine Dedicated With Rotating Hydraulic Dedicated DERCK (China Lake)	SOUTHWEST	1	\$0.325	New emergent requirement
	Subtotal	1	\$0.560	

**CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS (FEC)
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS**

Projects in the FY 2013 President's Budget

**FY
2013**

MINOR CONSTRUCTION

	<u>FEC</u>	<u>Quantity</u> <u>Change</u>	<u>Cost</u> <u>Change</u>	<u>JUSTIFICATION</u>
ROTA - Increase Motor Generator Cooling Capacity	EURAFSWA	1	\$0.600	New emergent requirement
Power Grid CEI 0-16 Compliance Project	EURAFSWA	1	\$0.810	New emergent requirement (Includes Planning/Design)
Construct Addition to Bldg. 138	FAR EAST	1	\$0.424	Project moved from FY14
Upgrade Water Distr Line, S-Site/Port Ops	FAR EAST	-1	-\$0.720	Project cancelled
Construct Emergency Generator WL-066	HAWAII	-1	-\$0.300	Project cancelled
Special Project Replace Sewage Pump Station	HAWAII	1	\$0.625	New emergent requirement
Install New 10" Parallel Raw Waterline at Bona Springs	MARIANAS	1	\$0.724	New emergent requirement
Install New Telemetry System for Fena Lake	MARIANAS	-1	-\$0.554	Project cancelled
Install New Weir Panels at Intake No.2, Fena Dam Screen House	MARIANAS	-1	-\$0.622	Project cancelled
Upgrade Harden Adelup Pump Station	MARIANAS	1	\$0.388	New emergent requirement
Upgrade SCADA to AAFB, AAFB	MARIANAS	1	\$0.471	Higher priority requirement
Construct Classroom Bldg 567 (add on to bldg)	MIDLANT	-1	-\$0.345	Project cancelled
Bldg 399 Generator	MIDLANT	1	\$0.480	New emergent requirement
Add Alternate Feeder to Service Pier	NORTHWEST	-1	-\$0.536	Project cancelled
Ault Field & Seaplane Base pumping and valve modifications	NORTHWEST	1	\$0.473	New emergent requirement
Add Water Filtration to Recirculation System at WTP-NAS Lemoore	SOUTHWEST	-1	-\$0.490	Project cancelled
Remove Lead Paint and Replace Windows	SOUTHEAST	-1	-\$0.250	Cost came in lower than expected; reduced below CIP threshold
	Subtotal	1	\$1.178	
	FEC Total All	2	\$1.738	

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TAB 10 - Facilities Engineering Service Center

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**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
(NAVFAC EXWC)
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Mission Statement / Overview

The Naval Facilities Engineering and Expeditionary Warfare Center (NAVFAC EXWC), formerly known as the Naval Engineering Service Center (NFESC), is a Navy-wide technical center, delivering quality products and services in:

- o Energy and Utilities
- o Amphibious and Expeditionary Systems
- o Environment
- o Shore, Ocean, and Waterfront Facilities

As a member of the Naval Facilities Engineering Command (NAVFAC) team, NAVFAC EXWC 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 NAVFAC EXWC leverages technology to enhance customer effectiveness and efficiency. NAVFAC EXWC uses existing technology where possible, identifies and adapts breakthrough technology when appropriate, and performs technology development when required.

The NAVFAC EXWC 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 EXWC is accomplished by mobilizing the proper mix of personnel expertise and other technological resources to address customer requirements. NAVFAC EXWC provides a synergism of expertise and practical experience to solve field activity and fleet needs. NAVFAC EXWC 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

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
(NAVFAC EXWC)
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer systems, expedient facilities, and logistics engineering.

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.

Effective FY 2013, the Naval Facilities Engineering Service Center was consolidated with mission funded Naval Facilities ELC (Expeditionary Logistics Center). Although the command name changed to Naval Facilities Engineering and Expeditionary Warfare Center (NAVFAC EXWC), there is no change in operations. The command will continue to be dual funded, with NWCF and mission-funded missions remaining separate and distinct. The mission statement/overview, as noted above, reflects NWCF operations.

Activity Group Composition:

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

Significant Changes Since the FY 2013 President's Budget:

The significant changes since the FY 2013 President's Budget is associated with more contracts being issued direct cite versus reimbursable. This change is reflected in the current budget submission.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
(NAVFAC EXWC)
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013

Workload:

<u>Reimbursable Orders (\$Millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	\$89.0	\$86.5	\$86.7

Reimbursable orders are based on projected customer requirements in core workload areas such as utilities and energy management, amphibious and expeditionary support, environmental services, and ocean / shore facilities services and support. Of EXWC's total customer base, ~87% of new orders come from Department of the Navy clients.

<u>Direct Labor Hours (000)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Current Estimate	559	545	539

Direct labor hours reflect demand for the Center's specialized engineering services. Each year, customer demand and required services are estimated and reviewed to ensure the command is correctly resourcing and leveraging engineering expertise needed to provide the right mix of engineering services and to maintain the correct level of organic expertise to meet recurring customer demand.

Financial Profile:

<u>Revenue/Expense/NOR/AOR (\$Millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue	\$88.0	\$84.6	\$84.2
Expense	\$87.4	\$84.3	\$85.0
Operating Results	+\$0.6	+\$0.3	-\$0.8
Other Changes Affecting AOR	\$0.0	\$0.0	\$0.0
Accumulated Operating Results (AOR)	+\$0.5	+\$0.8	\$0.0

Revenue and Expense:

Revenue and expenses are expected to remain fairly constant through the budget period, consistent with customer requirements. The increase in expenses between FY 2013 and FY 2014 is primarily the result of pricing factors, e.g., pay and non-pay inflation indices.

Operating Results:

FY 2014 operating results reflect the return to customers of an operating gain in FY 2012.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
(NAVFAC EXWC)
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013

Collections/Disbursements/Outlays

<u>Outlays (\$Millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Collections	\$93.9	\$100.2	\$92.6
Disbursements	\$87.1	\$99.6	\$93.2
Net Outlays	-\$6.8	-\$0.6	+\$0.6

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.

<u>Unit Cost</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Total Stabilized Cost (\$M)	\$63.4	\$53.8	\$53.3
Workload (DLHs) (000)	559	545	539
Unit Cost (per DLH)	\$113.42	\$98.72	\$98.86

<u>Stabilized/Composite Rate</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Stabilized Rate (\$)	\$97.85	\$ 98.63	\$97.37
Change from Prior Year	-2.2%	+0.8%	-1.3%
Composite Rate Change	-0.3%	+1.3%	-0.08%

Staffing:

<u>Civilian/Military ES & Work Years</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	397	402	402
Civilian Work Years	399	401	401
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 an assessment of recurring workload requirements.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
(NAVFAC EXWC)
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013

Military Personnel:

Military end strength and work years remain level.

Capital Investment Program (CIP) Budget Authority:

NAVFAC EXWC does not plan to procure any items using CIP authority in FY 2012, FY 2013, or FY 2014.

<u>Capital Investment Program (\$M)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment, Non-ADP / Telecom	\$ 0.0	\$ 0.0	\$ 0.0
Equipment ADPE / Telecom	\$ 0.0	\$ 0.0	\$ 0.0
Software Development	\$ 0.0	\$ 0.0	\$ 0.0
Minor Construction	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
Total	\$ 0.0	\$ 0.0	\$ 0.0

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue:			
Gross Sales			
Operations	87.3	84.6	84.1
Surcharges	0	0	0
Depreciation excluding Major Construction	0.6	0	0.1
Other Income			
Total Income	88.0	84.6	84.2
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	0.4	0.4	0.4
Civilian Personnel	52.6	53.0	53.2
Travel and Transportation of Personnel	5.5	4.1	4.4
Material & Supplies (Internal Operations)	1.3	3.5	2.8
Equipment	0.4	1.7	2.0
Other Purchases from NWCF	1.2	1.5	1.4
Transportation of Things	0.5	0.6	1.0
Depreciation - Capital	0.6	0	0.1
Printing and Reproduction	0	0	0
Advisory and Assistance Services	0	0	0
Rent, Communication & Utilities	1.2	0.6	0.5
Other Purchased Services	23.6	18.9	19.1
Total Expenses	87.4	84.3	85.0
Work in Process Adjustment	0	0	0
Comp Work for Activity Retention Adjustment	0	0	0
Cost of Goods Sold	87.4	84.3	85.0
Operating Result	0.6	0.3	-0.8
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	0.6	0.3	-0.8
Other Changes Affecting AOR	0	0	0
Accumulated Operating Result	0.5	0.8	0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(DOLLARS IN MILLIONS)

	FY 2012	FY 2013	FY 2014
	-----	-----	-----
1. New Orders	89.0	86.5	86.7
a. Orders from DoD Components:	73.5	73.2	78.8
Department of the Navy	56.2	65.9	75.9
O & M, Navy	38.5	36.6	54.3
O & M, Marine Corps	1.6	1.9	1.2
O & M, Navy Reserve	0.8	0	0
O & M, Marine Corp Reserve	0.2	0	0
Aircraft Procurement, Navy	0	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	1.0	7.6	0.5
Procurement, Marine Corps	0.4	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	12.7	16.4	18.4
Military Construction, Navy	0.7	0.5	0.6
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0.2	2.8	0.4
Other Marine Corps Appropriations	0	0.1	0.5
Department of the Army	2.9	4.0	1.5
Army Operation & Maintenance	1.3	0.9	0.5
Army Res, Dev, Test, Eval	1.4	1.9	0.5
Army Procurement	0.2	0.6	0
Army Other	0	0.6	0.6
Department of the Air Force	1.6	0.4	0.2
Air Force Operation & Maintenance	0.2	0.3	0
Air Force Res, Dev, Test, Eval	1.4	0	0.2
Air Force Procurement	0	0.1	0
Air Force Other	0	0.1	0
DOD Appropriation Accounts	12.7	2.9	1.2
Base Closure & Realignment	2	0.2	0
Operation & Maintenance Accounts	2.7	0.7	0.1
Res, Dev, Test & Eval Accounts	7.9	1.7	0.7
Procurement Accounts	0	0.2	0.1
Defense Emergency Relief Fund	0	0	0
DOD Other	0.1	0.2	0.3
b. Orders from other Fund Activity Groups	13.9	4.1	3.1
c. Total DoD	87.4	77.3	82.0
d. Other Orders:	1.6	9.2	4.7
Other Federal Agencies	1.3	3.7	4.1
Foreign Military Sales	0	0.4	0
Non Federal Agencies	0.4	5.1	0.6
2. Carry-In Orders	30.7	31.7	33.6
3. Total Gross Orders	119.7	118.2	120.3
a. Funded Carry-Over before Exclusions	31.7	33.6	36.1
b. Total Gross Sales	88.0	84.6	84.2
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-2.2	-4.6	-8.8
6. Net Funded Carryover	29.5	29.1	27.4

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
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2014 PROGRAM / BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

	<u>Total Cost</u>
FY 2012 Actual Execution	87.4
FY 2013 Estimate in FY 2013 President's Budget	105.6
<u>Price Changes</u>	0.1
Changes in FY 2013 General Inflation Assumptions	0.1
	▲
<u>Program and Other Changes</u>	-21.4
Contract cost reduced due to change in reimbursable contracts now being processed as direct cite.	-21.4▲
FY 2013 Current Estimate	84.3
	▲
<u>Price Changes:</u>	0.9
Annualization of Prior Year Pay Raises	
Military	0.0
Civilian	0.1
FY 2014 Pay Raise	
Military Personnel	0.0
Civilian Personnel	0.4
Other Working Capital Fund Purchases	-0.1
General Purchase Inflation	0.5
<u>Program Changes</u>	-0.2
Decrease in fuel consumption	-0.4
Change in other costs, to include travel and transporation	0.2
FY 2014 Current Estimate	85.0

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

Line #	Description	FY 2012		FY 2013		FY 2014	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADP Equipment Total		<u>\$0.000</u>		<u>\$0.000</u>		<u>\$0.000</u>
	- 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
2	ADP and Telecom Equipment Total		<u>\$0.000</u>		<u>\$0.000</u>		<u>\$0.000</u>
	- 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		<u>\$0.000</u>		<u>\$0.000</u>		<u>\$0.000</u>
	- 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		<u>\$0.000</u>		<u>\$0.000</u>		<u>\$0.000</u>
	- 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	0	\$0.000	0	\$0.000
	Total Capital Outlays		\$0.010		\$0.000		\$0.000
	Total Depreciation Expense		\$0.617		\$0.038		\$0.116

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES						
\$ IN THOUSANDS								APRIL 2013		
DEPARTMENT OF THE NAVY/BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (NAVFAC EXWC)		#001 - Non-ADPE and Telecommunications						NAVAL FACILITIES ENGINEERING COMMAND		
		FY 2012			FY 2013			FY 2014		
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement Equipment										
Productivity Equipment										
New Mission Capability										
Environmental Capability										
Total										

Justification: N/A

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2014 BUDGET ESTIMATES					
\$ IN THOUSANDS								APRIL 2013	
DEPARTMENT OF THE NAVY/BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (NAVFAC EXWC)		#004 - Minor Construction (\$250K - \$750K)					NAVAL FACILITIES ENGINEERING COMMAND		
		FY 2012		FY 2013			FY 2014		
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost
Minor Construction									
Replacement Equipment									
Productivity Equipment									
New Mission Capability									
Environmental Capability									
Total									

Justification: N/A

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
NAVAL FACILITIES ENGINEERING COMMAND
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

Projects in the FY 2013 President's Budget

<u>FY</u>	<u>Approved Project</u>	<u>PRESIDENT'S BUDGET</u>	<u>REPROGS</u>	<u>APPROVED PROJECT COST</u>	<u>CURRENT PROJECT COST</u>	<u>ASSET/ DEFICIENCY</u>
2013	Equipment except ADPE and TELCOM	\$0.000	\$0.000	\$0.000	\$0.000	\$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	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
	TOTAL FY 2013	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>EQUIPMENT</u>					<u>Quantity Change</u>	<u>Cost Change</u> <u>JUSTIFICATION</u>
SUBTOTAL					0	\$0.000
<u>MINOR CONSTRUCTION</u>					<u>Quantity Change</u>	<u>Cost Change</u>
SUBTOTAL					-	\$0.000
NAVFAC EXWC TOTAL					-	\$0.000

TAB 11 - Navy Supply Management

Back of Tab

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Mission Statement/Overview:

The mission of Navy Supply Management is to perform inventory management functions resulting in the sale of aviation and shipboard components, and, ship's store stock and consumables to a wide variety of customers. Major customers include Fleet and Marine Corps forces, Department of the Navy (DON) shore activities, Army, Air Force, Defense Agencies, other government agencies and foreign governments. Costs related to supplying this material to 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 (BP) in order to organize the financial operations of the fund.

