DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2015
BUDGET ESTIMATES

JUSTIFICATION OF ESTIMATES
MARCH 2014

NAVY WORKING CAPITAL FUND

INTENTIONALLY
BLANK

NAVY WORKING CAPITAL FUND (NWCF)

The Navy Working Capital Fund (NWCF) is a revolving fund that finances Department of the Navy activities providing products and services on a reimbursable basis, based on a customer-provider relationship between operating units and NWCF support organizations. Unlike for-profit commercial businesses, NWCF activities strive to break even over the budget cycle. The NWCF provides stabilized pricing to customers and acts as a shock-absorber to fluctuations in market prices. These fluctuations are recovered from customers in future years via rate changes. The NWCF is key to supporting the DoN's presence and posture through capability, capacity, and readiness.

NWCF activity groups comprise five primary areas: Supply Management, Depot Maintenance, Transportation, Research and Development, and Base Support. The wide range of goods and services provided by NWCF activities are crucial to the DoN's afloat and ashore readiness and maintaining a relevant industrial base. The value of goods and services provided by NWCF activities in FY 2015 is projected to be approximately $27.9 billion, as shown in Figure 1. The FY 2015 NWCF budget request reflects significant reduced operating costs and was a key enabler allowing the DoN to reinvest in high priority force structure requirements despite fiscal constraints.

Figure 1 - Summary of NWCF Costs

COST ***(In Millions of Dollars)***	**FY 2013**	**FY 2014**	**FY 2015**
Supply (Obligations)	6,879	6,994	6,609
Depot Maintenance - Aircraft	1,956	2,141	2,073
Depot Maintenance - Marine Corps	486	543	400
Transportation	2,736	2,789	2,691
Research and Development	11,976	12,875	12,822
Base Support	2,993	3,303	3,335
TOTAL	**27,027**	**28,644**	**27,930**

Supply Management

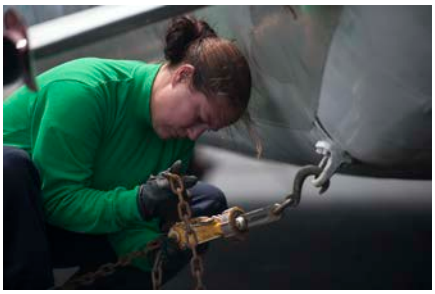
Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, repairables, and consumables to a wide variety of customers. Supply Management is the central element assuring afloat and ashore operating forces and their equipment have the necessary supplies, spare parts, and components to conduct military engagements, various types of training, and any potential contingency. Ensuring the right material is provided where it matters, when it matters, and at the right cost is vital to equipping and sustaining Navy and Marine Corps warfighting units. Supply Management also provides strong sailor and family support through contracting, resale, transportation, food service, and other quality of life programs. Costs related to supplying material to customers are recouped through stabilized rate recovery processes.

The FY 2015 Supply Management budget continues to reap the benefits of previous investments such as Navy Enterprise Resource Planning resulting in reduced overhead. The Marine Corps' implementation of the General Services Administration's Garrison Retail Supply Chain is significantly reducing USMC Supply Management retail operations, as indicated by reduced obligation authority in FY 2014 and FY 2015. Both Navy and Marine Corps Supply budget estimates balance cost reduction efforts with global operational requirements and are aimed at sustaining fleet capacity while maintaining relevant capability.

Depot Maintenance

The Fleet Readiness Centers (FRCs) and Marine Corps Depots perform depot maintenance functions to ensure repair, overhaul, and timely upgrades of the right types and quantities of weapons systems and support equipment in order to ensure our ability to rapidly respond to global crises. Work completed at the FRCs and Depots ensure, deployed and next-to-deploy units have the battle-ready items they need to train, fight, and win today while supporting the force to win tomorrow. Forward-deployed individuals perform time-critical repair and upgrade functions in-theater, alongside the service members they support.

Since current demand for naval forces exceed supply, the FRCs are essential for mobilization; repair of aircraft, engines, and components; and the manufacture of associated 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. Additionally, the FRCs overhaul and repair a wide range of equipment and components. FY 2015 workload reflects a minor decrease in anticipated reimbursable orders.

Workload shifts at the Marine Corps Depots in FY 2014 and FY 2015 include the decreasing strategic reset of the Marine Corps' ground equipment, such as tactical and combat vehicles, following sustained combat operations. This work requires extensive repair to bring equipment to a near zero miles/zero hours condition as part of the Marine Corps' larger reconstitution effort. The Marine Corps continues to assess how changing operations and force levels impact depot operations and overall sustainment strategies.

Transportation

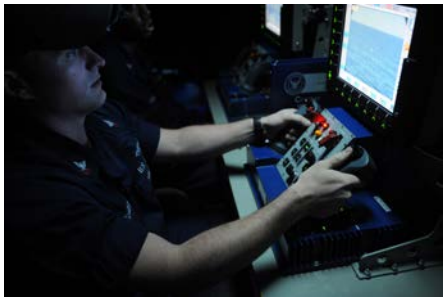
Over-ocean movement of supplies and provisions to the deployed operating forces is a primary focus of this group; it also maintains prepositioned equipment and supplies as well as other special mission services. These combine to support the Navy in deterring potential threats and promptly responding to crisis in the maritime crossroads.

Transportation is the responsibility of the Military Sealift Command (MSC) whose major clients include the Fleet Commanders for U.S. Pacific Fleet and United States Fleet Forces Command, and Naval Sea 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 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 which is a cooperative effort for a high-speed, shallow draft vessel intended for rapid intra-theater transport of medium sized cargo payloads.

Research and Development

Research and Development (R&D) includes the Warfare Centers and the Naval Research Laboratory. R&D activities are intrinsically 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 spanning from current fleet *Virginia* Class submarines to the future *Ohio* Replacement submarines. 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 evident through 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 continuously implement improvements focused first on delivering capability and then on building required capacity.



The R&D activities support logistics through the repair and maintenance of select items of operating forces weapons and equipment. This unique capability is leveraged when work is limited in scope, irregular in schedule and/or very specialized and, therefore, insufficient to warrant fully dedicated depot facilities or commercial source interests. Continued success in the logistics area is vital to ensuring the necessary mission capabilities of the operating forces sustaining our global presence.

- 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.
- 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). The FECs provide a broad range of services by ensuring that DoN and DoD facilities and installations have reliable access to utilities services such as electricity, water, steam, natural gas, vehicle and equipment services, facility support contracting oversight, and building/ facilities sustainment and recapitalization services. By utilizing network wide digital control and monitoring systems and increasing the use of alternative sources of energy (e.g. geothermal, ocean thermal, wind, solar, and wave), the FECs can support achieving facility energy and utility distribution system efficiencies and reducing the DON's overall energy consumption levels. The FECs FY 2015 budget reflects continued investments in energy focused efficiency. 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. These efforts are key toward improving operational energy efficiency and shore energy efficiency resulting in decreased risk to operational forces and reducing the impact of volatility in energy prices.

Because the Administration has not yet made final decisions about an enduring presence in Afghanistan after calendar year 2014, the Budget includes a placeholder for the Department of Defense's 2015 OCO funding. This number is a placeholder and appears solely for the purposes of estimating reimbursable rates and cash balances in DOD working capital fund activities.