<u>Budget Project</u>	
Wholesale	
Aviation Consumables	BP34
Ship Repairables and Consumables	BP81
Aviation Repairables	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 Supply Systems Command Weapon Systems Support (NAVSUP WSS):

NAVSUP WSS Mechanicsburg, PA
NAVSUP WSS Philadelphia, PA

NAVSUP Global Logistics Support:

NAVSUP Fleet Logistics Center, San Diego, CA
NAVSUP Fleet Logistics Center, Jacksonville, FL
NAVSUP Fleet Logistics Center, Norfolk, VA
NAVSUP Fleet Logistics Center, Pearl Harbor, HI
NAVSUP Fleet Logistics Center, Puget Sound, WA
NAVSUP Fleet Logistics Center, Yokosuka, JP
NAVSUP Fleet Logistics Center, Sigonella, IT

NAVSUP Business Systems Center, Mechanicsburg, PA

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Executive Summary:

Significant Changes Since the FY 2013 President's Budget:

The following significant changes have occurred since the FY 2013 President's Budget:

Cost Reductions

Naval Supply Systems Command's (NAVSUP's) FY 2014 budget estimates reflect the impact of Navy Enterprise Resource Planning (ERP) implementation, including legacy Information Technology (IT) system retirement and inventory savings. The impact of these initiatives on customer pricing is a reduction of \$47.4M in FY 2012, \$57.4 million in FY 2013, and \$101.7 million in FY 2014 for a cumulative savings of \$206.5 million. In addition, ERP effectiveness facilitates budget estimate reductions for material obligations by \$48 million in FY12, and \$76 million per year in FY 2013 and FY 2014.

FIRST PBL Exit Strategy (Contract De-scope)

The F/A-18 Integrated Readiness Support Teaming (FIRST) Performance Based Logistics (PBL) declining trends in contract performance resulted in an exit strategy from PBL to traditional support of the aircraft through 2015. FY 2013 President's Budget included Phase I which transitioned approximately 25% of the items to traditional organic or Original Equipment Manufacturer (OEM) support during FY 2012. This budget request adds Phase II which includes items to reconstitute the repairables pipeline where Boeing is not the OEM. In addition, Phase II consumable items include a "buy ahead" of FY 2013 requirements in FY 2012 to support the Consumable Item Transfer (CIT) timeline established with Defense Logistics Agency (DLA). Change in FY 2012 through FY 2013 from FY 2013 President's Budget is a net increase of \$34.1M driven by the reconstitution of the repairables pipeline. Phase III remains in FY 2013 and will focus on a sweep-up of remaining items that could not be transitioned during Phases I or II.

Consumable Item Transfer (CIT)

In accordance with financial management policy, all services may request reimbursement from DLA for the value due-in at the time of each transfer. DLA reimbursed Navy Funds Balance with Treasury (FBwT) \$39.3M in FY 2012. Approximately \$20M projected in FY 2012 will carry over into FY 2013 due to longer delivery schedules than expected. NAVSUP transferred a new group of items in FY 2012 that were de-scoped from the F/A-18 Integrated Readiness Support Teaming (FIRST) PBL contract with Boeing as discussed above. Reimbursement from DLA for the F/A-18 on-order procurement actions will commence in FY 2013.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Emergent Special Program Requirements

NAVSUP has identified several special program requirements requiring increased contract authority. Acquisition and/or repair of material are necessary to support projected customer demands a lead-time away. Key drivers of the FY 2012 – FY2013 increases include:

C-2A Outer Wing Panels

C-2A Outer Wing Panels require mandatory replacement upon reaching their service life of 6,000 hours. C-2A aircraft are scheduled to remain in service to the Fleet beyond 2020 necessitating a replacement of the Outer Wing Panels to keep the aircraft in service. Based upon forecasted fall-out by the Program Office (NAVAIR PMA-231), procurement requirements are necessary to support service life hour limits. Dollar value of FY 2013 requirement is \$59.6 million and the FY 2014 requirement is \$35.8 million.

F/A-18 Outer Wing Panels

F/A-18 Accessory Bulletin (AYB 1214) mandates Organizational (O) & Intermediate (I) level inspection of the outer wing panel missile support rib for stress corrosion cracking. Based upon engineering forecasts, a total of 47 will fail inspection and require replacement. A requirement of \$24.1M moved from FY 2012 to FY 2013 due to unanticipated contract delays and tooling requirements.

Ballistic Missile Defense (BMD) and AEGIS Weapons System (AWS)*

Naval Sea Logistics Center (NSLC) has prepared Courses of Action (COAs) for sparing the AWS and the BMD System of Systems (SoS) to increase Operational Availability (Ao) to 0.97 and 0.90 respectively. This includes a Readiness Based Sparing (RBS) re-optimization to ensure currency and sufficiency of spares determinations. The analysis by NSLC was presented to VADM Hunt (COMNAVSURFFOR/COMNAVSURFPAC), RADM Syring (PEO IWS), and RADM Thomas (COMNAVSURFLANT) and was approved for development of a POM15 OPN-8 buy-out. The dollar value of the requirement in FY 2013 is \$34.9 million.

*This Emergent Special Program requirement is one piece of a larger, strategic allowancing initiative and strategic laydown plan. NAVSUP is engaged with OPNAV and the Fleet to improve maritime allowance effectiveness. Additionally, NAVSUP is working closely with the Fleet and Naval Sea Systems Command (NAVSEA) to improve supply support for the Forward Deployed Naval Forces (FDNF) Destroyers (DDG), Mine Countermeasure Measures (MCM) ships, and special warfare Patrol Craft (PC) as part of the CNO's Strategic Laydown initiative in Rota, Spain and Bahrain.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Logistic Engineering Change Proposals (LECP)

NWCF-SM increased its budget request from \$35M to \$40M in FY 2013 as a result of new candidates for reliability improvement. The F/A-18, AH-1, H-53, and V-22 platforms are key drivers of increased candidate population. Future year cost reductions associated with LECPs represent opportunities for "Tail to Tooth" resource shifts.

Budget Highlights:

Operating Results:

<u>Revenue/Expense/NOR/AOR (\$ millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Net Revenue	6,782.0	6,546.3	6,627.7
Expenses	6,687.0	6,614.6	6,684.5
Operating Results	95.0	-68.3	-56.8
Less Capital Surcharge	-13.0	-7.8	-2.6
Net Operating Results	108.0	-99.5	-54.2
Accumulated Operating Result (AOR)	153.7	54.2	0.0

Revenue and Expense: Revenue decrease in FY 2013 is driven by Aviation wholesale consumable sales of \$103M transferring to DLA through the Consumable Item Transfer (CIT) program. This reduction in revenue is offset by DLA's projected reimbursement to Navy FBwT for material due in at the time of each FY 2012 transfer. Expense changes are consistent with revenue adjustments.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<u>Obligation Authority (\$ million):</u>			
Wholesale	4,700.1	4,541.9	4,141.8
Retail	1,053.9	1,073.1	1,099.9
Operating	1,258.6	1,318.9	1,322.5
CIP	6.0	4.3	5.0
Total	7,018.5	6,938.2	6,569.2

Note: Amounts may not add due to rounding

Wholesale: The decrease in obligation authority in FY 2013 is driven by aviation consumable requirements accelerated into FY 2012 in support of CIT timeline for FIRST PBL de-scoped items mentioned earlier. FY 2012 and FY 2013 include one-time increases to support pipeline reconstitution for F/A-18 E/F and AN/UYQ-70 program systems. The decrease in FY 2014 reflects projected known requirements and takes into consideration annual price changes. FY 2014 obligations will be reassessed in the year of execution.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Retail: No significant changes in obligations are forecasted from FY 2012 to FY 2014.

Operating: No significant changes in obligations are forecasted from FY 2012 to FY 2014.

Cash Management:

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

<u>Collections/Disbursement/Outlays (\$ millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Collections	6,807.4	6,546.3	6,627.7
Disbursements	6,671.6	6,640.6	6,892.5
Transfers (CIT Reimbursement)	39.3	160.5	11.7
Outlays (Incorporates CIT)	-175.1	-66.1	253.0

Note: Amounts may not add due to rounding.

Sales:

<u>Gross Sales</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Wholesale	5,299.7	5,064.4	5,112.6
Retail	1,103.5	1,077.3	1,104.0
Total	6,403.2	6,141.7	6,216.7

Note: Amounts may not add due to rounding.

Wholesale & Retail: Sales are tied to customer funding and NAVSUP Weapon Systems Support's ability to fill orders.

<u>Metrics:</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Items Managed	344,469	340,641	340,690
Requisitions Received	541,500	498,006	492,428
Receipts	551,794	484,160	456,933
Issues	825,150	693,183	697,350
Contracts Executed	32,208	42,110	35,748

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Undelivered Orders: Undelivered orders (UDOs) represent contracts or orders for goods in which a liability has not yet accrued. The accrual of the liability creates an outlay requirement.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Undelivered Orders (\$Million)	5,626.7	5,682.0	5,503.7

<u>Performance Indicators:</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Customer Wait Time (CWT) in days	12.4	15.0	15.0
Ship Operating Time w/C3/C4 CASREP			
Deployed	39%	25%	25%
Non-deployed	33%	28%	28%
Aircraft Non Mission Capable Supply			
Deployed	8%	10%	10%
Non-Deployed	8%	10%	10%
Supply Material Availability	78%	85%	85%

<u>Unit Cost:</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Wholesale	1.051	1.076	0.987
Retail	0.962	1.001	1.001

<u>Composite Rates:</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Annual Price Change (APC)*	0.642%	2.470%	-0.106%
Composite Cost Recovery Rate (CRR)	14.866%	17.352%	15.186%

*In FY 2014, Navy Supply converted to the DoD standardized method for Composite Rate calculations. This method ensures rates calculated across supply activities depict comparable percentages.

Staffing:

<u>Civilian/Military ES & Workyears</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	6,743	6,989	7,014
Civilian Workyears	6,740	6,948	7,009
Military End Strength	364	364	364
Military Workyears	364	364	364

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Civilian Personnel: The change in Civilian Workyears from FY 2012 to FY 2013 is the net result of pre-FY 2014 President's Budget issues (+29 FTE); the following current issues - Joint Base Anacostia-Bolling (JBAB) CIVSUB (+25 FTE), OPNAV Requirements Review Board (ORRB) of Contract Support Personnel (+12 FTE), Functional Transfer to CNIC - Force Protection and Dispatch Support NAVSUP WSS (-46 FTE), Functional Transfer to NAVFAC - Acquisition Services Support Joint Region Marianas (-11 FTE); and the following ongoing Navy/NAVSUP initiatives (+199 FTE) - FNDF Rota, Bahrain MCM/PC and related support, Dubai/Singapore LCS support, BMD (AEGIS Ashore), Madrid Postal, NAVSUP Energy Initiatives, additional Transportation & Distribution Capabilities, and Joint Personal Property Regionalization.

The increase of 61 Civilian Workyears from FY 2013 to FY 2014 is the net result of the following Pre-FY 2014 President's Budget program requirements: Littoral Combat Ship Logistics Support Team (LCS LST) (+17 FTE) and Defense Acquisition Workforce Development Fund (DAWDF) Personnel Transition (+20 FTE) and the following FY 2014 President's Budget program requirements: Project Handclasp (+7 FTE) - Project Handclasp is Navy's outreach program that supports global operations necessary to package and distribute donated material; and SUPSHIPS Integrated Logistics Support (ILS) (+17 FTE) - SUPSHIPS ILS ensures the integrity of logistics support elements (e.g. tech manuals, MRC cards, repair part allowances) for new construction platforms and hulls undergoing platform modernization.

Capital Investment Program (CIP) Budget Authority:

The software development line has been eliminated due to implementation of ERP.

<u>CIP (\$ millions)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Equipment, Non-ADPE* / Telecom	1.8	1.9	2.2
Equipment, ADPE / Telecom	0.7	0.9	0.9
Software Development	2.0	0.0	0.0
Minor Construction	1.5	1.5	1.9
 Total	 6.0	 4.3	 5.0

Note: Amounts may not add due to rounding.

*Automatic Data Processing Equipment (ADPE)

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ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ in Millions)

LINE NUMBER	ITEM DESCRIPTION	FY 2012		FY 2013		FY 2014	
		QUANTITY	TOTAL COST	QUANTITY	TOTAL COST	QUANTITY	TOTAL COST
0001	Equipment Capabilities		1.781		1.946		2.200
	-Replacement	VAR	1.781	VAR	1.946	VAR	2.200
	-Productivity						
	-New Mission						
	-Environmental						
0002	ADPE & Telecommunications Equipment Capabilities		0.700		0.893		0.899
	Computer Hardware (Production)	VAR	0.700	VAR	0.893	VAR	0.899
	Computer Software (Operating System)						
	Telecoms, Other Computer & Telecom Sup Equip.						
0003	Software Development		2.000		0.000		0.000
	Internally Developed		2.000		0.000		0.000
	One Touch v3.0	VAR	0.700	VAR	0.000	VAR	0.000
	UADPS-ICP/UADPS-U2/SP		0.000		0.000		0.000
	One Supply	VAR	1.300	VAR	0.000	VAR	0.000
	Externally Development		0.000		0.000		0.000
	Enterprise Resource Planning		0.000		0.000		0.000
0004	Minor Construction Capabilities		1.500		1.500		1.900
	-Replacement						
	-Productivity	VAR	1.500	VAR	1.500	VAR	1.900
	-New Mission						
	-Environmental						
	TOTAL		5.981		4.339		4.999
	Total Capital Outlays		6.527		4.560		5.560
	Total Depreciation Expense		18.993		12.128		7.599

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2014 BUDGET ESTIMATES		
B. Component/Business Area/Date Department of the Navy/Supply Management - APRIL 2013				C. Line No. & Item Description 0001 Material Handling Equipment (Forklifts)			D. Activity Identification NWCF		
		FY 2012		FY 2013			FY 2014		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability									
Replacement	VAR	VAR	997.000	VAR	VAR	1,000.000	VAR	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.									

Fund-9B

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) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ in Thousands)

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2014 BUDGET ESTIMATES		
B. Component/Business Area/Date Department of the Navy/Supply Management - APRIL 2013				C. Line No. & Item Description 0002 Information Technology			D. Activity Identification NWCF		
Element of Cost	FY 2012			FY 2013			FY 2014		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADPE & Telecommunications Equipment Capabilities									
Computer Hardware (Production)	VAR	VAR	699.607	VAR	VAR	893.000	VAR	VAR	899.000
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) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ in Thousands)

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2014 BUDGET ESTIMATES		
B. Component/Business Area/Date Department of the Navy/Supply Management - APRIL 2013				C. Line No. & Item Description 0003 One Touch			D. Activity Identification NWCF		
FY 2012				FY 2013			FY 2014		
Element of Cost	Unit Quantity	Total Cost		Unit Quantity	Total Cost		Unit Quantity	Total Cost	
Software Development One Touch Support	VAR	VAR	700.000	VAR	VAR	0.000	VAR	VAR	0.000
Narrative Justification: OTS is a web-based, real-time data access, status information and transaction processing system for logistics. It interfaces with major Navy and DLA systems, as well as other service and commercial databases. OTS is now the primary bolt-on system to Navy Enterprise Resource Planning (NERP) for providing logistics information to external NERP users. The OTS design, coupled with agreements with external systems, allows OTS to initiate multiple requests to over 30 external data sources for data on behalf of users based on a single NSN, document number, serial number, part number, etc. OTS eliminates the need for individual user logons and passwords. Back end connections run faster and multiple transactions occur in parallel vice a user connecting and manually processing transactions in series. FY10 OTS volumes include 9.974M transactions generated by over 11,000 registered users. We conservatively estimate OTS users avoided 152,101 man-hours of work, while retrieving more complete data. Ongoing system development is focused on tools enabling logistics support for the Littoral Combat Ship (LCS) and other Distance Support initiatives, integration with the Navy Information Application Product Suite (NIAPS) for afloat users and enhancements supporting Navy ERP. FY12 is the final year of funding required for One Touch.									

Fund-9B

Narrative Justification:

One Supply is the overarching program supporting 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 provides enhanced support for war fighter logistics resulting in improved fleet readiness and facilitating moving workload ashore.

The FY12 information technology plan for One Supply which is the final year of funding includes a continuation and expansion of the functionalities created in FY9-FY11. 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 continue to provide the information tools to improve fleet readiness. The capabilities of One Supply will provide the foundation data for Operating Forces decisions. One Supply will provide 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 through the Logistic Parts to Mission (LP2M) functionality started in FY09 will expand for FY12 providing more distance support tools to both the fleet and TYCOMS. These tools will provide the fleet a higher degree of readiness. Functional Integration of existing systems into fewer modern applications will continue for those areas outside the scope of the Single Supply Solution (ERP). One Supply will expand analytical processing (e.g., ACWT, LRT, stock positioning and trend analysis) using next generation information technology standards. One Supply will ensure seamless integration between the Single Supply Baseline (SSB) Afloat and the Single Supply Solution (ERP) Ashore. While One Supply supports capabilities not in scope for Navy ERP, One Supply will continue to be designed with Navy ERP as the end-state for respective commodity management and statistical analysis.

Fund-9B

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. BUDGET SUBMISSION FISCAL YEAR (FY) 2014 BUDGET ESTIMATES		
B. Component/Business Area/Date Department of the Navy/Supply Management - APRIL 2013				C. Line No. & Item Description 0004 Minor Construction			D. Activity Identification NWCF		
	FY 2012			FY 2013			FY 2014		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction Capabilities									
-Replacement									
-Productivity	VAR	VAR	1,500.000	VAR	VAR	1,500.000	VAR	VAR	1,900.000
-New Mission									
-Environmental									
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 are 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 that \$750,000. No minor construction project exceeds the current MILCON threshold.									

CAPITAL BUDGET EXECUTION
 DEPARTMENT OF THE NAVY
 SUPPLY MANAGEMENT - NAVY
 FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
 APRIL 2013
 (\$ in Millions)
 FY 2012

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
12	Non-ADP Equipment	.000	1.781	1.781	.000	
12	ADP Equipment	.000	.700	.700	.000	
12	Software Development	.000	2.000	2.000	.000	
12	Minor Construction	.000	1.500	1.500	.000	
	Total Capital Investment	.000	5.981	5.981	.000	

CAPITAL BUDGET EXECUTION
 DEPARTMENT OF THE NAVY
 SUPPLY MANAGEMENT - NAVY
 FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
 APRIL 2013
 (\$ in Millions)
 FY 2013

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
13	Non-ADP Equipment	.000	1.946	1.946	.000	
13	ADP Equipment	.000	.893	.893	.000	
13	Software Development	.000	.000	.000	.000	
13	Minor Construction	.000	1.500	1.500	.000	
	Total Capital Investment	.000	4.339	4.339	.000	

CAPITAL BUDGET EXECUTION
 DEPARTMENT OF THE NAVY
 SUPPLY MANAGEMENT - NAVY
 FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
 APRIL 2013
 (\$ in Millions)
 FY 2014

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation/Reason for Change</u>
14	Non-ADP Equipment	.000	2.200	2.200	.000	
14	ADP Equipment	.000	.899	.899	.000	
14	Software Development	.000	.000	.000	.000	
14	Minor Construction	.000	1.900	1.900	.000	
	Total Capital Investment	.000	4.999	4.999	.000	

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
1. New Orders			
a. Orders from DoD Components:			
Own Component			
1105 Military Personnel, M.C.	-	-	-
1106 O&M Marine Corps	8.976	7.933	7.912
1108 Reserve Personnel, M.C.	-	-	-
1109 Procurement, M.C.	4.975	4.397	4.385
1205 Military Construction, Navy	-	-	-
1319 RDT & E, Navy	0.541	0.478	0.477
1405 Reserve Personnel, Navy	-	-	-
1453 Military Personnel, Navy	-	-	-
1506 Aircraft Procurement, Navy	622.621	514.827	531.856
1507 Weapons Procurement, Navy	6.343	5.800	2.600
1611-1811 Shipbuilding & Conv. Navy	12.257	15.100	35.400
1804 O&M, Navy	4,839.725	4,279.633	4,219.229
1806 O&M, Navy Reserve	65.007	57.485	56.673
1810 Other Procurement, Navy	26.774	52.100	73.600
4930 Navy Working Capital Fund	<u>754.306</u>	<u>666.816</u>	<u>657.595</u>
	6,341.526	5,604.568	5,589.726
Orders from other DoD Components			
2100 Army	12.869	11.374	11.344
5700 Air Force	294.376	260.166	259.477
9700 Other DoD	<u>5.083</u>	<u>4.492</u>	<u>4.480</u>
	312.329	276.033	275.301
b. Orders from other Fund Business Areas:			
Distribution Depots, Navy	-	-	-
Logistics Support, Navy	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-
c. Total DoD	6,653.854	5,880.601	5,865.028
d. Other Orders:			
Other Federal Agencies	17.844	15.771	15.729
Trust Fund	-	-	-
Non-Federal Agencies *	116.600	130.367	132.141
Foreign Military Sales (FMS)	<u>127.289</u>	<u>112.497</u>	<u>112.199</u>
	261.733	258.634	260.069
Total New Orders	6,915.588	6,139.235	6,125.096
2. Carry-In Orders	1,799.117	2,311.537	2,309.073
3. Total Gross Orders	8,714.705	8,450.772	8,434.169
4. Carry-Out Orders (-)	2,311.537	2,309.073	2,217.517
5. Gross Sales	6,403.168	6,141.699	6,216.652
Reimbursable Orders (BP 91)	397.892	428.262	434.779
6. Credit (-)	19.072	23.684	23.688
7. Net Sales	6,781.988	6,546.277	6,627.743

* Non-federal agencies line includes cash sales

REVENUE AND EXPENSE SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)

	FY 2012	FY 2013	FY 2014
Revenue:			
Gross Sales			
Operations	6,397.187	6,137.360	6,211.653
Capital Surcharge	(13.012)	(7.789)	(2.600)
Depreciation except Maj Const	18.993	12.128	7.599
Total Gross Sales	6,403.168	6,141.699	6,216.652
Major Construction Dep	0.000	0.000	0.000
Other Income	397.892	428.262	434.779
Refunds/Discounts (- Credit Sales)	(19.072)	(23.684)	(23.688)
Total Income:	6,781.988	6,546.277	6,627.743
Expenses:			
Cost of Material Sold from Inventory	5,409.367	5,283.604	5,354.399
Salaries and Wages:			
Military Personnel	29.978	29.978	30.296
Civilian Personnel	544.235	563.125	573.704
Travel & Transportation of Personnel	7.236	12.365	12.532
Materials & Supplies	34.012	35.166	35.835
Equipment	12.910	13.113	13.316
Other Purchases from Revolving Funds	241.943	246.902	242.046
Transportation of Things	135.688	171.555	174.815
Depreciation - Capital	18.993	12.128	7.599
Printing and Reproduction	10.095	8.771	8.937
Advisory and Assistance Services	12.064	12.305	12.539
Rent, Communication, Utilities & Misc	29.547	29.875	30.442
Other Purchased Services	200.888	195.725	188.040
TOTAL EXPENSES	6,686.956	6,614.612	6,684.500
Operating Result	95.032	(68.335)	(56.757)
Less Capital Surcharge reservation	(13.012)	(7.789)	(2.600)
Plus Appro Affecting NOR/AOR	0.000	0.000	0.000
Plus Other Changes Affecting NOR	0.000	(39.000)	0.000
Net Operating Result	108.044	(99.546)	(54.157)
Prior Year AOR	45.659	153.703	54.157
Other Changes Affecting AOR			
Accumulated Operating Result	153.703	54.157	0.000

SUPPLY MANAGEMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)
FY 2012

		NET							CAPITAL	
	PEACETIME	CUSTOMER	NET			TOTAL	VARIABILITY	TARGET	IMPROVEMENT	CREDIT
DIVISION	INVENTORY	ORDERS	SALES	OPERATING	MOBILIZATION	OBLIGATIONS	TARGET	TOTAL	PROGRAM	SALES
BP 21										
Approved	21.636	66.271	66.271	67.000	0.000	67.000	0.000	67.000	0.000	0.000
Request	15.642	71.455	71.455	72.564	0.000	72.564	0.000	72.564	0.000	0.000
Delta	(5.994)	5.184	5.184	5.564	0.000	5.564	0.000	5.564	0.000	0.000
BP 28										
Approved	1,514.333	1,013.211	1,013.211	1,013.211	0.000	1,013.211	0.000	1,013.211	0.000	4.888
Request	1,362.657	1,024.295	1,024.295	981.303	0.000	981.303	0.000	981.303	0.000	7.726
Delta	(151.676)	11.084	11.084	(31.908)	0.000	(31.908)	0.000	(31.908)	0.000	2.838
BP 34										
Approved	813.324	368.124	374.295	229.963	0.000	229.963	31.894	261.857	0.000	0.309
Request	812.725	492.196	477.605	422.047	0.000	422.047	0.000	422.047	0.000	0.684
Delta	(0.599)	124.072	103.310	192.084	0.000	192.084	(31.894)	160.190	0.000	0.375
BP 81										
Approved	9,237.119	834.055	861.955	819.046	0.000	819.046	72.160	891.206	0.000	25.000
Request	10,744.369	1,094.495	917.661	872.798	0.000	872.798	0.000	872.798	0.000	6.573
Delta	1,507.250	260.440	55.706	53.752	0.000	53.752	(72.160)	(18.408)	0.000	(18.427)
			** REPAIR->		339.586					
BP85										
Approved	45,235.899	3,688.691	3,811.213	3,484.375	0.000	3,484.375	339.270	3,823.645	0.000	8.200
Request	44,226.962	4,153.205	3,893.080	3,405.242	0.000	3,405.242	0.000	3,405.242	0.000	4.089
Delta	(1,008.937)	464.514	81.867	(79.133)	0.000	(79.133)	(339.270)	(418.403)	0.000	(4.111)
			** REPAIR->		2,408.127					
BP 91										
Approved	0.000	0.000	427.133	1,296.968	0.000	1,296.968	0.000	1,296.968	6.316	0.000
Request	0.000	0.000	397.892	1,258.596	0.000	1,258.596	0.000	1,258.596	5.981	0.000
Delta	0.000	0.000	(29.241)	(38.372)	0.000	(38.372)	0.000	(38.372)	(0.335)	0.000
TOTAL										
Approved	56,822.311	5,970.352	6,554.078	6,910.563	0.000	6,910.563	443.324	7,353.887	6.316	38.397
Request	57,162.355	6,835.646	6,781.988	7,012.550	0.000	7,012.550	0.000	7,012.550	5.981	19.072
Delta	340.044	865.294	227.910	101.987	0.000	101.987	(443.324)	(341.337)	(0.335)	(19.325)