(Dollars in millions)

New Orders:	**FY 2013**	**FY 2014**	**FY 2015**
Supply - Navy	5,865.2	5,945.2	6,182.5
Supply - Marine Corps	116.9	103.4	97.0
Depot Maintenance - Aircraft	1,954.2	2,107.3	2,064.3
Depot Maintenance - Marine Corps	428.1	569.7	296.2
R&D - Air Warfare Center	4,100.1	4,329.9	4,224.6
R&D - Surface Warfare Center	3,732.6	4,100.3	4,196.8
R&D - Undersea Warfare Center	1,037.7	1,018.7	1,005.3
R&D - SPAWAR Systems Center	2,256.4	2,419.4	2,367.6
R&D - Naval Research Laboratory	733.1	699.5	659.5
Transportation - MSC	3,015.2	2,507.0	2,597.2
Base Support - FECs	3,081.3	3,336.6	3,120.1
Base Support - EXWC	98.2	78.7	79.5
Totals	**26,419.1**	**27,215.9**	**26,890.6**

(Dollars in millions)

Revenue:	**FY 2013**	**FY 2014**	**FY 2015**
Supply - Navy	6,434.1	6,468.4	6,946.1
Supply - Marine Corps	116.7	107.5	99.0
Depot Maintenance - Aircraft	1,934.5	2,135.5	2,086.8
Depot Maintenance - Marine Corps	474.1	543.1	400.6
R&D - Air Warfare Center	4,005.6	4,417.2	4,305.3
R&D - Surface Warfare Center	3,799.8	4,093.8	4,197.6
R&D - Undersea Warfare Center	1,061.5	997.8	1,013.3
R&D - SPAWAR Systems Center	2,403.1	2,516.0	2,503.4
R&D - Naval Research Laboratory	750.2	730.7	689.4
Transportation - MSC	3,002.0	2,507.0	2,597.2
Base Support - FECs	3,084.0	3,314.0	3,107.7
Base Support - EXWC	92.0	84.1	86.8
Totals	**27,157.6**	**27,915.2**	**28,033.2**

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

Operating Costs	FY 2013	FY 2014	FY 2015
Supply - Navy (Obligations)	6,775.0	6,885.7	6,514.2
Supply - Marine Corps (Obligations)	103.7	108.2	94.4
Depot Maintenance - Aircraft	1,956.5	2,140.6	2,073.3
Depot Maintenance - Marine Corps	486.0	543.1	399.8
R&D - Air Warfare Center	3,995.2	4,405.6	4,334.2
R&D - Surface Warfare Center	3,784.6	4,194.2	4,221.7
R&D - Undersea Warfare Center	1,052.9	1,021.0	1,010.5
R&D - SPAWAR Systems Center	2,392.6	2,526.0	2,518.3
R&D - Naval Research Laboratory	750.9	728.1	737.4
Transportation - MSC	2,735.7	2,788.6	2,690.7
Base Support - FECs	2,901.8	3,218.1	3,247.9
Base Support - EXWC	91.6	84.9	87.0
Totals	**27,026.4**	**28,644.3**	**27,930.4**

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

(Dollars in millions)

Net Operating Results	FY 2013	FY 2014	FY 2015
Supply - Navy	(30.5)	(24.8)	(59.4)
Supply - Marine Corps	(3.6)	(4.3)	4.9
Depot Maintenance - Aircraft	(22.0)	(5.1)	13.5
Depot Maintenance - Marine Corps	(15.4)	(1.3)	0.8
R&D - Air Warfare Center	9.6	11.5	(29.0)
R&D - Surface Warfare Center	15.5	(100.4)	(24.1)
R&D - Undersea Warfare Center	7.6	(23.2)	2.8
R&D - SPAWAR Systems Center	8.7	(11.5)	(14.9)
R&D - Naval Research Laboratory	(0.8)	2.6	(48.0)
Transportation - MSC	250.0	(283.8)	(93.5)
Base Support - FECs	182.1	95.8	(140.2)
Base Support - EXWC	0.5	(0.8)	(0.2)
Totals	**401.8**	**(345.3)**	**(387.2)**

	(Dollars in millions)		
Accumulated Operating Results:	**FY 2013**	**FY 2014**	**FY 2015**
Supply - Navy	84.2	59.4	0.0
Supply - Marine Corps	(0.6)	(4.9)	0.0
Depot Maintenance - Aircraft	(8.4)	(13.5)	0.0
Depot Maintenance - Marine Corps	0.5	(0.8)	0.0
R&D - Air Warfare Center	17.4	29.0	0.0
R&D - Surface Warfare Center	124.5	24.1	0.0
R&D - Undersea Warfare Center	20.4	(2.8)	0.0
R&D - SPAWAR Systems Center	26.3	14.9	0.0
R&D - Naval Research Laboratory	45.4	48.0	0.0
Transportation - MSC	377.3	93.5	0.0
Base Support - FECs	44.4	140.2	0.0
Base Support - EXWC	1.0	0.2	0.0
Totals	**732.5**	**387.2**	**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:

Workload	**FY 2014**	**FY 2015**
Supply - Navy	-1.0%	7.8%
Supply - Marine Corps	-10.5%	-7.8%
Depot Maintenance - Aircraft	11.6%	-4.1%
Depot Maintenance - Marine Corps	17.3%	-28.0%
R&D - Air Warfare Center	1.1%	-0.3%
R&D - Surface Warfare Center	1.3%	-0.3%
R&D - Undersea Warfare Center	2.6%	-1.0%
R&D - SPAWAR Systems Center	-0.6%	-1.5%
R&D - Naval Research Laboratory	4.3%	0.0%
Transportation - MSC	0.4%	-7.8%
Base Support - FECs	10.9%	0.9%
Base Support - EXWC	-4.5%	1.1%

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)

Treasury Cash	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	**1,334.6**	**1,458.2**	**1,002.8**
Collections	26,928.6	28,413.7	28,018.3
Disbursements	26,867.0	28,551.2	28,435.2
Consumable Item Transfer	62.3	124.1	93.4
Congressional Transfer	0.0	(442.0)	0.0
Ending Cash Balance	**1,458.2**	**1,002.8**	**679.3**
Days of Cash	**12.7**	**8.5**	**5.7**
10 days of cash	**1,146.8**	**1,183.5**	**1,192.9**
7 days of cash	**829.3**	**857.1**	**865.3**

FY 2014 funding reflects the Navy's plan to request a $442M reprogramming from NWCF into OMN per General Provision 8140 of the FY 2014 Consolidated Appropriations Act.

Customer Rate Changes:
Approved composite rate changes from FY 2012 to FY 2013 and from FY 2013 to FY 2014 are displayed below. Composite rate changes from FY 2014 to FY 2015 (designed to achieve an accumulated operating result of zero) are as follows:

	(Percent Change)		
Customer Rate Change	**FY 2013**	**FY 2014**	**FY 2015**
Supply:			
Navy - Aviation Consumables	-4.2%	0.2%	5.3%
Navy - Shipboard Consumables	1.0%	-0.1%	5.1%
Navy - Aviation Repairables	3.4%	-0.6%	0.1%
Navy - Shipboard Repairables	1.0%	2.6%	5.1%
MARCORPS Repairables	-2.9%	-0.9%	5.4%
Depot Maintenance - Aircraft	0.2%	0.2%	0.1%
Depot Maintenance - Marine Corps	3.1%	-2.8%	3.2%
R&D - Air Warfare Center	2.5%	1.9%	1.1%
R&D - Surface Warfare Center	2.8%	0.3%	2.9%
R&D - Undersea Warfare Center	1.3%	-0.8%	3.4%
R&D - SPAWAR Systems Center	1.6%	1.9%	1.3%
R&D - Naval Research Laboratory	0.4%	1.8%	-6.3%
Transportation - MSC			
Combat Logistics Force	11.7%	-7.6%	8.1%
Special Mission Ships	17.2%	-38.4%	-2.6%
Afloat Prepositioning Ships	-17.5%	-20.5%	27.8%
Service Support Ships	N/A	N/A	36.0%
Joint High Speed Vessels	-6.4%	N/A	N/A
Base Support - FECs			
East Coast Utilities	10.4%	-8.4%	-0.5%
East Coast - Other	1.8%	-6.3%	-1.0%
West Coast Utilities	13.8%	24.7%	-15.2%
West Coast - Other	1.8%	-5.2%	0.1%
Base Support - EXWC	1.3%	-0.1%	0.7%