SUPPLY MANAGEMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)
FY 2013

		NET							CAPITAL	
	PEACETIME	CUSTOMER	NET			TOTAL	VARIABILITY	TARGET	IMPROVEMENT	CREDIT
DIVISION	INVENTORY	ORDERS	SALES	OPERATING	MOBILIZATION	OBLIGATIONS	TARGET	TOTAL	PROGRAM	SALES
BP 21										
Approved	22.406	67.260	67.260	68.000	0.000	68.000	0.000	68.000	0.000	0.000
Request	14.783	67.260	67.260	68.000	0.000	68.000	0.000	68.000	0.000	0.000
Delta	(7.623)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BP 28										
Approved	1,519.684	1,005.147	1,005.147	1,005.147	0.000	1,005.147	0.000	1,005.147	0.000	4.888
Request	1,442.553	1,005.147	1,005.147	1,005.147	0.000	1,005.147	0.000	1,005.147	0.000	4.888
Delta	(77.131)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BP 34										
Approved	736.169	350.451	349.820	219.532	0.000	219.532	31.894	251.426	0.000	0.339
Request	736.966	325.558	326.257	242.444	0.000	242.444	31.894	274.338	0.000	0.596
Delta	0.797	(24.893)	(23.563)	22.912	0.000	22.912	0.000	22.912	0.000	0.257
BP 81										
Approved	8,848.068	852.322	863.222	797.497	0.000	797.497	72.160	869.657	0.000	25.000
Request	10,194.142	919.200	935.100	900.443	0.000	900.443	72.160	972.603	0.000	10.000
Delta	1,346.074	66.878	71.878	102.946	0.000	102.946	0.000	102.946	0.000	(15.000)
			** REPAIR->	372.740						
BP85										
Approved	48,969.593	3,752.509	3,912.785	3,401.385	0.000	3,401.385	339.270	3,740.655	0.000	72.800
Request	46,797.915	3,798.386	3,784.251	3,398.958	0.000	3,398.958	339.270	3,738.228	0.000	8.200
Delta	(2,171.678)	45.877	(128.534)	(2.427)	0.000	(2.427)	0.000	(2.427)	0.000	(64.600)
			** REPAIR->	2,456.281						
BP 91										
Approved	0.000	0.000	428.317	1,315.075	0.000	1,315.075	0.000	1,315.075	4.339	0.000
Request	0.000	0.000	428.262	1,318.880	0.000	1,318.880	0.000	1,318.880	4.339	0.000
Delta	0.000	0.000	(0.055)	3.805	0.000	3.805	0.000	3.805	0.000	0.000
TOTAL										
Approved	60,095.920	6,027.689	6,626.551	6,806.636	0.000	6,806.636	443.324	7,249.960	4.339	103.027
Request	59,186.359	6,115.551	6,546.277	6,933.872	0.000	6,933.872	443.324	7,377.196	4.339	23.684
Delta	(909.561)	87.862	(80.274)	127.236	0.000	127.236	0.000	127.236	0.000	(79.343)

SUPPLY MANAGEMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES

APRIL 2013
(\$ IN MILLIONS)

FY 2014

		NET							CAPITAL	
	PEACETIME	CUSTOMER	NET			TOTAL	VARIABILITY	TARGET	IMPROVEMENT	CREDIT
DIVISION	INVENTORY	ORDERS	SALES	OPERATING	MOBILIZATION	OBLIGATIONS	TARGET	TOTAL	PROGRAM	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	14.963	67.760	67.760	68.500	0.000	68.500	0.000	68.500	0.000	0.000
Delta	14.963	67.760	67.760	68.500	0.000	68.500	0.000	68.500	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	1,471.055	1,031.396	1,031.396	1,031.396	0.000	1,031.396	0.000	1,031.396	0.000	4.888
Delta	1,471.055	1,031.396	1,031.396	1,031.396	0.000	1,031.396	0.000	1,031.396	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	728.561	301.048	304.931	220.720	0.000	220.720	31.894	252.614	0.000	0.600
Delta	728.561	301.048	304.931	220.720	0.000	220.720	31.894	252.614	0.000	0.600
BP 81										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	10,269.703	969.668	969.668	762.106	0.000	762.106	72.160	834.266	0.000	10.000
Delta	10,269.703	969.668	969.668	762.106	0.000	762.106	72.160	834.266	0.000	10.000
			** REPAIR->	333.370						
BP85										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	47,722.594	3,731.536	3,819.209	3,158.980	0.000	3,158.980	339.270	3,498.250	0.000	8.200
Delta	47,722.594	3,731.536	3,819.209	3,158.980	0.000	3,158.980	339.270	3,498.250	0.000	8.200
			** REPAIR->	2,486.171						
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	434.779	1,322.502	0.000	1,322.502	0.000	1,322.502	4.999	0.000
Delta	0.000	0.000	434.779	1,322.502	0.000	1,322.502	0.000	1,322.502	4.999	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	60,206.876	6,101.408	6,627.743	6,564.204	0.000	6,564.204	443.324	7,007.528	4.999	23.688
Delta	60,206.876	6,101.408	6,627.743	6,564.204	0.000	6,564.204	443.324	7,007.528	4.999	23.688

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 34
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)
FY 2012

<u>Weapon System</u>	<u>NMCS Rates¹</u>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Total</u>
F/A-18 / EA-18G	8.2 / 8.6	7.713	0.000	13.372	21.085
AV-8B / T-45	8.1 / 4.3	0.993	0.000	0.637	1.630
EA-6B	7.2	1.032	0.000	0.877	1.909
V-22	10.7	11.323	0.000	66.361	77.684
C-130	7.0	0.000	0.000	0.065	0.065
P-3	5.9	0.303	0.000	2.452	2.755
E-2 / C-2	9.0 / 9.7	0.307	0.000	0.563	0.870
Common Systems	n/a	2.922	0.000	7.408	10.330
Aircraft Engines	n/a	0.000	10.000	21.410	31.410
Aviation Support Systems	n/a	0.000	0.000	38.887	38.887
H-1	11.2	3.984	0.000	11.939	15.923
H-46	6.1	0.000	0.000	0.950	0.950
H-53	10.7	0.000	0.000	2.357	2.357
H-60	6.0	9.158	0.000	13.445	22.603
VTUAV	n/a	0.000	0.000	0.000	0.000
Multi-application	n/a	0.000	0.000	19.046	19.046
Efficiencies/Self Financing		0.000	0.000	(1.334)	(1.334)
Anticipated Special Programs		0.000	0.000	0.000	0.000
Full PBL		0.000	0.000	178.313	178.313
ERP Inventory Reduction		0.000	0.000	(2.435)	(2.435)
Total		37.735	10.000	374.312	422.047

¹Not 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. Data Source: NAVAIR Deckplate (Status from Oct 2011 through Sep 2012). Provided by: OPNAV-N43

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 34
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)
FY 2013

<u>Weapon System</u>	<u>NMCS Rates¹</u>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Total</u>
F/A-18 / EA-18G	8.2 / 8.6	6.479	0.000	7.987	14.466
AV-8B / T-45	8.1 / 4.3	0.965	0.000	0.537	1.502
EA-6B	7.2	1.052	0.000	0.739	1.791
V-22	10.7	5.235	0.000	54.389	59.624
C-130	7.0	0.000	0.000	0.055	0.055
P-3	5.9	0.196	0.000	2.065	2.261
E-2 / C-2	9.0 / 9.7	0.171	0.000	0.474	0.645
Common Systems	n/a	2.274	0.000	6.853	9.127
Aircraft Engines	n/a	0.000	13.204	18.032	31.236
Aviation Support Systems	n/a	0.000	0.000	32.753	32.753
H-1	11.2	9.370	0.000	11.080	20.450
H-46	6.1	0.000	0.000	0.800	0.800
H-53	10.7	0.000	0.000	1.986	1.986
H-60	6.0	8.641	0.000	8.949	17.590
VTUAV	n/a	9.188	0.000	1.379	10.567
Multi-application	n/a	0.000	0.000	16.041	16.041
Efficiencies/Self Financing		0.000	0.000	(1.074)	(1.074)
Anticipated Special Programs		0.000	15.000	0.000	15.000
Full PBL		0.000	0.000	11.400	11.400
ERP Inventory Reduction		0.000	0.000	(3.776)	(3.776)
Total		43.571	28.204	170.669	242.444

¹Not 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. Data Source: NAVAIR Deckplate (Status from Oct 2011 through Sep 2012). Provided by: OPNAV-N43

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 34
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)
FY 2014

<u>Weapon System</u>	<u>NMCS Rates¹</u>	<u>Buy-in Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Total</u>
F/A-18 / EA-18G	8.2 / 8.6	2.031	0.000	7.887	9.918
AV-8B / T-45	8.1 / 4.3	0.661	0.000	0.530	1.191
EA-6B	7.2	0.000	0.000	0.729	0.729
V-22	10.7	8.780	0.000	51.972	60.752
P-8	6.1	0.000	0.000	3.848	3.848
C-130	7.0	0.000	0.000	0.054	0.054
P-3	5.9	0.174	0.000	2.038	2.212
E-2 / C-2	9.0 / 9.7	3.748	0.000	0.468	4.216
Common Systems	n/a	3.044	0.000	6.159	9.203
Aircraft Engines	n/a	0.000	0.000	16.966	16.966
Aviation Support Systems	n/a	0.000	0.000	34.838	34.838
H-1	11.2	6.719	0.000	10.625	17.344
H-46	6.1	0.000	0.000	0.789	0.789
H-53	10.7	0.275	0.000	2.066	2.341
H-60	6.0	8.196	0.000	8.859	17.055
VTUAV	n/a	2.466	0.000	0.000	2.466
Multi-application	n/a	0.000	0.000	19.112	19.112
Efficiencies/Self Financing		0.000	0.000	(1.240)	(1.240)
Anticipated Special Programs		0.000	15.000	0.000	15.000
Full PBL		0.000	0.000	7.700	7.700
ERP Inventory Reduction		0.000	0.000	(3.776)	(3.776)
Total		36.094	15.000	169.626	220.720

¹Not 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. Data Source: NAVAIR Deckplate (Status from Oct 2011 through Sep 2012). Provided by: OPNAV-N43

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 81
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)
FY 2012 (actuals)

<u>Weapon System Name</u>	<u>Basic Replen</u>	<u>Outfitting</u>	<u>Special Programs</u>	<u>Rework</u>	<u>Total</u>
AIR TRAFFIC CONTROL	17.008	7.837	7.480	29.507	61.832
NUCLEAR	77.579	8.715	20.832	4.612	111.738
SUBSAFE LI/ASDS/DSSP	39.358	0.000	26.608	21.658	87.624
HM&E	56.325	0.717	51.847	70.070	178.959
CARPER	0.435	0.000	0.020	4.447	4.902
MSC	0.236	0.000	1.737	1.329	3.302
GPETE	21.120	0.000	13.739	1.337	36.196
FIRE CONTROL/DET	24.173	8.085	37.929	76.439	146.626
INTEGRATED SELF-DEFENSE	3.357	9.682	10.844	13.451	37.334
COMMUNICATION/SURVEILLANCE	31.874	16.646	12.559	33.625	94.704
FULL PBL	35.142	0.000	0.000	83.111	118.253
ERP INV SAVINGS	(8.672)	0.000	0.000	0.000	(8.672)
Gross Requirement	297.935	51.682	183.595	339.586	872.798

<u>Platform</u>	<u>FY12 POTF</u>	* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level. FY12 POTF is based on Actuals.
AIRCRAFT CARRIERS	80%	
AMPHIBIOUS WARFARE	65%	
COMBAT LOGISTICS SHIPS	85%	
MINE WARFARE SHIPS	63%	
SUBMARINES	96%	
SURFACE COMBATANTS	60%	
MISCELLANEOUS	47%	
ACROSS ALL PLATFORMS	70%	

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 81
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)
FY 2013

<u>Weapon System Name</u>	<u>Basic Replen</u>	<u>Outfitting</u>	<u>Special Programs</u>	<u>Rework</u>	<u>Total</u>
AIR TRAFFIC CONTROL	15.773	5.876	4.263	26.030	51.942
NUCLEAR	77.191	9.019	14.199	4.500	104.909
SUBSAFE LI/ASDS/DSSP	50.143	0.007	12.198	23.700	86.048
HM&E	37.566	0.424	37.316	43.908	119.214
CARPER	0.237	0.000	2.780	7.400	10.417
MSC	1.823	0.000	0.606	1.700	4.129
GPETE	7.603	0.000	11.797	1.800	21.200
FIRE CONTROL/DET	23.354	45.192	20.062	97.293	185.901
INTEGRATED SELF-DEFENSE	17.570	11.558	18.255	44.033	91.416
COMMUNICATION/SURVEILLANCE	47.426	20.303	22.872	38.782	129.383
FULL PBL	26.008	0.000	0.000	83.594	109.602
ERP INV SAVINGS	(13.718)	0.000	0.000	0.000	(13.718)
Gross Requirement	290.976	92.379	144.348	372.740	900.443

<u>Platform</u>	<u>FY13 POTF</u>	* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level. FY13 POTF projections are based on FY12 Actuals.
AIRCRAFT CARRIERS	80%	
AMPHIBIOUS WARFARE	65%	
COMBAT LOGISTICS SHIPS	85%	
MINE WARFARE SHIPS	63%	
SUBMARINES	96%	
SURFACE COMBATANTS	60%	
MISCELLANEOUS	47%	
ACROSS ALL PLATFORMS	70%	

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 81
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)
FY 2014

<u>Weapon System Name</u>	<u>Basic Replen</u>	<u>Outfitting</u>	<u>Special Programs</u>	<u>Rework</u>	<u>Total</u>
AIR TRAFFIC CONTROL	13.719	6.938	4.296	21.899	46.852
NUCLEAR	78.676	9.203	11.829	4.500	104.208
NUCLEAR	51.345	0.007	21.892	23.700	96.944
SUBSAFE LI/ASDS/DSSP	25.423	0.418	30.361	36.940	93.142
CARPER	0.014	0.000	2.121	5.808	7.943
MSC	0.477	0.000	1.082	1.334	2.893
GPETE	3.431	0.000	9.416	1.413	14.260
FIRE CONTROL/DET	16.456	8.892	17.656	81.852	124.856
INTEGRATED SELF-DEFENSE	11.097	17.398	15.268	37.045	80.808
COMMUNICATION/SURVEILLANCE	29.649	24.123	14.114	32.628	100.514
FULL PBLs	17.153	0.000	0.000	86.251	103.404
ERP INV SAVINGS	(13.718)	0.000	0.000	0.000	(13.718)
Gross Requirement	233.722	66.979	128.035	333.370	762.106

<u>Platform</u>	<u>FY14 POTF*</u>
AIRCRAFT CARRIERS	80%
AMPHIBIOUS WARFARE	65%
COMBAT LOGISTICS SHIPS	85%
MINE WARFARE SHIPS	63%
SUBMARINES	96%
SURFACE COMBATANTS	60%
MISCELLANEOUS	47%
ACROSS ALL PLATFORMS	70%

* POTF (Percentage of Time Free) is an accepted Department of Defense readiness metric and is used in assessing ship and submarine readiness vice NMCS (aviation metric). It measures the percentage of operating time free of mission-degrading casualties for active ships in all fleets (i.e. the percentage of operating time that a platform has no C3/C4 casualty reports (CASREPs). POTF is measured by platform. There is no means of obtaining POTF data at the Weapon System level. FY14 POTF projections are carried forward from FY12.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 85
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ IN MILLIONS)
FY 2012

<u>Weapon System</u>	<u>NMCS Rates¹</u>	<u>Buy-In Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Repair</u>	<u>Total</u>
F/A-18 / EA-18G	8.2 / 8.6	99.206	105.464	100.378	332.238	637.286
AV-8B / T-45	8.1 / 4.3	6.865	0.000	2.119	73.658	82.642
EA-6B	7.2	7.135	0.000	14.530	41.456	63.121
VTUAV	n/a	0.000	0.000	0.000	0.000	0.000
V-22	10.7	45.730	0.000	47.125	151.256	244.111
S-3	11.9	0.000	0.000	0.000	3.963	3.963
C-130	7.0	0.000	0.000	3.865	4.747	8.612
P-3	5.9	2.093	0.000	11.209	43.027	56.328
E-2/C-2	9.0 / 9.7	2.125	0.000	19.067	41.605	62.797
Common Systems	n/a	20.199	0.000	20.028	55.390	95.617
Aircraft Engines	n/a	0.000	0.000	36.439	134.048	170.487
Aviation Support Systems	n/a	0.000	0.000	3.193	29.247	32.440
H-1	11.2	100.957	8.304	68.952	55.191	233.404
H-46	6.1	0.000	0.000	4.072	35.770	39.842
H-53	10.7	0.000	0.000	30.004	114.014	144.018
H-60	6.0	141.206	0.000	42.290	69.669	253.165
Multi-application		0.000	0.000	136.468	318.434	454.902
Efficiencies/Self Financing		(127.946)	0.490	(4.270)	0.000	(131.726)
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	74.918	918.256	993.174
LECP Investment/Savings		0.000	0.000	(6.207)	(13.842)	(20.049)
ERP Inventory Reduction		0.000	0.000	(36.893)	0.000	(36.893)
Total		297.571	114.258	585.286	2,408.127	3,405.242

¹Not 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. Data Source: NAVAIR Deckplate (Status from Oct 2011 to Sep 2012). Provided by: OPNAV-N43

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
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(\$ IN MILLIONS)
FY 2013

<u>Weapon System</u>	<u>NMCS Rates¹</u>	<u>Buy-In Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Repair</u>	<u>Total</u>
F/A-18 / EA-18G	8.2 / 8.6	114.473	85.116	56.855	326.897	583.341
AV-8B/T-45	8.1 / 4.3	7.033	0.000	0.816	85.208	93.057
EA-6B	7.2	7.667	0.000	8.774	41.538	57.979
VTUAV	n/a	67.000	0.000	7.115	0.000	74.114
V-22	10.7	38.173	0.000	16.884	161.903	216.959
S-3	11.9	0.000	0.000	0.000	0.200	0.200
C-130	7.0	0.000	0.000	1.999	4.736	6.735
P-3	5.9	1.430	0.000	8.096	41.933	51.458
E-2/C-2	9.0 / 9.7	1.244	59.601	8.868	39.704	109.417
Common Systems	n/a	16.581	0.000	9.167	52.860	78.608
Aircraft Engines	n/a	0.000	0.000	22.932	129.304	152.236
Aviation Support Systems	n/a	0.000	0.000	2.925	24.207	27.132
H-1	11.2	114.262	4.650	30.706	53.192	202.810
H-46	6.1	0.000	0.000	2.414	30.366	32.780
H-53	10.7	0.000	0.000	18.268	108.804	127.072
H-60	6.0	179.571	0.000	15.298	79.031	273.900
Multi-application		0.000	0.000	81.063	264.727	345.790
Efficiencies/Self Financing		(138.955)	0.490	(3.382)	0.000	(141.847)
Anticipated Special Programs		0.000	38.000	0.000	20.000	58.000
Carcass Losses		0.000	0.000	18.000	0.000	18.000
Full PBL		0.000	0.000	69.800	1001.920	1071.720
LECP Investment/Savings		0.000	0.000	28.252	(10.249)	18.003
ERP Inventory Reduction		0.000	0.000	(58.506)	0.000	(58.506)
Total		408.478	187.857	346.342	2,456.281	3,398.958

¹Not 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. Data Source: NAVAIR Deckplate (Status from Oct 2011 to Sep 2012). Provided by: OPNAV-N43

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
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(\$ IN MILLIONS)
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<u>Weapon System</u>	<u>NMCS Rates¹</u>	<u>Buy-In Outfitting</u>	<u>Special Programs</u>	<u>Basic Replen</u>	<u>Repair</u>	<u>Total</u>
F/A-18 / EA-18G	8.2 / 8.6	27.933	18.089	34.497	332.575	413.095
AV-8B/T-45	8.1 / 4.3	4.583	0.000	0.568	83.312	88.463
EA-6B	7.2	0.000	0.000	6.108	40.611	46.718
VTUAV	n/a	17.088	0.000	(2.463)	0.000	14.625
V-22	10.7	60.837	0.000	11.257	178.263	250.356
S-3	11.9	0.000	0.000	0.000	0.185	0.185
P-8	6.1	75.553	0.000	25.265	0.000	100.818
C-130	7.0	0.000	0.000	1.417	4.630	6.048
P-3	5.9	1.203	0.000	5.636	40.998	47.836
E-2/C-2	9.0 / 9.7	39.912	35.761	8.895	38.818	123.386
Common Systems	n/a	21.091	0.000	1.527	51.680	74.297
Aircraft Engines	n/a	0.000	0.000	15.964	126.418	142.382
Aviation Support Systems	n/a	0.000	0.000	2.036	23.667	25.703
H-1	11.2	55.725	0.000	20.229	52.005	127.958
H-46	6.1	0.000	0.000	1.680	25.215	26.895
H-53	10.7	0.000	0.000	12.717	106.376	119.092
H-60	6.0	194.200	0.000	10.095	77.267	281.562
Multi-application		0.000	0.000	57.835	277.897	335.733
Efficiencies/Self Financing		(179.167)	0.000	(1.560)	0.000	(180.727)
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	35.338	1009.844	1045.182
LECP Investment/Savings		0.000	0.000	43.468	(3.589)	39.879
ERP Inventory Reduction		0.000	0.000	(58.506)	0.000	(58.506)
Total		318.956	103.850	250.003	2,486.171	3,158.980

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INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
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(\$ IN MILLIONS)
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	Total	Mobilization	---Peacetime---	
			Operating	Other
1. INVENTORY BOP	56,343.883	2.649	29,184.061	27,157.173
2. BOP INVENTORY ADJUSTMENTS	298.116	0.000	4,428.447	(4,130.331)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,238.298	(4,238.298)
B. PRICE CHANGE AMOUNT (memo)	298.116	0.000	190.149	107.967
C. INVENTORY RECLASSIFIED AND REPRICED	56,642.000	2.649	33,612.509	23,026.842
3. RECEIPTS AT STANDARD	3,797.071	0.000	3,674.943	122.128
4. SALES AT STANDARD	6,403.168	0.000	6,403.168	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1,920.856	0.000	1,794.476	126.380
B. RETURNS FROM CUSTOMERS FOR CREDIT	19.072	0.000	12.671	6.401
C. RETURNS FROM CUSTOMERS, NO CREDIT	9,124.193	0.000	4,242.885	4,881.308
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 (-)	(808.393)	0.000	(408.343)	(400.050)
G. OTHER (listed in Section 9)	(4,571.573)	(2.649)	(6,993.300)	2,424.376
H. TOTAL ADJUSTMENTS	3,126.452	(2.649)	(1,351.610)	4,480.711
6. INVENTORY EOP	57,162.355	0.000	29,532.674	27,629.681
7. INVENTORY EOP (REVALUED)	33,604.796	0.000	19,049.920	14,554.877
A. APPROVED ACQUISITION OBJECTIVE (memo)				12,805.007
B. ECONOMIC RETENTION (memo)				1,208.262
C. CONTINGENCY RETENTION (memo)				489.196
D. POTENTIAL DOD REUTILIZATION (memo)				52.413
8. INVENTORY ON ORDER EOP (memo)	2,336.912	0.000	2,244.582	92.330
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	2,388.249	(2.649)	1,671.546	719.352
Strata Transfers	0.000	0.000	(1,705.024)	1,705.024
Net/Standard Difference	(6,959.822)	0.000	(6,959.822)	0.000
Total	(4,571.573)	(2.649)	(6,993.300)	2,424.376

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	Total	Mobilization	---Peacetime---	
			Operating	Other
1. INVENTORY BOP	57,162.355	0.000	29,532.674	27,629.681
2. BOP INVENTORY ADJUSTMENTS	1,403.888	0.000	4,791.582	(3,387.694)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,214.258	(4,214.258)
B. PRICE CHANGE AMOUNT (memo)	1,403.888	0.000	577.324	826.564
C. INVENTORY RECLASSIFIED AND REPRICED	58,566.243	0.000	34,324.256	24,241.987
3. RECEIPTS AT STANDARD	3,839.900	0.000	3,833.797	6.103
4. SALES AT STANDARD	6,141.699	0.000	6,141.699	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.297	0.000	19.887	(19.590)
B. RETURNS FROM CUSTOMERS FOR CREDIT	23.684	0.000	9.103	14.581
C. RETURNS FROM CUSTOMERS, NO CREDIT	19,987.217	0.000	10,811.277	9,175.940
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,262.441)	0.000	0.000	(3,262.441)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(178.122)	0.000	(174.499)	(3.623)
G. OTHER (listed in Section 9)	(13,648.720)	0.000	(12,737.910)	(910.810)
H. TOTAL ADJUSTMENTS	2,921.915	0.000	(2,072.142)	4,994.057
6. INVENTORY EOP	59,186.359	0.000	29,944.212	29,242.147
7. INVENTORY EOP (REVALUED)	34,050.607	0.000	19,083.968	14,966.639
A. APPROVED ACQUISITION OBJECTIVE (memo)				13,240.871
B. ECONOMIC RETENTION (memo)				1,206.117
C. CONTINGENCY RETENTION (memo)				465.900
D. POTENTIAL DOD REUTILIZATION (memo)				53.751
8. INVENTORY ON ORDER EOP (memo)	2,202.496	0.000	2,117.137	85.359
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	72.796	0.000	118.240	(45.444)
Strata Transfers	0.000	0.000	865.366	(865.366)
Net/Standard Difference	(13,721.516)	0.000	(13,721.516)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
Total	(12,244.832)	0.000	(12,160.586)	(84.246)

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	Total	Mobilization	---Peacetime---	
			Operating	Other
1. INVENTORY BOP	59,186.359	0.000	29,944.212	29,242.147
2. BOP INVENTORY ADJUSTMENTS	93.330	0.000	4,398.668	(4,305.338)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	4,268.229	(4,268.229)
B. PRICE CHANGE AMOUNT (memo)	93.330	0.000	130.439	(37.109)
C. INVENTORY RECLASSIFIED AND REPRICED	59,279.689	0.000	34,342.880	24,936.809
3. RECEIPTS AT STANDARD	3,823.790	0.000	3,823.429	0.361
4. SALES AT STANDARD	6,216.652	0.000	6,216.652	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	0.303	0.000	20.225	(19.922)
B. RETURNS FROM CUSTOMERS FOR CREDIT	23.688	0.000	10.271	13.417
C. RETURNS FROM CUSTOMERS, NO CREDIT	20,243.156	0.000	10,961.564	9,281.592
D. RETURNS TO SUPPLIERS (-)	0.000	0.000	0.000	0.000
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,255.423)	0.000	0.000	(3,255.423)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(236.546)	0.000	(232.862)	(3.684)
G. OTHER (listed in Section 9)	(13,455.129)	0.000	(12,224.872)	(1,230.257)
H. TOTAL ADJUSTMENTS	3,320.050	0.000	(1,465.673)	4,785.723
6. INVENTORY EOP	60,206.876	0.000	30,483.983	29,722.893
7. INVENTORY EOP (REVALUED)	35,040.062	0.000	19,634.361	15,405.701
A. APPROVED ACQUISITION OBJECTIVE (memo)				13,641.576
B. ECONOMIC RETENTION (memo)				1,230.831
C. CONTINGENCY RETENTION (memo)				477.851
D. POTENTIAL DOD REUTILIZATION (memo)				55.443
8. INVENTORY ON ORDER EOP (memo)	1,959.015	0.000	1,883.637	75.378
9. NARRATIVE:				
Other adjustments (Total posted to line 5g):				
Other Gains/Losses	495.446	0.000	352.626	142.820
Strata Transfers	0.000	0.000	1,373.077	(1,373.077)
Net/Standard Difference	(13,950.575)	0.000	(13,950.575)	0.000
Discounted Unserviceable Returns	0.000	0.000	0.000	0.000
Total	(13,361.799)	0.000	(12,094.433)	(1,267.366)