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

Unit Cost	FY 2013	FY 2014	FY 2015
Supply - Navy (cost per unit of sales[1]):			
Wholesale	$1.070	$1.082	$0.922
Retail	$0.978	$1.001	$1.001
Supply - Marine Corps (cost per unit of sales[1]):			
Wholesale	$0.888	$1.008	$0.953
Retail	$0.944	$1.000	$0.973
Depot Maintenance - Aircraft ($/Direct Labor Hour)	$196.34	$191.89	$193.81
Depot Maintenance - Marine Corps ($/Direct Labor Hour)	$125.67	$119.58	$122.26
R&D - Air Warfare Center ($/Direct Labor Hour[2])	$105.66	$106.31	$106.50
R&D - Surface Warfare Center ($/Direct Labor Hour[2])	$99.46	$101.73	$99.80
R&D - Undersea Warfare Center ($/Direct Labor Hour[2])	$99.54	$100.40	$98.40
R&D - SPAWAR Systems Center ($/Direct Labor Hour[2])	$104.97	$108.41	$108.66
R&D - Naval Research Laboratory ($/Direct Labor Hour[2])	$146.22	$143.69	$144.89
Transportation - MSC			
Combat Logistics Force ($/day)	$115,226.00	$112,615.00	$121,757.00
Special Mission Ships ($/day)	$64,862.00	$36,665.00	$35,713.00
Afloat Prepositioning Ships ($/day)	$60,274.00	$49,277.00	$62,979.00
Service Support Ships ($/day)	$0.00	$63,117.00	$86,033.00
Joint High Speed Vehicles	$59,926.00	$0.00	$0.00
Base Support - FECs Cost of Services	Various	Various	Various
Base Support - EXWC ($/direct Labor Hour[2])	$90.34	$100.94	$97.49

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

[2] *includes direct labor plus overhead costs*

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

(Strength in Whole Numbers)

Civilian End Strength	FY 2013	FY 2014	FY 2015
Supply - Navy	6,450	7,015	7,052
Supply - Marine Corps	26	26	26
Depot Maintenance - Aircraft	8,441	8,442	8,442
Depot Maintenance - Marine Corps	1,810	2,056	1,891
R&D - Air Warfare Center	13,328	13,211	13,211
R&D - Surface Warfare Center	15,968	15,481	15,207
R&D - Undersea Warfare Center	4,577	4,722	4,541
R&D - SPAWAR Systems Center	7,818	7,618	7,617
R&D - Naval Research Laboratory	2,428	2,585	2,585
Transportation - MSC	6,662	6,747	6,597
Base Support - FECs	9,616	10,180	10,122
Base Support - EXWC	396	402	402
Totals	**77,520**	**78,485**	**77,693**

(Workyears in Whole Numbers)

Civilian Workyears	FY 2013	FY 2014	FY 2015
Supply - Navy	6,192	7,010	7,047
Supply - Marine Corps	26	26	26
Depot Maintenance - Aircraft	8,371	8,630	8,630
Depot Maintenance - Marine Corps	1,858	2,090	1,891
R&D - Air Warfare Center	12,968	12,963	12,963
R&D - Surface Warfare Center	15,655	15,346	15,314
R&D - Undersea Warfare Center	4,481	4,683	4,453
R&D - SPAWAR Systems Center	7,590	7,530	7,528
R&D - Naval Research Laboratory	2,389	2,490	2,490
Transportation - MSC	8,995	9,077	8,649
Base Support - FECs	9,558	10,106	10,049
Base Support - EXWC	382	401	395
Totals	**78,465**	**80,352**	**79,435**

(Strength in Whole Numbers)

Military End Strength	**FY 2013**	**FY 2014**	**FY 2015**
Supply - Navy	364	364	365
Supply - Marine Corps	0	0	0
Depot Maintenance - Aircraft	121	121	123
Depot Maintenance - Marine Corps	13	10	11
R&D - Air Warfare Center	188	193	202
R&D - Surface Warfare Center	197	171	185
R&D - Undersea Warfare Center	36	42	42
R&D - SPAWAR Systems Center	80	82	82
R&D - Naval Research Laboratory	48	58	59
Transportation - MSC	307	170	163
Base Support - FECs	78	80	80
Base Support - EXWC	3	3	3
Totals	**1,435**	**1,294**	**1,315**

(Workyears in Whole Numbers)

Military Workyears	**FY 2013**	**FY 2014**	**FY 2015**
Supply - Navy	364	364	365
Supply - Marine Corps	0	0	0
Depot Maintenance - Aircraft	114	121	123
Depot Maintenance - Marine Corps	13	10	11
R&D - Air Warfare Center	164	162	171
R&D - Surface Warfare Center	194	175	186
R&D - Undersea Warfare Center	37	39	39
R&D - SPAWAR Systems Center	80	82	82
R&D - Naval Research Laboratory	53	58	59
Transportation - MSC	365	182	163
Base Support - FECs	73	80	80
Base Support - EXWC	6	3	3
Totals	**1,463**	**1,276**	**1,282**

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 servies 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.				

Capital Investment Program (CIP):

The Capital Investment Program (CIP) within the NWCF establish the capability for reinvestment in the infrastructure of business areas to improve product and service quality and timeliness, reduce costs, and foster state-of-the-art business operations. The CIP provides the framework for planning, coordinating, and controlling NWCF resources and expenditures to obtain capital assets. Included in the capital budget are the following types of assets: automated data processing equipment (ADPE); non-ADPE equipment; automated data processing software, whether internally or externally developed; and minor construction. The capital budget justifies the purchase of assets with a unit cost that is greater than or equal to $250,000 and have a useful life of two or more years.

The table below shows a summary of the NWCF capital budget.

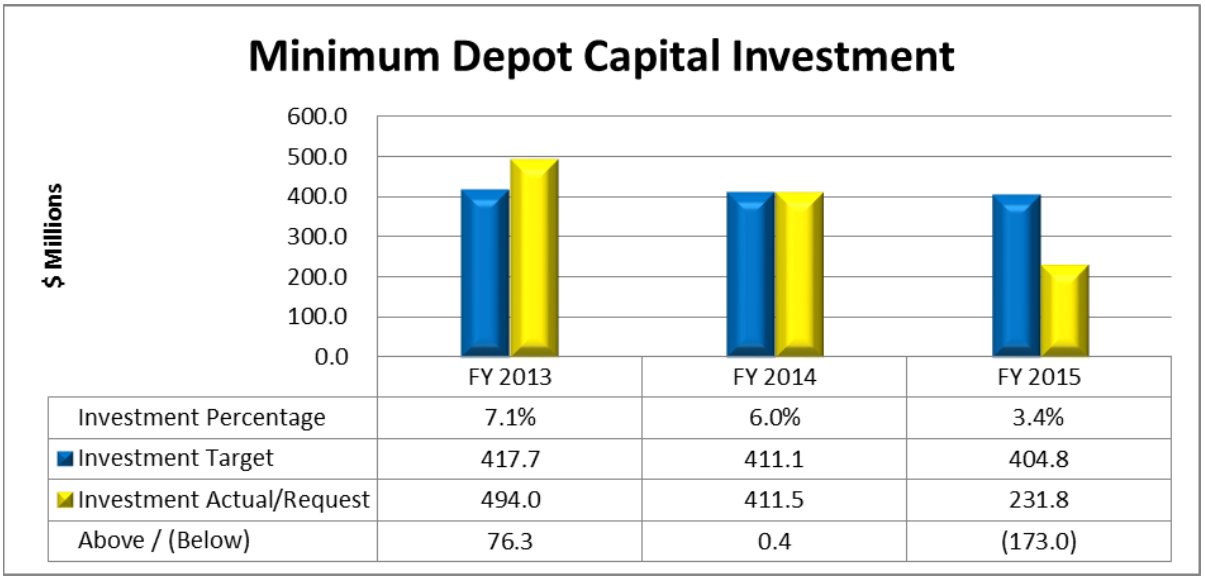
(Dollars in Millions)