WAR RESERVE MATERIAL (WRM)
DEPARTMENT OF THE NAVY
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APRIL 2013
(\$ in Millions)
FY 2012

STOCKPILE STATUS		WRM	WRM
	<u>Total</u>	<u>Protected</u>	<u>Other</u>
1. Inventory BOP @ std	2.649	2.649	0.000
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.000	0.000	0.000
4. Inventory Changes	(2.649)	(2.649)	0.000
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
(4). Issues/receipts w/o ADJs	0.000	0.000	0.000
c. Adjustments @ std	(2.649)	(2.649)	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and losses	(2.649)	(2.649)	0.000
(3). Other	0.000	0.000	0.000
5. Inventory EOP	0.000	0.000	0.000

STOCKPILE COSTS

1. Storage	0.000
2. Management	0.000
3. Maintenance/Other	<u>0.000</u>
Total Cost	0.000

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	<u>0.000</u>
Total Request	0.000

WAR RESERVE MATERIAL (WRM)
 DEPARTMENT OF THE NAVY
 SUPPLY MANAGEMENT - NAVY
 FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
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STOCKPILE STATUS	<u>Total</u>	<u>WRM Protected</u>	<u>WRM Other</u>
1. Inventory BOP @ std	0.000	0.000	0.000
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.000	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	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
(4). Issues/receipts w/o ADJs	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
5. Inventory EOP	0.000	0.000	0.000

STOCKPILE COSTS

1. Storage	0.000
2. Management	0.000
3. Maintenance/Other	<u>0.000</u>
Total Cost	0.000

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	<u>0.000</u>
Total Request	0.000

WAR RESERVE MATERIAL (WRM)
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
(\$ in Millions)
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STOCKPILE STATUS	<u>Total</u>	WRM <u>Protected</u>	WRM <u>Other</u>
1. Inventory BOP @ std	0.000	0.000	0.000
2. Price Change	0.000	0.000	0.000
3. Reclassification	0.000	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	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
(4). Issues/receipts w/o ADJs	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
5. Inventory EOP	0.000	0.000	0.000

STOCKPILE COSTS

1. Storage	0.000
2. Management	0.000
3. Maintenance/Other	<u>0.000</u>
Total Cost	0.000

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	<u>0.000</u>
Total Request	0.000

TAB 12 - Marine Corps Supply

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**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013**

Mission Statement/Overview

The Marine Corps Supply Management Activity Group (MC SMAG) performs inventory management functions that result in the sale of consumable and reparable items to support Department of Defense (DOD), federal, and non-federal customers' war fighting weapon systems supply needs. Costs related to providing such inventory (materiel) support to customers are recouped through the application of stabilized rates that include recovery for cost elements, such as oversight/inventory management and cost required to stock, store, receive and issue such assets.

Activity Group Composition

The following Marine Corps organizations are funded in this activity group:

Weapon System Management Center, Marine Corps Logistics Command, Albany, GA
Direct Support Stock Control, Marine Corps Logistics Base, Albany, GA
Direct Support Stock Control, Marine Corps Logistics Base, Barstow, CA
Direct Support Stock Control, Marine Corps Base, Quantico, VA
Business Logistics Support Department, Marine Corps Base Camp Lejeune, NC
Consolidated Material and Service Center, Marine Corps Base Camp Pendleton, CA

Executive Summary

Significant Changes Since the FY 2013 President's Budget:

MC SMAG Wholesale and Retail operations are expected to fluctuate in FY 2013-FY 2014 for Gross Sales and Obligations, based on current operating tempo, demand patterns provided by the stratification process and customer feedback. SMAG business strategies include: continuing work on the employment of functions/processes which are expected to result in contributing to the ultimate goal of selecting an end to end Automated Information System (AIS) that will incorporate all DOD outlined requirements for an AIS system sufficient to support operations. This will also position the MC SMAG to be "ready for audit" according to the criteria of the Financial Improvement and Audit Readiness (FIAR) Plan mandated by Congress. Additional details are provided in the Operating Results, Cash Management and Sales sections of this narrative.

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
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Additionally, this submission extends three (3) FTEs (MC SMAG total 27) to provide functional, technical maintenance and operational transitional support to the MC SMAG legacy AIS system.

Marine Corps Systems Command-owned Materiel (Purpose Code Y) has not been previously included in MC SMAG budget submit inventory values. We are currently paying storage for this inventory. In order that MC SMAG can better align all inventory reports, this materiel has been added. Purpose Code Y materiel has been added to this submit and was not included in the FY 2013 President's Budget. The change is reflected in reporting of values and does not increase actual inventory.

Budget Highlights (\$ million)

<u>Revenue/Expense/NOR/AOR (\$ million)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Net Revenue	140.276	147.116	143.691
Expenses	144.368	146.264	147.532
Net Operating Results	-4.092	0.852	-3.841
Prior Year AOR	7.081	2.989	3.841
Accumulated Operating Result (AOR)	2.989	3.841	0.000

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. Both revenues and expenses decreased in FY 2012 based on projected workload in conjunction with lower sales, primarily due to reductions in the cost of goods sold, supply operations and transportation cost with fewer sales. Major expense drivers include cost of goods sold, labor and materiel consumed. Expenses are projected to increase across the budget years due to additional requirements in operations to support customer demand and cost for implementing AIS to move toward a ready for audit position

Operating Results: Net Operating Result is stable across the budget years due to changes in operating tempo and projected demand patterns from our customers. The net result is a balanced budget that achieves a zero AOR in FY 2014.

Obligations (\$ million)

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APRIL 2013**

Obligations	FY 2012	FY 2013	FY 2014
Wholesale	81.056	75.262	89.820
Less Customer Returns	2.020	7.556	7.930
Provisioning	0.082	0.250	0.250
Retail	37.209	73.911	58.263
Total	116.327	141.867	140.403

Wholesale: Obligation authority supports the acquisition and repair of replenishment spare parts and for the cost of operating the MC SMAG wholesale enterprise. Obligation authority requirements, which included operational inventory, carcasses awaiting repair (assets returning unserviceable due to contingencies), inventory required beyond the budget year, economic and contingency retention stock, and secondary items included in war reserve, are projected to fluctuate in the upcoming years due to reduced customer demands and operating tempo.

Retail: FY 2012 MC SMAG is continuing its effort to decrease inventory by reducing inactive inventory, disposing of dormant stock, and reducing replenishment below sales. MC SMAG will continue to work to reduce on-order and on-hand excess inventory.

Cash Management

<u>Collections/Disbursement/Outlays (\$ million)</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Collections	140.276	147.116	143.691
Disbursements	135.123	144.733	144.913
Outlays	-5.153	-2.383	1.222

Note: Amounts may not add due to rounding

Collections: FY 2013 and FY 2014 collections increased over FY12 levels and remained stable across the budget years.

Disbursements: FY 2012 Disbursements reflect actual expenditures supporting the operating forces for material and supplies and Defense Logistics Agency (DLA) transportation cost. FY 2013 and FY 2014 Disbursements are higher due to anticipated receipt of on order items and completion/receipt of assets.

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Net Outlays: Outlays fluctuate across the budget years based on the effects of Collections and Disbursements.

Sales (\$ million)

<u>Gross Sales</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Wholesale	97.285	77.550	92.753
Retail	43.350	76.972	58.718
Provisioning	1.663	0.250	0.250
Total	142.298	154.772	151.721

Note: Amounts may not add due to rounding

Wholesale: FY 2012 reflects actual gross sales executed to support the war fighting demands for contingency operations. A decline is projected in FY 2013 sales due to anticipated lower customer optempo and decline in cost recovery rate (CRR), which is tied to customer funding and USMC Weapons Systems Support's ability to fill orders. FY 2014 Gross Sales are projected to increase due to receipt of on-order items and completion/receipt of assets.

Retail: FY 2012 Gross Sales have decreased from the FY 2013 President's Budget, due to a reduction in the Retail footprint for Direct Support Stock Control (DSSC) and Retail Centrally Managed (Secondary Item Inventory Items). Direct Support Stock Control (DSSC) Stock Fund Inventory has transitioned to the General Services Administration (GSA)/Garrison Retail Supply Chain (GRSC) Initiative. This initiative transformed the DSSC ServMart Stores/Shop Stores into a single GRSC, leveraging the buying power of Marine Corps enterprise wide. GSA 4th-Party Logistics has taken control of all Government Managed Inventory; these items are products that are vendor-owned, resulting in a direct savings for the Marine Corps. Secondary Item Inventory has reduced the acquisition and storage of inventory that is excess to requirements as mandated by the National Defense Authorization Act (NDAA) /OSD-SCI sponsored Comprehensive Inventory Management Improvement Plan.

<u>Metrics</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Items Managed	4,450	4,450	4,790
Requisitions Received	3,565	3,521	3,503
Receipts	1,331	1,322	1,314
Issues	4,711	4,663	4,607

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SUPPLY MANAGEMENT – MARINE CORPS
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APRIL 2013**

Contracts Executed	121	76	76

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.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Undelivered Orders (\$ million)	81.705	132.036	152.186

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.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
WRM (\$ million)	0.000	0.000	0.000

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.

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Supply Chain Channel Performance	57%	75%	85%
Report of Discrepancy	0%	0%	0%
Report of Discrepancy Processing Time	24	24	24

<u>Unit Cost</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Wholesale	0.833	0.970	0.968
Retail	0.856	0.960	0.992

<u>Composite Rates</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Annual Price Change	-4.59%	-2.92%	-0.91%
Composite Cost Recovery Rate (CRR)	26.74%	22.36%	14.72%

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The cost categories within the CRR include civilian pay, distribution depot costs, transportation costs, other Defense bills associated with supply operations, and costs of replacing inventory losses. FY 2012 reflects an increase CRR due to higher labor and supplier costs. The MC SMAG sets customer rates on a direct labor hour basis. The hourly composite rate recovers all costs, both direct and overhead. Activity group rates are stabilized so that the customer's buying power is protected from price swings during the year of execution. Annual Price Change rate change is expressed as a percentage change from the rate in the previous year, weighted by total sales. Line 5c on exhibit SM 5b (*Changes to Customer*).

Staffing

<u>Civilian/Military End Strength & Work Years</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Civilian End Strength	27	27	27
Civilian Work years	27	27	27
Military End Strength	0	0	0
Military Work years	0	0	0

Civilian and military staffing remains stable throughout the submission to support maintenance of the AIS system.

Capital Investment Program (CIP) Budget Authority

The Marine Corps SMAG does not have a CIP budget.

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
1. New Orders			
1a. Orders from DoD Components:			
Own Component			
Military Personnel, M.C.	0.000	0.000	0.000
O & M, M.C.	85.694	118.601	126.448
O & M, M.C. Reserve	0.000	0.000	0.000
Reserve Personnel, M.C.	0.000	0.000	0.000
Procurement, M.C.	2.398	0.250	0.250
Other Services (O&M)			
Army	11.039	4.196	4.229
Air Force	0.166	0.166	0.166
Navy	3.703	2.934	3.313
All Other DOD	0.000	0.000	0.000
Subtotal	103.000	126.147	134.406
1b. Orders from other Fund Business Areas:			
Navy Supply Management	0.007	0.006	0.006
M.C. Depot Maintenance	25.267	14.989	15.668
Subtotal	25.274	14.995	15.674
1c. Total DoD	128.274	141.142	150.080
1d. Other Orders:			
Other Federal Agencies	0.306	0.279	0.282
Foreign Military Sales	0.834	0.834	0.834
Non Federal Agencies	0.012	0.013	0.013
Subtotal	1.152	1.126	1.129
Total New Orders	129.426	142.268	151.209
2. Carry-In Orders	35.699	22.827	10.323
3. Total Gross Orders:	165.125	165.095	161.532
4. Funded Carry-over:	22.827	10.323	9.811
5. Total Gross Sales:	142.298	154.772	151.721

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Revenue			
Gross Sales			
Operations	140.635	154.522	151.471
Capital Surcharge	0.000	0.000	0.000
Depreciation excluding Major Construction	0.000	0.000	0.000
Major Construction Depreciation	0.000	0.000	0.000
Other Income	1.663	0.250	0.250
Refunds/Discounts (-)	(2.022)	(7.656)	(8.030)
Total Income:	140.276	147.116	143.691
Expenses			
Cost of Materiel Sold from Inventory	141.402	132.397	137.183
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel Compensation & Benefits	1.094	2.261	2.299
Travel & Transportation of Personnel	0.046	0.100	0.100
Materials & Supplies (For Internal Operations)	0.010	0.020	0.020
Equipment	0.000	0.000	0.000
Other Purchases from Revolving Funds	1.013	8.576	5.020
Transportation of Things	0.036	0.080	0.080
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	0.202	0.018	0.018
Other Purchased Services	0.565	2.812	2.812
Total Expenses:	144.368	146.264	147.532
Operating Result:	(4.092)	0.852	(3.841)
Adjustments Affecting NOR (+) or (-)	0.000	0.000	0.000
Net Operating Result:	(4.092)	0.852	(3.841)
Other Changes Affecting AOR			
Prior Year AOR	7.081	2.989	3.841
AOR Redistribution	0.000	0.000	0.000
Cash Factor	0.000	0.000	0.000
Accumulated Operating Result:	2.989	3.841	0.000