Capital Investment Program	FY 2013	FY 2014	FY 2015	Chg FY 14/15
Supply - Navy	2.0	5.0	5.0	0.0
Supply - Marine Corps	0.0	0.0	0.0	0.0
Depot Maintenance - Aircraft	41.9	45.4	36.4	(9.0)
Depot Maintenance - Marine Corps	8.4	10.0	8.5	(1.5)
R&D - Air Warfare Center	46.0	41.9	41.9	0.0
R&D - Surface Warfare Center	33.6	38.3	39.3	1.1
R&D - Undersea Warfare Center	15.8	13.3	14.3	1.0
R&D - SPAWAR Systems Center	5.5	9.7	8.9	(0.8)
R&D - Naval Research Laboratory	11.0	17.6	17.3	(0.2)
Transportation - MSC	10.7	11.5	11.5	0.0
Base Support - FECs	16.8	17.1	15.5	(1.6)
Base Support - EXWC	0.0	0.0	0.0	0.0
Totals	**191.8**	**209.8**	**198.6**	**(11.1)**

Depot Maintenance Six Percent Capital Investment Plan:

A 6% minimum annual capital investment in the following Depot Activities; Shipyards, Fleet Readiness Centers (FRCs) and USMC Depots is mandated by 10 USC Sec. 2476. Although, the Navy has historically met the minimum capital investment, FY 2015 funding reflects a $173M shortfall to the requirement. The DoN is continuing to sustain and recapitalize Depot Maintenance Activities infrastructure and is committed to maintaining a relevant industrial base. Furthermore, the most critical deficiencies are being addressed despite current fiscal constraints. This level of funding presents an acceptable level of risk and is based on DoN funding priorities. Figure 2 shows DON's capital investments in depots.

Figure 2 - Depot Capital Investments



	FY 2013	FY 2014	FY 2015
Investment Percentage	7.1%	6.0%	3.4%
Investment Target	417.7	411.1	404.8
Investment Actual/Request	494.0	411.5	231.8
Above / (Below)	76.3	0.4	(173.0)

TAB 1 - Fleet Readiness Centers

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Mission Statement / Overview:

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. Work completed at the FRCs ensure, deployed and next-to-deploy units have the battle-ready items they need to train, fight, and win today while supporting the force to win tomorrow.

Activity Group Composition:

Activities	Location
FRC, EAST	Cherry Point, NC
FRC, SOUTHEAST	Jacksonville, FL
FRC, SOUTHWEST	San Diego, CA

Significant Changes Since the FY 2014 President's Budget:

The budget estimates for FY 2014 and FY 2015 reflect cost reduction efforts such as reduced facilities sustainment and the achievement of civilian personnel end strength targets.

Anticipated Overseas Contingency Operations Orders are included in the budget calculation, resulting in reduced rates.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Orders	$1,954.2	$2,107.3	$2,064.3
Revenue	$1,934.5	$2,135.5	$2,086.8
Expense	$1,956.5	$2,140.6	$2,073.3
Operating Results	($22.0)	($5.1)	$13.5
Capital Surcharge	$0.0	$0.0	$0.0
Net Operating Results (NOR)	($22.0)	($5.1)	$13.5
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	($8.4)	($13.5)	$0.0

Some totals may not add due to rounding.

Orders, Revenue and Expense:
In order to ensure achievement of zero AOR in FY 2015, manpower estimates have been updated from the FY 2014 President's Budget to reflect all known pricing and program/workload assumptions.

Orders- New reimbursable orders show modest changes between fiscal years.

Revenue- Revenue for FY 2013, FY 2014, and FY 2015 is consistent with updated estimates of new reimbursable orders.

Expense (Cost of Goods & Services Sold)- Cost of Goods and Services Sold for FY 2013, FY 2014, and FY 2015 is consistent with updated estimates of new reimbursable orders and revenue.

Net Operating Results- NOR for FY 2013, FY 2014, and FY 2015 is -$22.0M, -$5.1M, and $13.5M, respectively. FY 2013 NOR reflects impacts of sequestration. FY 2014 NOR is impacted by a slight reduction in new reimbursable orders and associated revenue since the 2014 President's Budget submission. FY 2015 NOR is a result of stabilized rates set to achieve zero AOR.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Collections/Disbursements/Outlays ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Collections	$1,932.7	$2,135.9	$2,088.5
Disbursements	$2,015.1	$2,140.1	$2,100.0
Outlays	$82.4	$4.2	$11.5

Some totals may not add due to rounding.

Collections: FY 2013 reflects actuals while FY 2014 and FY 2015 reflect expected revenue based on current estimates.

Disbursements: FY 2013 reflects actuals while FY 2014 and FY 2015 represent budgeted expenses and Capital Investment Program (CIP) outlays adjusted for changes in accounts payable.

Workload:

Direct Labor Hours (000):	**FY 2013**	**FY 2014**	**FY 2015**
Current Estimate	9,998	11,154	10,697

Direct labor hours in FY 2013 were low due to impacts of Sequestration including furlough and the hiring freeze.

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

Unit Cost:	**FY 2013**	**FY 2014**	**FY 2015**
Total Stabilized Cost ($Millions)	$1,963.0	$2,140.4	$2,073.3
Workload (DLHs) (000)	9,998	11,154	10,697
Unit cost (per DLH)	$196.34	$191.89	$193.81

Unit Cost: The Unit Cost rate remains fairly stable.

Stabilized / Composite Rates:	**FY 2013**	**FY 2014**	**FY 2015**
Stabilized / Composite Hourly Rate	$193.26	$198.18	$198.45
Change from Prior Year		$4.92	$0.27
Composite Rate Change		2.55%	0.14%

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Staffing:

Civilian/Military ES & Workyears:	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	8,441	8,442	8,442
Civilian Workyears (straight time)	8,371	8,630	8,630
Military End Strength	121	121	123
Military Workyears	114	121	123
Contractor Workyears	1,000	1,312	893

Civilian Personnel: The civilian personnel profile is stable and meets assigned end strength targets.

Military Personnel: The military personnel profile is relatively stable. The additional 2 military in FY 2015 are due to a slight increase isolated to FRC-East based on 3-year average end strength and associated fill rates.

Summary of Workload Indicators:
(Inducted Units)

	FY 2013	**FY 2014**	**FY 2015**
AIRFRAMES	**457**	**528**	**471**
O&M,N	400	476	411
O&M,NR	20	21	27
RDT&E,N	14	12	17
Other	23	19	16
ENGINES	**1,569**	**1,320**	**1,652**
O&M,N	1,445	1,263	1,586
O&M,NR	6	7	20
RDT&E,N	12	12	12
Other	106	38	34

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Performance Indicators:

		(Units)		
	Goal	**FY 2013**	**FY 2014**	**FY 2015**
Aircraft Completed		422	446	427
Aircraft Completed on Time		380	401	384
% Scheduled Work Completed on Time	90%	90%	90%	90%
Components Completed		27,198	43,977	43,977
Components Completed on Time		25,838	41,778	41,778
% Scheduled Work Completed on Time	95%	95%	95%	95%
Engines Completed		1,597	1,129	1,507
Engines Completed on Time		1,469	1,038	1,386
% Scheduled Work Completed on Time	92%	92%	92%	92%

FY 2015 planned work and goals are consistent with historical performance.

Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Equipment, Non-ADP / Telecom	$38.3	$41.7	$32.0
Equipment, ADPE / Telecom	$1.0	$0.5	$0.0
Software Development	$0.0	$0.0	$0.0
Minor Construction	$2.6	$3.2	$4.4
Total	$41.9	$45.4	$36.4

Some totals may not add due to rounding.

The Capital Investment Program assists the FRCs in achieve their mission by reinvesting in plant equipment and facilities. Included in the capital budget are the following types of assets: automated data processing equipment (ADPE); non-ADPE equipment; automated data processing software, whether internally or externally developed; and minor construction.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE – FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Carryover Compliance ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Net Carry-In	$1,044.4	$1,063.2	$1,034.9
Allowable Carryover	$941.0	$1,080.4	$1,047.9
Calculated Actual Carryover	$943.8	$918.0	$901.5
Delta (Actual - Allowable): Above Ceiling (+) / Below Ceiling (-)	$2.8	($162.4)	($146.4)

Some totals may not add due to rounding.

Sequestration and associated furloughs and restricted hiring resulted in increased FY 2013 carryover.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	1,898.6	2,099.3	2,050.2
Capital Surcharges	0.0	0.0	0.0
Depreciation	35.9	36.2	36.6
Other Income			
Total Income	1,934.5	2,135.5	2,086.8
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	9.9	10.0	10.1
Civilian Personnel Compensation & Benefits	777.1	808.7	805.0
Travel and Transportation of Personnel	9.9	21.6	18.7
Material & Supplies (Internal Operations)	558.8	641.0	645.1
Equipment	264.6	262.3	274.2
Other Purchases from NWCF	14.5	16.7	16.2
Transportation of Things	3.8	2.2	1.2
Depreciation - Capital	35.9	36.2	36.6
Printing and Reproduction	1.2	1.4	1.4
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	44.0	43.2	40.4
Other Purchased Services	243.4	297.1	224.4
Total Expenses	1,963.0	2,140.4	2,073.3
Work in Process Adjustment	(5.7)	0.3	0.0
Comp Work for Activity Retention Adjustment	(0.9)	0.0	0.0
Cost of Goods Sold	1,956.5	2,140.6	2,073.3
Operating Result	(22.0)	(5.1)	13.5
Adjustments Affecting NOR	0.0	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	0.0	0.0	0.0
Net Operating Result	(22.0)	(5.1)	13.5
PY AOR	13.6	(8.4)	(13.5)
TOTAL AOR	(8.4)	(13.5)	0.0
Non-Recoverable Adjustments impacting AOR	0.0	0.0	0.0
AOR for budget purposes	(8.4)	(13.5)	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	1,954.2	2,107.3	2,064.3
a. Orders from DoD Components:	1,229.5	1,331.0	1,281.5
Department of the Navy	1,202.1	1,304.8	1,257.2
O & M, Navy	884.8	974.1	959.3
O & M, Marine Corps	0.3	0.1	0.2
O & M, Navy Reserve	24.3	26.0	32.8
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	261.8	275.9	233.9
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	1.2	0.9	1.1
Shipbuilding & Conversion, Navy	3.2	2.3	1.5
Other Procurement, Navy	1.8	1.4	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	24.7	24.1	27.1
Military Construction, Navy	0.0	0.0	0.0
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	0.7	3.0	3.0
Army Operation & Maintenance	0.2	0.3	0.4
Army Res, Dev, Test, Eval	0.1	2.5	2.4
Army Procurement	0.4	0.2	0.2
Army Other	0.0	0.0	0.0
Department of the Air Force	25.2	15.1	13.2
Air Force Operation & Maintenance	20.5	12.3	10.5
Air Force Res, Dev, Test, Eval	1.8	0.0	0.0
Air Force Procurement	2.9	2.8	2.7
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	1.6	8.1	8.1
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	0.5	0.7	0.8
Res, Dev, Test & Eval Accounts	0.2	1.8	1.8
Procurement Accounts	0.9	5.6	5.6
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	580.4	647.4	645.8
c. Total DoD	1,809.9	1,978.4	1,927.3
d. Other Orders:	144.3	128.8	137.1
Other Federal Agencies	21.3	9.9	12.6
Foreign Military Sales	46.0	26.2	25.7
Non Federal Agencies	76.9	92.7	98.9
2. Carry-In Orders	1,044.4	1,063.2	1,034.9
3. Total Gross Orders	2,998.6	3,170.4	3,099.2
a. Funded Carry-Over before Exclusions	1,063.2	1,034.9	1,012.4
4. Revenue(-)	1,934.5	2,135.5	2,086.8
5. End of Year Work-In-Process (-)	22.3	22.0	22.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	98.0	95.9	89.9
7. Funded Carryover	943.8	918.0	901.5

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Actuals	**1,956.5**
FY 2014 President's Budget:	**2,161.2**
Estimated Impact in FY 2014 of Actual FY 2013 Experience:	**0.0**
Pricing Adjustments:	**-0.7**
Civilian Personnel	0.0
Fuel Price	0.0
General Purchase Inflation	-0.7
Program Changes:	**-11.6**
Airframes work	34.2
Engines work	31.4
Components work	-64.9
Other Support work	-12.6
Modification work	-16.8
Logistics/Engineering work	17.1
Other Changes:	**-8.3**
Depreciation	-9.1
Facilities Sustainment, Restoration & Modernization	1.7
Other	**-0.9**
Indirect Travel	-0.1
Indirect Training	-0.8
FY 2014 Current Estimate:	**2,140.6**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Current Estimate:	**2,140.6**
Pricing Adjustments:	**13.5**
Annualization of Prior Year Pay Raises	**2.3**
Civilian Personnel	2.3
Military Personnel	0.0
FY 2015 Pay Raise	**5.7**
Civilian Personnel	5.6
Military Personnel	0.1
Fuel Price Changes	0.1
General Purchase Inflation	5.4
Other Price Changes	**0.0**
Productivity Initiatives and Other Efficiencies:	**0.0**
Program Changes:	**-69.2**
Airframes work	-48.9
Engines work	-10.4
Components work	3.5
Other Support work	-4.8
Modification work	5.9
Logistics/Engineering work	-14.5
Other Changes:	**-11.6**
Depreciation	0.3
Facilities Sustainment, Restoration & Modernization	-3.6
Other	**-8.3**
Defense Finance and Accounting Services (DFAS)	-1.0
Next Generation Enterprise Network (NGEN) contract	-7.3
FY 2015 Estimate:	**2,073.3**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**31**	**$38.287**	**36**	**$41.708**	**30**	**$32.040**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	1	$2.665	0	$0.000	1	$0.540
	- Installation Security	1	$0.300	2	$0.625	0	$0.000
	- Quality Control/Testing	5	$2.315	5	$10.420	10	$7.393
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	12	$13.557	17	$19.238	12	$16.637
	- Support Equipment	12	$19.450	12	$11.425	7	$7.470
2	**ADPE and Telecom Equipment >= $.250M**	**2**	**$1.000**	**1**	**$0.450**	**0**	**$0.000**
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Hardware (Network)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	2	$1.000	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	0	$0.000	0	$0.000
	- Other Support Equipment	0	$0.000	1	$0.450	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Internally Developed	0	$0.000	0	$0.000	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $.750M)**	**7**	**$2.632**	**11**	**$3.235**	**13**	**$4.400**
	- Replacement Capability	7	$2.632	11	$3.235	12	$4.200
	- New Construction	0	$0.000	0	$0.000	1	$0.200
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**40**	**$41.919**	**48**	**$45.393**	**43**	**$36.440**
	Total Capital Outlays		**$34.457**		**$41.247**		**$41.832**
	Total Depreciation Expense		**$35.862**		**$36.241**		**$36.559**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				MARCH 2014					
Department of the Navy/ Depot Maintenance	#001 - Non-ADP Equipment						Fleet Readiness Centers		
	FY 2013			FY 2014			FY 2015		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0	0	$0	0	0	$0	0	0	$0
Material Handling	1	2,665	$2,665	0	0	$0	1	540	$540
Installation Security	1	300	$300	2	313	$625	0	0	$0
Quality Control/ Testing	5	463	$2,315	5	2,084	$10,420	10	739	$7,393
Medical Equipment	0	0	$0	0	0	$0	0	0	$0
Machinery	12	1,130	$13,557	17	1,132	$19,238	12	1,386	$16,637
Support Equipment	12	1,621	$19,450	12	952	$11,425	7	1,067	$7,470
Total	31	1,235	$38,287	36	1,159	$41,708	30	1,068	$32,040

Justification:

MATERIAL HANDLING APPLIES TO ALL EQUIPMENT <$1M / INSTALLATION SECURITY 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 , V-22 Osprey and the CH-46 Sea Knight.
2) 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 material handling equipment includes load stackers, rack systems, and material handling systems. Replacement of this equipment will continue to allow the FRCs to maintain depot infrastructure and capability to achieve their individual missions.
3) Project analyses have been performed as applicable.
4) There are no savings or cost avoidances.
5) If the equipment is not replaced the FRCs would lose the capability to perform their mission.