FUEL DATA
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

FY 2012

1 BARREL = 42 GALLONS

PRODUCT	----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED PRICE
	BARRELS	U/P	EXT COST	BARRELS	U/P	EXT COST	
AVGAS CONUS	0.000	110.88	0.000	0.000	0.00	0.000	110.88
AVGAS OCONUS	0.000	434.28	0.000	0.000	0.00	0.000	434.28
Jet Fuel: JP-5	0.000	97.86	0.000	0.000	0.00	0.000	97.86
Jet Fuel: JP-8	0.001	97.02	0.058	0.000	0.00	0.000	97.02
Jet Fuel: Thermally Stable (JTS)	0.000	270.90	0.000	0.000	0.00	0.000	270.90
MOGAS: Unleaded, Premium	0.000	112.14	0.000	0.000	0.00	0.000	112.14
MOGAS: Unleaded, Midgrade (MUM)	0.000	99.96	0.000	0.000	0.00	0.000	99.96
MOGAS: Unleaded, Regular (MUR)	0.000	94.92	0.000	0.000	0.00	0.000	94.92
Gasohol	0.000	99.96	0.000	0.000	0.00	0.000	99.96
Ethanol	0.000	94.92	0.000	0.000	0.00	0.000	94.92
Kerosene (KS1)	0.000	95.76	0.000	0.000	0.00	0.000	95.76
Distillate (F76)	0.000	96.60	0.000	0.000	0.00	0.000	96.60
Diesel: High Sulfur (DF1)	0.000	96.18	0.000	0.000	0.00	0.000	96.18
Diesel: High Sulfur (DF2)	0.000	86.94	0.000	0.000	0.00	0.000	86.94
Diesel: Ultra Low Sulfur (DS1)	0.001	97.02	0.117	0.000	0.00	0.000	97.02
Diesel: Ultra Low Sulfur (DS2)	0.000	93.66	0.000	0.000	0.00	0.000	93.66
Diesel: Ultra Low Sulfur (DSW)	0.001	97.02	0.126	0.000	0.00	0.000	97.02
Diesel: Burner Grade (FS1)	0.000	94.92	0.000	0.000	0.00	0.000	94.92
Diesel: Burner Grade (FS2)	0.000	83.16	0.000	0.000	0.00	0.000	83.16
Diesel: Bio-Diesel (BDI)	0.000	93.24	0.000	0.000	0.00	0.000	93.24
Residual: Bunker Grade (FS4)	0.000	61.32	0.000	0.000	0.00	0.000	61.32
Residual: Bunker Grade (FS6)	0.000	48.72	0.000	0.000	0.00	0.000	48.72
Navy Reclaimed (FOR)	0.000	44.10	0.000	0.000	0.00	0.000	44.10
Bunker (Marine)	0.000	99.96	0.000	0.000	0.00	0.000	99.96
Bunker (Intermediate)	0.000	72.66	0.000	0.000	0.00	0.000	72.66
Into Plane Jet Fuel	0.000	110.88	0.000	0.000	0.00	0.000	110.88
Local Purchase Jet Fuel	0.000	123.06	0.000	0.000	0.00	0.000	123.06
Propane	0.000	0.00	0.000	0.002	82.49	0.190	3,008.04
Natural Gas (CNG)	0.000	15.54	0.001	0.008	63.00	0.504	
TOTAL	0.003		0.303	0.010		0.694	

FUEL DATA
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NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

FY 2013

1 BARREL = 42 GALLONS

PRODUCT	----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED
	BARRELS	U/P	EXT COST	BARRELS	U/P	EXT COST	PRICE
AVGAS CONUS	0.000	178.92	0.000	0.000	0.00	0.000	178.92
AVGAS OCONUS	0.000	701.40	0.000	0.000	0.00	0.000	701.40
Jet Fuel: JP-5	0.000	157.50	0.000	0.000	0.00	0.000	157.50
Jet Fuel: JP-8	0.001	156.66	0.157	0.000	0.00	0.000	156.66
Jet Fuel: Thermally Stable (JTS)	0.000	270.90	0.000	0.000	0.00	0.000	270.90
MOGAS: Unleaded, Premium	0.000	181.02	0.000	0.000	0.00	0.000	181.02
MOGAS: Unleaded, Midgrade (MUM)	0.000	161.70	0.000	0.000	0.00	0.000	161.70
MOGAS: Unleaded, Regular (MUR)	0.000	152.88	0.000	0.000	0.00	0.000	152.88
Gasohol	0.000	161.70	0.000	0.000	0.00	0.000	161.70
Ethanol	0.000	152.88	0.000	0.000	0.00	0.000	152.88
Kerosene (KS1)	0.000	154.56	0.000	0.000	0.00	0.000	154.56
Distillate (F76)	0.000	156.24	0.000	0.000	0.00	0.000	156.24
Diesel: High Sulfur (DF1)	0.000	156.66	0.000	0.000	0.00	0.000	156.66
Diesel: High Sulfur (DF2)	0.000	140.70	0.000	0.000	0.00	0.000	140.70
Diesel: Ultra Low Sulfur (DS1)	0.000	156.66	0.000	0.000	0.00	0.000	156.66
Diesel: Ultra Low Sulfur (DS2)	0.000	151.20	0.000	0.000	0.00	0.000	151.20
Diesel: Ultra Low Sulfur (DSW)	0.001	155.63	0.156	0.000	0.00	0.000	155.63
Diesel: Burner Grade (FS1)	0.000	152.88	0.000	0.000	0.00	0.000	152.88
Diesel: Burner Grade (FS2)	0.000	134.40	0.000	0.000	0.00	0.000	134.40
Diesel: Bio-Diesel (BDI)	0.000	151.20	0.000	0.000	0.00	0.000	151.20
Residual: Bunker Grade (FS4)	0.000	99.12	0.000	0.000	0.00	0.000	99.12
Residual: Bunker Grade (FS6)	0.000	78.54	0.000	0.000	0.00	0.000	78.54
Navy Reclaimed (FOR)	0.000	44.10	0.000	0.000	0.00	0.000	44.10
Bunker (Marine)	0.000	159.60	0.000	0.000	0.00	0.000	159.60
Bunker (Intermediate)	0.000	117.60	0.000	0.000	0.00	0.000	117.60
Into Plane Jet Fuel	0.000	178.92	0.000	0.000	0.00	0.000	178.92
Local Purchase Jet Fuel	0.000	191.94	0.000	0.000	0.00	0.000	191.94
Propane	0.000	0.00	0.000	0.003	80.51	0.208	
Natural Gas (CNG)	0.000	15.08	0.002	0.004	63.00	0.258	
TOTAL	0.002		0.314	0.007		0.466	

FUEL DATA
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

FY 2014

1 BARREL = 42 GALLONS

PRODUCT	----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED PRICE
	BARRELS	U/P	EXT COST	BARRELS	U/P	EXT COST	
AVGAS CONUS	0.000	155.82	0.000	0.000	0.00	0.000	155.82
AVGAS OCONUS	0.000	611.10	0.000	0.000	0.00	0.000	611.10
Jet Fuel: JP-5	0.000	137.34	0.000	0.000	0.00	0.000	137.34
Jet Fuel: JP-8	0.001	136.50	0.133	0.000	0.00	0.000	136.50
Jet Fuel: Thermally Stable (JTS)	0.000	270.90	0.000	0.000	0.00	0.000	270.90
MOGAS: Unleaded, Premium	0.000	157.50	0.000	0.000	0.00	0.000	157.50
MOGAS: Unleaded, Midgrade (MUM)	0.000	140.70	0.000	0.000	0.00	0.000	140.70
MOGAS: Unleaded, Regular (MUR)	0.000	133.14	0.000	0.000	0.00	0.000	133.14
Gasohol	0.000	140.70	0.000	0.000	0.00	0.000	140.70
Ethanol	0.000	133.14	0.000	0.000	0.00	0.000	133.14
Kerosene (KS1)	0.000	134.82	0.000	0.000	0.00	0.000	134.82
Distillate (F76)	0.000	136.08	0.000	0.000	0.00	0.000	136.08
Diesel: High Sulfur (DF1)	0.000	136.50	0.000	0.000	0.00	0.000	136.50
Diesel: High Sulfur (DF2)	0.000	122.64	0.000	0.000	0.00	0.000	122.64
Diesel: Ultra Low Sulfur (DS1)	0.001	136.50	0.137	0.000	0.00	0.000	136.50
Diesel: Ultra Low Sulfur (DS2)	0.000	131.88	0.000	0.000	0.00	0.000	131.88
Diesel: Ultra Low Sulfur (DSW)	0.000	136.96	0.000	0.000	0.00	0.000	136.96
Diesel: Burner Grade (FS1)	0.000	133.14	0.000	0.000	0.00	0.000	133.14
Diesel: Burner Grade (FS2)	0.000	117.18	0.000	0.000	0.00	0.000	117.18
Diesel: Bio-Diesel (BDI)	0.000	131.46	0.000	0.000	0.00	0.000	131.46
Residual: Bunker Grade (FS4)	0.000	86.52	0.000	0.000	0.00	0.000	86.52
Residual: Bunker Grade (FS6)	0.000	68.46	0.000	0.000	0.00	0.000	68.46
Navy Reclaimed (FOR)	0.000	44.10	0.000	0.000	0.00	0.000	44.10
Bunker (Marine)	0.000	139.44	0.000	0.000	0.00	0.000	139.44
Bunker (Intermediate)	0.000	102.48	0.000	0.000	0.00	0.000	102.48
Into Plane Jet Fuel	0.000	155.82	0.000	0.000	0.00	0.000	155.82
Local Purchase Jet Fuel	0.000	173.04	0.000	0.000	0.00	0.000	173.04
Propane	0.000	0.00	0.000	0.004	80.51	0.294	
Natural Gas (CNG)	0.000	15.08	0.000	0.002	78.08	0.172	
TOTAL	0.002		0.270	0.006		0.466	

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	<u>OBLIGATION TARGETS</u>			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
FY 2012										
Approved	1,051.686	147.872	158.135	147.347	0.000	0.000	147.347	35.000	182.347	7.435
Request	1,418.084	127.404	140.276	116.327	0.000	0.000	116.327	40.654	156.981	2.022
Delta	366.398	(20.468)	(17.859)	(31.020)	0.000	0.000	(31.020)	5.654	(25.366)	(5.413)
FY 2013										
Approved	933.557	139.723	147.943	144.050	0.000	0.000	144.050	35.000	179.050	7.656
Request	1,399.986	134.612	147.116	141.767	0.000	0.000	141.767	36.145	177.912	7.656
Delta	466.429	(5.111)	(0.827)	(2.283)	0.000	0.000	(2.283)	1.145	(1.138)	0.000
FY 2014										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	1,366.644	143.179	143.691	140.303	0.000	0.000	140.303	35.000	175.303	8.030
Delta	1,366.644	161.558	143.691	140.303	0.000	0.000	140.303	35.000	175.303	8.030

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS
FY 2012

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 28										
Approved	234.916	50.332	51.090	50.599	0.000	0.000	50.599	20.000	70.599	0.100
Request	337.254	42.886	43.558	36.043	0.000	0.000	36.043	22.778	58.821	0.002
Delta	102.338	(7.446)	(7.532)	(14.556)	0.000	0.000	(14.556)	2.778	(11.778)	(0.098)
BP 38										
Approved	0.544	0.947	0.947	0.895	0.000	0.000	0.895	0.000	0.895	0.000
Request	0.756	1.453	1.453	1.166	0.000	0.000	1.166	0.000	1.166	0.000
Delta	0.212	0.506	0.506	0.271	0.000	0.000	0.271	0.000	0.271	0.000
BP 84										
Approved	816.226	96.593	106.098	83.484	0.000	0.000	83.484	15.000	98.484	7.335
Request	1,080.074	83.065	95.265	59.180	0.000	0.000	59.180	17.876	77.056	2.020
Delta	263.848	(13.528)	(10.833)	(24.304)	0.000	0.000	(24.304)	2.876	(21.428)	(5.315)
			*REPAIR ----->	27.973						
BP 91										
Approved	0.000	0.000	0.000	12.369	0.000	0.000	12.369	0.000	12.369	0.000
Request	0.000	0.000	0.000	19.938	0.000	0.000	19.938	0.000	19.938	0.000
Delta	0.000	0.000	0.000	7.569	0.000	0.000	7.569	0.000	7.569	0.000
TOTAL										
Approved	1,051.686	147.872	158.135	147.347	0.000	0.000	147.347	35.000	182.347	7.435
Request	1,418.084	127.404	140.276	116.327	0.000	0.000	116.327	40.654	156.981	2.022
Delta	366.398	(20.468)	(17.859)	(31.020)	0.000	0.000	(31.020)	5.654	(25.366)	(5.413)

*REPAIR = Value of Total Operating Obligations allocated to Rebuild Spares

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
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DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 28										
Approved	236.247	41.661	41.748	41.314	0.000	0.000	41.314	20.000	61.314	0.100
Request	358.165	45.570	45.682	39.242	0.000	0.000	39.242	21.145	60.387	0.100
Delta	121.918	3.909	3.934	(2.072)	0.000	0.000	(2.072)	1.145	(0.927)	0.000
BP 38										
Approved	0.431	1.031	1.031	0.868	0.000	0.000	0.868	0.000	0.868	0.000
Request	0.830	0.641	0.641	0.780	0.000	0.000	0.780	0.000	0.780	0.000
Delta	0.399	(0.390)	(0.390)	(0.088)	0.000	0.000	(0.088)	0.000	(0.088)	0.000
BP 84										
Approved	696.879	97.031	105.164	88.131	0.000	0.000	88.131	15.000	103.131	7.556
Request	1,040.991	88.401	100.793	88.131	0.000	0.000	88.131	15.000	103.131	7.556
Delta	344.112	(8.630)	(4.371)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
			*REPAIR ----->	29.426						
BP 91										
Approved	0.000	0.000	0.000	13.737	0.000	0.000	13.737	0.000	13.737	0.000
Request	0.000	0.000	0.000	13.614	0.000	0.000	13.614	0.000	13.614	0.000
Delta	0.000	0.000	0.000	(0.123)	0.000	0.000	(0.123)	0.000	(0.123)	0.000
TOTAL										
Approved	933.557	139.723	147.943	144.050	0.000	0.000	144.050	35.000	179.050	7.656
Request	1,399.986	134.612	147.116	141.767	0.000	0.000	141.767	36.145	177.912	7.656
Delta	466.429	(5.111)	(0.827)	(2.283)	0.000	0.000	(2.283)	1.145	(1.138)	0.000