PROJECTS ABOVE $1M:

FY 2013

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

The purpose of this project 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 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 and delays provision of aircraft kits and parts to the shops for assembly. In turn, product turn-around-time and cost are always impacted. Eventual failure beyond repair is inevitable and perhaps imminent.

CONTINUE ON NEXT PAGE

QUALITY CONTROL/ TEST 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, V-22 Osprey, and the CH-46 Sea Knight.

2) 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 quality control/testing equipment includes scanning electron microscopes, eddy current inspection systems, a vacuum test chamber, a non-destructive inspection system, a glow discharge spectrometer, and a portable inspection & reverse engineering system. Replacement of this equipment will continue to allow the FRCs to maintain depot infrastructure and capability to achieve their individual missions.

3) Project analyses have been performed as applicable.

4) There are no savings or cost avoidances.

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

PROJECTS ABOVE $1M:

FY 2014

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 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 FRCs 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 reduce the maintenance and engineering support. 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.

UPGRADE MK IV AUXILIARY POWER UNIT/GAS TURBINE TEST CELL (APU/GTC) TEST CELL - FRCE:

This project proposes to upgrade the Mark IV APU/GTC mobile test cell by integrating the testing capabilities into the upgraded APU/GTCs test cells. In addition, the upgrade will include a cradle adapter assembly, a hoist and trolley system, and engine test carts. The existing test cell has several safety and environmental concerns, as well as broken and obsolete parts. Test cell is requiered to maintain production. Platform Supported: AV-8B.

UPGRADE RADAR RANGES - FRCSE:

Upgrade existing radar ranges in Building 168A. Project will upgrade the electronic systems and controls of these radar ranges. These ranges will process 335 units in FY13 and an estimated 368 units in FY14, consisting of APS-115 Radar, ALR-67 EAD, and AC6-B radomes. The existing equipment was originally purchased and installed at Norfolk in 1987, then moved to Jacksonville in 1996. A partial upgrade of the radome range controls was completed approximately 10 years ago. Obtaining the proper resolution for testing modern radomes is difficult to achieve. Replacement of the antiquated electronics will improve supportability and reliability of the radar ranges. The Original Equipment Manufacturer (OEM) is the only source of repair left. They have indicated that there are many parts they no longer produce and are not able to properly repair.

CONTINUE ON NEXT PAGE

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 refurbish 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. The current process is manual with the exception of automation for the emulsifier dwell, the oven temperature, and the developer 'cloud'. The large, heavy parts pulled through the current system manually have contributed to six (6) OSHA recordable injuries since FY11. The upgrade will include modifications to drip pans and conveyor turns to address safety and environmental issues. It will also include automation that will mitigate pulling of parts by operator and reduce variation in the process for penetrate application, emulsifier application, penetrate dwell time, and part wash. This project will also increase efficiency through the use of inspection spurs that allow a single inspector access to the entire part and allow other parts to go by while one part is being inspected reducing bottle-neck time.

FY 2015

UPGRADE AUXILIARY POWER UNIT/GAS TURBINE TEST CELL (APU/GTC) CARTS/CARRIERS - FRCE:

This project proposes to upgrade the APU/GTC Carts and Carriers located in building 137 shop 94404. The upgrade will replace with all new mechanical and electrical hardware, wiring, hoses, connectors, and other components critical for the carts and carriers. The existing carts are over 30 years old and have numerous leaks, presenting safety , environmental, and productivity concerns. Failure to upgrade will ultimately lead to a loss of capability for multiple platforms. Platforms Supported: FA-18, H-46, H-47, H-53, H-60, KC-135, LCAC, P-3 and V-22.

REPLACE COORDINATE MEASUREMENT MACHINE (CMM) - FRCE:

The purpose of this project is to replace a 1990 Zeiss CMM in the Precision Measurement Center (PMC). The existing machine is approximately 23 years old, and parts are obsolete. The PMC has requested a new high precision CMM equal to or better than the existing Zeiss CMM. This machine will support critical measurements in support of the V-22, H-60, H-1, AV-8B, H-53 and H-46 programs, such as first article inspection, prototype, crash investigations, and reverse engineering. Engine programs supported include F402, T58, T64, T400, and T700.

REPLACE FUEL ACCESSORIES TEST STAND - FRCSE:

This project proposes to replace an existing, antiquated fuel accessories test stand with a new semi-automated, multi-station test stand capable of testing F404/F414/TF34 fuel accessories and sub-components. This will include fuel actuators, fuel flow transmitters, fuel control sub-assemblies, and fuel nozzles that currently operate with high-pressure fuel requirements. The existing test stand is 25 year old technology and prone to downtime. It is difficult to acquire replacement parts due to of obsolescence. Since there are multiple components tested over this stand, maintenance downtime issues create delays which often lead to backorder deliveries to the Warfighter. There have been numerous fuel flow indication issues stemming from glitches in the antiquated electronics, and test results become questionable as the indications are subjective when they are erratic across the scale. Because of the age of the existing test stand, the internal rubber hoses have become dry-rotted and cracked, leading to occasional failures. If a leak is not immediately caught, large volumes of calibration fluid will flood the room. This creates both a safety and environmental concern.

CONTINUE ON NEXT PAGE

MACHINERY 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, V-22 Osprey, and the CH-46 Sea Knight.
2) 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 machinery includes a water knife, two lathes, a prototyping system, and a grinder. Replacement of this equipment will continue to allow the FRCs to maintain depot infrastructure and capability to achieve their individual missions.
3) Project analyses have been performed as applicable.
4) There are no savings or cost avoidances.
5) If the equipment is not replaced the FRCs would lose the capability to perform their mission.

PROJECTS ABOVE $1M:
FY 2013
REPLACE VERTICAL LATHE (BULLARD 66" VTL) - FRCE:
The purpose of this project is to replace the Bullard 46" Vertical Turning Lathe (VTL) 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 is currently operable but 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 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 3 AXIS MILLS - FRCE:
This project proposes to replace (3) Fadals with (3) new 3-axis milling machines in shop 93552. 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 for the AV-8B, H-1, H-46, H-53, and V-22 programs.

CONTINUE ON NEXT PAGE

REPLACE TUBE BENDERS (2) - FRCE:

This project will replace two Tube Bending Machines located in shop 93553. 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. One of the existing machines goes down at least two to three times a month, while the other has been down for over one and half years. Back-up machine is limited to what it can process due to 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.

REPLACE COMPUTER NUMERICAL CONTROLLED (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 machines are worn and will not allow the table motion to be true perpendicular to the grinding wheel head. Electronic components are no longer available and part precision is compromised. These failures stem from electronic components and the inability to hold critical tolerance. An engineering "best guess" as to the remaining useful life of the existing grinders ranges from 1-2 years.