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SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
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DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS			TOTAL OBLIGATION	VARIABILITY TARGET	TARGET TOTAL	CREDIT SALES
				OPERATING	MOBILIZATION	OTHER				
BP 28										
Approved	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Request	371.854	39.619	39.619	39.504	0.000	0.000	39.504	20.000	59.504	0.100
Delta	371.854	57.998	39.619	39.504	0.000	0.000	39.504	20.000	59.504	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	0.845	0.620	0.620	0.735	0.000	0.000	0.735	0.000	0.735	0.000
Delta	0.845	0.620	0.620	0.735	0.000	0.000	0.735	0.000	0.735	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	993.945	102.940	103.452	83.736	0.000	0.000	83.736	15.000	98.736	7.930
Delta	993.945	102.940	103.452	83.736	0.000	0.000	83.736	15.000	98.736	7.930
			*REPAIR ----->	27.954						
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	16.328	0.000	0.000	16.328	0.000	16.328	0.000
Delta	0.000	0.000	0.000	16.328	0.000	0.000	16.328	0.000	16.328	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	1,366.644	143.179	143.691	140.303	0.000	0.000	140.303	35.000	175.303	8.030
Delta	1,366.644	161.558	143.691	140.303	0.000	0.000	140.303	35.000	175.303	8.030

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OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
 DEPARTMENT OF THE NAVY
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WEAPON SYSTEM	BASIC REPLENISHMENT		TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
	REPARABLES	CONSUMABLES					
BASIC REPLEN/BASIC REWORK	11.500	0.000	11.500	0.000	10.973	22.473	
TOTAL ORDNANCE TANK AUTOMOTIVE	11.500	0.000	11.500	0.000	10.973	22.473	
BASIC REPLEN/BASIC REWORK	0.585	0.000	0.585	0.000	0.000	0.585	
TOTAL GUIDED MISSILES AND EQUIPMENT	0.585	0.000	0.585	0.000	0.000	0.585	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.250	0.000	0.250	
BASIC REPLEN/BASIC REWORK	20.300	0.000	20.300	0.000	16.000	36.300	
TOTAL COMMUNICATION AND ELECTRONICS	20.300	0.000	20.300	0.250	16.000	36.550	
BASIC REPLEN/BASIC REWORK	10.000	0.000	10.000	0.000	0.500	10.500	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	10.000	0.000	10.000	0.000	0.500	10.500	
BASIC REPLEN/BASIC REWORK	10.000	0.000	10.000	0.000	0.500	10.500	
TOTAL GENERAL PROPERTY	10.000	0.000	10.000	0.000	0.500	10.500	
TOTAL PROCUREMENT	52.385	0.000	52.385	0.250	27.973	80.608	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	52.385	0.000	52.385	0.250	27.973	80.608	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
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WEAPON SYSTEM	BASIC REPLENISHMENT		TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
	REPARABLES	CONSUMABLES					
BASIC REPLEN/BASIC REWORK	15.562	0.000	15.562	0.000	12.672	28.234	
TOTAL ORDNANCE TANK AUTOMOTIVE	15.562	0.000	15.562	0.000	12.672	28.234	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.250	0.000	0.250	
BASIC REPLEN/BASIC REWORK	8.428	0.000	8.428	0.000	1.062	9.490	
TOTAL GUIDED MISSILES AND EQUIPMENT	8.428	0.000	8.428	0.250	1.062	9.740	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.000	3.738	3.738	
BASIC REPLEN/BASIC REWORK	9.528	0.000	9.528	0.000	9.600	19.128	
TOTAL COMMUNICATION AND ELECTRONICS	9.528	0.000	9.528	0.000	13.338	22.866	
BASIC REPLEN/BASIC REWORK	16.124	0.000	16.124	0.000	1.647	17.771	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	16.124	0.000	16.124	0.000	1.647	17.771	
BASIC REPLEN/BASIC REWORK	8.813	0.000	8.813	0.000	0.707	9.520	
TOTAL GENERAL PROPERTY	8.813	0.000	8.813	0.000	0.707	9.520	
TOTAL PROCUREMENT	58.455	0.000	58.455	0.250	29.426	88.131	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	58.455	0.000	58.455	0.250	29.426	88.131	

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
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WEAPON SYSTEM	BASIC REPLENISHMENT		TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	MCRS PERCENT
	REPARABLES	CONSUMABLES					
BASIC REPLEN/BASIC REWORK	10.524	0.000	10.524	0.000	10.781	21.305	
TOTAL ORDNANCE TANK AUTOMOTIVE	10.524	0.000	10.524	0.000	10.781	21.305	
BASIC REPLEN/BASIC REWORK	17.488	0.000	17.488	0.000	6.968	24.456	
TOTAL GUIDED MISSILES AND EQUIPMENT	17.488	0.000	17.488	0.000	6.968	24.456	
REPAIR AND TEST EQUIPMENT	0.000	0.000	0.000	0.250	0.000	0.250	
BASIC REPLEN/BASIC REWORK	10.476	0.000	10.476	0.000	3.270	13.746	
TOTAL COMMUNICATION AND ELECTRONICS	10.476	0.000	10.476	0.250	3.270	13.996	
BASIC REPLEN/BASIC REWORK	11.788	0.000	11.788	0.000	5.253	17.041	
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	11.788	0.000	11.788	0.000	5.253	17.041	
BASIC REPLEN/BASIC REWORK	5.256	0.000	5.256	0.000	1.682	6.938	
TOTAL GENERAL PROPERTY	5.256	0.000	5.256	0.000	1.682	6.938	
TOTAL PROCUREMENT	55.532	0.000	55.532	0.250	27.954	83.736	
WAR RESERVE	0.000	0.000	0.000	0.000	0.000	0.000	
TOTAL COST	55.532	0.000	55.532	0.250	27.954	83.736	

INVENTORY STATUS
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	---- Peacetime ----			
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	1,371.026	61.605	646.168	663.253
2. BOP INVENTORY ADJUSTMENTS	(47.181)	(0.929)	(21.927)	(24.324)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	(47.181)	(0.929)	(21.927)	(24.324)
C. INVENTORY RECLASSIFIED AND REPRICED	1,323.845	60.676	624.241	638.929
3. RECEIPTS AT STANDARD	110.674	0.761	106.376	3.537
4. SALES AT STANDARD	142.298	0.000	140.635	1.663
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(7.991)	(0.413)	(7.578)	0.000
B. RETURNS FROM CUSTOMERS FOR CREDIT +	2.022	0.000	2.022	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	529.725	0.029	102.353	427.343
D. RETURNS TO SUPPLIERS (-)	(34.678)	0.000	(6.488)	(28.190)
E. TRANSFERS TO PROP. DISPOSAL (-)	(201.092)	(0.170)	(33.740)	(167.182)
F. ISSUES/RECEIPTS W/O REIMBURSEMENT + or (-)	76.026	(3.999)	152.870	(72.845)
G. OTHER (list/explain)	(172.671)	8.595	(31.586)	(149.680)
H. TOTAL ADJUSTMENTS	191.341	4.042	177.853	9.446
6. INVENTORY EOP	1,483.562	65.479	767.835	650.249
7. INVENTORY EOP, REVALUED	1,170.556	51.664	605.835	513.057
A. ECONOMIC RETENTION (memo)				79.251
B. CONTINGENCY RETENTION (memo)				109.741
C. POTENTIAL DOD EXCESS (memo)				5.263
8. INVENTORY ON ORDER EOP (memo)	107.156	0.000	103.832	3.324
9. NARRATIVE:				
Other adjustments (Line 5G):	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	(172.671)	8.595	(31.586)	(149.680)
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	(172.671)	8.595	(31.586)	(149.680)

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	---- Peacetime ----			
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	1,483.562	65.479	767.835	650.249
2. BOP INVENTORY ADJUSTMENTS	(22.641)	0.231	(4.157)	(18.714)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	(22.641)	0.231	(4.157)	(18.714)
C. INVENTORY RECLASSIFIED AND REPRICED	1,460.921	65.710	763.678	631.534
3. RECEIPTS AT STANDARD	103.523	0.000	103.523	0.000
4. SALES AT STANDARD	154.772	0.000	154.772	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1.219	0.000	10.635	(9.416)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	7.656	0.000	7.656	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	217.193	0.000	0.000	217.193
D. RETURNS TO SUPPLIERS (-)	(7.147)	0.000	(1.998)	(5.149)
E. TRANSFERS TO PROP. DISPOSAL (-)	(83.623)	0.000	(6.327)	(77.296)
F. ISSUES/RECEIPTS W/O REIMBURSEMENT + or (-)	(130.008)	0.000	(6.543)	(123.465)
G. OTHER (list/explain)	49.911	(0.822)	52.897	(2.164)
H. TOTAL ADJUSTMENTS	55.201	(0.822)	56.320	(0.297)
6. INVENTORY EOP	1,464.873	64.888	768.749	631.237
7. INVENTORY EOP, REVALUED	1,197.183	53.030	628.268	515.885
A. ECONOMIC RETENTION (memo)				211.891
B. CONTINGENCY RETENTION (memo)				294.286
C. POTENTIAL DOD EXCESS (memo)				9.709
8. INVENTORY ON ORDER EOP (memo)	132.036	0.000	127.777	4.259
9. NARRATIVE:				
Other adjustments (Line 5G):	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	49.911	(0.822)	52.897	(2.164)
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	49.911	(0.822)	52.897	(2.164)

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	---- Peacetime ----			
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. INVENTORY BOP	1,464.873	64.888	768.749	631.237
2. BOP INVENTORY ADJUSTMENTS	(32.641)	(0.227)	(8.986)	(23.427)
A. RECLASSIFICATION CHANGE (memo)	0.000	0.000	0.000	0.000
B. PRICE CHANGE AMOUNT (memo)	(32.641)	(0.227)	(8.986)	(23.427)
C. INVENTORY RECLASSIFIED AND REPRICED	1,432.233	64.661	759.762	607.810
3. RECEIPTS AT STANDARD	104.075	0.000	104.075	0.000
4. SALES AT STANDARD	151.721	0.000	151.721	0.000
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1.516	0.000	10.432	(8.916)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	7.656	0.000	7.656	0.000
C. RETURNS FROM CUSTOMERS W/O CREDIT	217.193	0.000	0.000	217.193
D. RETURNS TO SUPPLIERS (-)	(7.147)	0.000	(1.998)	(5.149)
E. TRANSFERS TO PROP. DISPOSAL (-)	(83.623)	0.000	(6.327)	(77.296)
F. ISSUES/RECEIPTS W/O REIMBURSEMENT + or (-)	(130.008)	0.000	(6.543)	(123.465)
G. OTHER (list/explain)	40.835	(0.296)	41.131	0.000
H. TOTAL ADJUSTMENTS	46.422	(0.296)	44.351	2.367
6. INVENTORY EOP	1,431.009	64.365	756.467	610.177
7. INVENTORY EOP, REVALUED	1,208.477	53.036	623.325	532.116
A. ECONOMIC RETENTION (memo)				218.995
B. CONTINGENCY RETENTION (memo)				303.812
C. POTENTIAL DOD EXCESS (memo)				9.309
8. INVENTORY ON ORDER EOP (memo)	152.186	0.000	147.263	4.923
9. NARRATIVE:				
Other adjustments (Line 5G):	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
Other Gains/Losses	40.835	(0.296)	41.131	0.000
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
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Total	40.835	(0.296)	41.131	0.000

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
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STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	61.605	61.605	0.000
2. PRICE CHANGE	(0.929)	(0.929)	0.000
3. RECLASSIFICATION	60.676	60.676	0.000
4. INVENTORY CHANGES			
a. RECEIPTS @ STD	0.790	0.790	0.000
(1) PURCHASES	0.761	0.761	0.000
(2) RETURNS FROM CUSTOMERS	0.029	0.029	0.000
b. ISSUES @ STD	0.170	0.170	0.000
(1) SALES	0.000	0.000	0.000
(2) RETURNS TO SUPPLIERS	0.000	0.000	0.000
(3) DISPOSALS	0.170	0.170	0.000
c. ADJUSTMENTS @ STD	4.183	4.183	0.000
(1) CAPITALIZATIONS	(0.413)	(0.413)	0.000
(2) GAINS AND LOSSES	(3.999)	(3.999)	0.000
(3) OTHER	8.595	8.595	0.000
5. INVENTORY EOP	65.479	65.479	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 REINVESTMENT	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
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2014 BUDGET ESTIMATES
APRIL 2013
\$ IN MILLIONS
FY 2013

STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	65.479	65.479	0.000
2. PRICE CHANGE	0.231	0.231	0.000
3. RECLASSIFICATION	65.710	65.710	0.000
4. 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	(0.822)	(0.822)	0.000
(1) CAPITALIZATIONS	0.000	0.000	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	(0.822)	(0.822)	0.000
5. INVENTORY EOP	64.888	64.888	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 REINVESTMENT	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
NAVY WORKING CAPITAL FUND
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STOCKPILE STATUS

	TOTAL	WRM PROTECTED	WRM OTHER
1. INVENTORY BOP @ STD	64.888	64.888	0.000
2. PRICE CHANGE	(0.227)	(0.227)	0.000
3. RECLASSIFICATION	64.661	64.661	0.000
4. 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	(0.296)	(0.296)	0.000
(1) CAPITALIZATIONS	0.000	0.000	0.000
(2) GAINS AND LOSSES	0.000	0.000	0.000
(3) OTHER	(0.296)	(0.296)	0.000
5. INVENTORY EOP	64.365	64.365	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 REINVESTMENT	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