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 Computer Numerical Controlled (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 cannot be 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 SURFACE GRINDER - FRCSE:

Replace a 1968 Madison surface grinder, used in the Tool and 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. It will also 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 engines, FA-18, H-60 including wing fixtures, jet engine case holding fixtures, and raw forging holding fixtures.

CONTINUE ON NEXT PAGE

FY 2014

REPLACE TOYODA 5 AXIS MILL - FRCE:

This project will replace the Toyoda 5 Axis Mill located in the Manufacturing Machine Shop in Building 137. This machine is used primarily for manufacturing capability for large and heavy (e.g. Frames) aircraft components, which FRCE is required to maintain for assigned aircraft platforms. The machine is also used for regular/routine production of Lerx Fittings for the AV-8B Harriers, and remote controlled Fire Scout Aircraft. The machine is 15 years old and has a host of maintenance problems and issues. The machine is beyond economical repair and incurs frequent downtime. The machine pallet weighs about 700 lbs 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, often popping out and needing replacement on a regular basis.

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

This project proposes to upgrade the Automated Rotor Blade Stripping System (ARBSS) hardware and software to extend the 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 assets must be modified to accept H-60 and
V-22 configurations and additional changes are needed to strengthen the reliability and performance of the system. If not upgraded, production will have to continue stripping blades manually with exposure risk to hazardous materials.

REPLACE CAMPBELL/SPRINGFIELD VERTICAL GRINDER - FRCE:

This project will replace the Campbell Vertical Jig Grinder in Shop 93567. This grinder runs 3 shifts processing H-53 housing Main Gear Box, T400 Exhaust Duct, H-46 Pitch Housings, H-53 Rotary Wing Head Hub, and numerous others. The existing machine is worn out, has poor accuracy, and is no longer supported by the OEM. The machine head automatically feeds down when the operator is not controlling or touching the controls causing head to crash and damaging parts. The existing machine runs all internal grinding jobs, approx 75% of shop work.

REPLACE CITIZEN LATHE - FRCE:

The purpose of this project is to replace the Citizen 6 Axis Lathe in Shop 93552 of Building 137. The current machine is a 6 axis lathe meaning it has two chucks that can each move in the x, y, and z direction. With this lathe having two chucks the operator can machine the front and back side of a part with only one setup where a conventional lathe would require two setups. The current machine has proven to be very valuable to the shop due to how much machine time it saves the shop from the reduced number of setups. The current machine has become unreliable due to its age (20 years), and spare parts are hard to come by. Due to the importance of this machine and how unreliable it is due to its age, the shop is in need for a new more reliable 6 axis lathe. The Machine Shop 93552 makes various aircraft components, from actual aircraft parts to bolts, pins, spacers, washers, tapered pins, and bushings for all the aircraft programs, primarily the H-53 and the V-22 programs.

CONTINUE ON NEXT PAGE

PROCURE WIRE ELECTRODE DISCHARGE MACHINE (EDM) - FRCSE:

Procure an additional Wire EDM to reduce the workload on the existing Wire EDM. In the manufacture of parts, the primary function of the Wire EDM is to pre-cut stock to a near-size of the manufactured part. This reduces finish machining time and tool wear. These production parts are the manufacturing workload. Supports EA-6B landing gear, Materials Lab work orders, tooling fixtures, and any small parts which require being roughed out. The existing Wire EDM is a single-point failure. It is used two shifts plus four hours overtime daily, with multiple jobs in queue. The existing machine is eight years old and was down 61 days in FY12, 109 days in FY11. The inability to cut blocks of metal to "close to required shapes" doubles part run time and utilizes large quantities of cutting tools. This machine is Computer Numerical Controlled (CNC) to guide cuts, which is preferable over saw cuts.

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 Mill-Turn 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 setup, without ever having to reposition the part for a second operation. Workload includes airframe parts for EA-6B, FA-18, H-60, P-3, T-6, T-34, T-44, and E-6 programs and external work from NAVICP and Defense Logistics Agency (DLA). Machine is required to maintain organic manufacturing capability for the Navy. The existing CNC Lathe is a 1983 Pratt & Whitney CNC Lathe. Its 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. As expected, the Pratt & Whitney lathe went hard down in December, 2010 and has since been 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, resulting in poor turnaround time.

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 and future obligations to the Navy. Currently FRCSW is using a manual machine that is 22 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 aluminum sheet and steel parts for C-2, E-2, FA-18, H-53, and H-60. The new system will be able to form sheet metal beyond a 90 degree angle, while the old one does not have "wrap around forming" capability.

CONTINUE ON NEXT PAGE

FY 2014

REPLACE HORIZONTAL JIG MILL- FRCSW:

This project is for the replacement of the current Horizontal Jig Mill in building 472. The existing machine is 44 years old had exceeded its useful life and is no longer supported by the OEM. The Horizontal Jig Mill supports various grinding processes for beryllium and other metals. The machine will be updated with the latest safety features to ensure safe operation while grinding toxic metal such as beryllium. This mill supports parts for the E-2, FA-18, T-34, and T-44 aircraft.

FY 2015

REPLACE 5 AXIS MILL (CINCINATTI) - FRCE:

The purpose of this project is to replace the Cincinnati 5 Axis Milling Machine in Shop 93552 of Building 137. Due to the size of this machine and the size of its machining envelope, it is a very valuable machine for the shop. This machine is a single point failure, as it has the largest machining envelope in the shop. A countless number of setups would be required if the workload for this machine were transferred to adjacent machines. Additionally, certain jobs are only able to be completed on this machine due to the size of material needed and this machine being the only one that can handle that size of material. The current machine is 14 years old, and it is becoming unreliable. It has been malfunctioning on a weekly basis due to its age and number of run hours it has. This project will provide the shop with a new more reliable 5 axis milling machine. A sample of the parts currently being manufactured are AV-8B beam support, AV-8B nozzle beam, V-22 frame support, V-22 post support, and V-22 window sill.

UPGRADE COLD SPRAY EQUIPMENT - FRCE:

The purpose of this project is to upgrade the cold spray process and begin immediate application on the H-1 combining gearboxes and the H-53 tail gearbox output housings and center housings. This cold spray process will reduce corrosion and wear. In addition, the cold spray process will enable the repair of partially assembled components. The existing booth is too small to handle our largest parts, H-53 main gearbox housings. Corrosion is the number one cause for downing the warfighter. This process addresses the corrosion issue by providing a repair that can be performed at the depot or squadron level. This repair will renew and improve housing integrity after repairing the chafing damage to the magnesium housing. We will procure one booth, robot and a dust collector. This repair will affect all aircraft programs processed at FRCE. Several gearboxes on the H-53 including the H-53 main gearbox have already been identified for possible cold spray repairs. V-22 has begun to identify actuator components. The transmission and accessory workload is projected at 200 cold spray repairs per year, accounting for approximately 10,000 man-hours yearly. Housings are currently being scrapped for corrosion, and spares are not readily available. This process will not decrease the repair costs but will dramatically reduce the transmission housing replacement cost that varies from $100,000 to $800,000 per unit. This new cold spray process will decrease premature defective turn in costs and reduce the demand on new replacement housings.

CONTINUE ON NEXT PAGE

REPLACE AGIE EDM - FRCE:

The purpose of this project is to replace the Agie Wire Electrode Discharge Machine (EDM) in Shop 93551 of Building 83. The shop is in need for a new, more reliable, Wire EDM Machine. The current machine is over 22 years old and has many maintenance issues due to its age. Additionally, spare parts are hard to come by, so it's becoming increasing more difficult to keep this machine operating. Recently, electronics boards were salvaged out of a Wire EDM Machine that was being scrapped to keep this machine operating. This machine plays a vital role in the machine shop and it would cause a measurable bottleneck if it were to break down. This machine is commonly used to manufacture dies, tools, gears, and it is used to modify tools. It is used to make support fixtures and aircraft parts. A sample of aircraft parts this machine assisted in manufacturing are AV-8B Wing Lift Assembly and V-22 Left Hand Aft Press Cover. This workload will continue for the foreseeable future. Countless more setups would be required if the workload for this Wire EDM Machine were moved to adjacent machines.

FY 2015

REPLACE VERTICAL TURRET LATHE (VTL)- FRCSE:

Replace VTL with a new unit. The new lathe will be used in support of the FRCSE Strategic Business Plan and will be used to machine the refurbished engine parts for the J52, TF34, F404 and F414 engines. The present lathe is 15 years old, and mechanical and electronic parts are becoming more difficult for FRCSE to find and procure. The proposed lathe with improved CNC controls will be able to produce all the engine work to the required tolerances.

REPLACE BORING MILL - FRCSE:

Replace old milling machine with a new unit. The new machine will be used in support of the FRCSE Strategic Business Plan and can accommodate all parts processed in the Engine Facility. The existing machine is 13 years old and has become less reliable and unable to machine parts to the required tolerances. The wear on the machine is nearing the tolerance band of the part. This is making it more difficult to hold the tolerance band required, which in turn causes the man hours to increase as the operator spends increasing time correcting for machine wear. The proposed CNC unit will be larger, 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 CHROME PLATING LINE - FRCSE:

Replace the FRCSE chrome plating process line with a more environmentally-compliant plating process line. The leading replacement process for non-line-of-sight surfaces is the Nano-Crystalline Cobalt-Phosphorous (nCo-P) process currently being prototyped at FRCSE. This project will comply with a Department of Defense (DoD) wide initiative to reduce the use of chromium and its health and safety risks. NCo-P is an environmentally benign, cost-effective replacement for hard chrome to be applied to non-line-of-sight surfaces which cannot be High Velocity Oxygen Fuel (HVOF)-coated.

REPLACE JIG MILL - FRCSW:

This project is to replace the existing Horizontal Jig Mill in building 379. The existing system was installed in 1966 and is currently down and parts are obsolete. The replacement will support various Aircraft fixtures for C-2, E-2, FA-18, H-1, H-53, and H-60. The new system will be used in the manufacture and or modification of various grinding, drilling, and machining fixtures, that require precision not attainable with other machines.

REPLACE VERTICAL JIG MILL - FRCSW:

This is for the replacement of a Vertical Jig Mill in manufacturing. The current machine cannot hold the tolerances needed to machine parts. It is used to machine metal parts for supporting landing gear components for the C-2, E-2, FA-18, and LM2500 (remove corrosion, cutting welded parts, cutting nickel place for E-2). The Vertical Jig Mill has exceeded its useful life as it is over 24 yrs old. If not replaced, the FRC will not be able to meet fleet requirements.

CONTINUE ON NEXT PAGE

SUPPORT EQUIPMENT 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, V-22 Osprey, and the CH-46 Sea Knight.

2) 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 support equipment includes a paint booth, a recycle/wash system, A coordinate measurement machine, a test bench, an overhead crane, a cold spray, and a vacuum cadmium chamber. Replacement of this equipment will continue to allow the FRCs to maintain depot infrastructure and capability to achieve their individual missions.

3) Project analyses have been performed as applicable.

4) There are no savings or cost avoidances.

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

PROJECTS ABOVE $1M:

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-46, H-53, 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 HANGAR CENTRAL HYDRAULIC SYSTEM - FRCE:

This procurement will provide a central hydraulic system in shop 95600 for Hangar 3 where they currently overhaul H-46 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 FUEL SKIDS - FRCSE:

This project is to procure new semi-automated fuel skids and replace the associated piping at 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 1600 psi 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 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 as needed, so excessive wear on the pumps is incurred.

CONTINUED ON NEXT PAGE

FY 2013

REPLACE ION VAPOR DEPOSITION (IVD) SYSTEM - FRCSW:

An 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.

REPLACE -2 AUTOMATED WIRING ANALYZER (AWA)- FRCSW:

Procure a new 40,000 point 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 FA-18 ALIGNMENT FIXTURE - FRCSW:

This project will provide a FA-18 Airframe Alignment Fixture. This fixture will allow site to do repairs on the FA-18 without hand alignment (using the odolites) 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 FA-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 AV-8B aircraft. Capacity planning for Bldg 4224 includes the F-35 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 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 prepare the FRC for additional workload.

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 H-53 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.

REPLACE PAULI DUST COLLECTORS (2) - FRCSE:

Replace dust collectors in two existing component blast booths with better-functioning collectors that include multi-stage filtration and HEPA (High-Efficiency Particulate Air) filters. The existing component blast booths are experiencing excessive blast media leakage resulting in high levels of down time . This leakage is resulting from design flaws in the collectors. This project will replace the dust collectors with collectors with multi-stage filtration including HEPA filters. This replacement, which includes removal, cleaning, and disposal, will reduce down time and also reduce turnaround time for the component strip process. The existing component strip booths are at high risk of non-compliance with RCRA (Resource Conservation and Recovery Act) and Air Permits.

CONTINUE ON NEXT PAGE

FY 2014

INTERMITTENT FAULT DETECTION AND 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 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.

UPGRADE BAY 11 PLASTIC MEDIA BLAST (PMB) SYSTEM - FRCSW:

This project will upgrade the Bay 11 PMB System. This system is used to remove paint from aircraft using plastic media. Aircraft lines supported include C-2, E-2, FA-18, H-53, and H-60. The Bay 11 blast system is deteriorating and is currently a safety hazard to operate. The return air has been removed causing high negative pressure, the air wall knock-down system is inoperative, and the centrifugal separating system requires constant maintenance. The existing equipment was installed in1992 and is worn out. Upgrade is requiered to avoid health, safety, and environmental concerns.

FY 2015

AN/ARN-118 TPS OFFLOAD - FRCSW

This project will re-host the AN/ARN-118 System from the Legacy AN/USM-449 (V) to the new RTCASS/D. AN/ARN-118 is considered Common Electronics and is used on multiple platforms and is currently run on AN/USM-449 which is antiquated. Three out of four AN/USM-449 benches are down and cannot be repaired. In the event the last legacy piece of equipment fails there is a twenty-four month lead time for re-hosting.

REPLACE MAIN FUEL CONTROL TEST STAND - FRCSW

The purpose of this project is to replace the main fuel control test stand that supports the LM2500 engine program. The current system is 27 years old, a single point of failure, and has served its useful life. The current fuel control test bench needs maintenance frequently, and crashes for up to two weeks at a time (down for 2 months throughout the year). If not replaced, the LM2500 will continue to bottleneck at the test stand.

REPLACE ELECTRO-HYDRAULIC SERVO VALVE (EHSV) TEST STAND - FRCSW

This project will replace a piece of support equipment used to test hydraulic components for the FA-18 aircraft platform. The new EHSV Test Stand will be capable of supporting the overhaul and testing of Electrical Hydraulic Valves for FA-18, C/D flight controls, rudder, aileron, stabilator, trailing edge flaps, leading edge flaps, and nose wheel steering, brake and anti-skid servo valves, and brake and anti-skid manifold assemblies. Existing equipment is over 20 years old and are considered obsolete.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				MARCH 2014					
Department of the Navy/ Depot Maintenance	#002 - ADP Equipment						Fleet Readiness Centers		
	FY 2013			FY 2014			FY 2015		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	0	0	$0	0	0	$0	0	0	$0
Computer Hardware (Network)	0	0	$0	0	0	$0	0	0	$0
Computer Software (Operating System)	2	500	$1,000	0	0	$0	0	0	$0
Telecommunications	0	0	$0	0	0	$0	0	0	$0
Other Support Equipment	0	0	$0	1	450	$450	0	0	$0
Total	2	500	$1,000	1	450	$450	0	0	$0

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.

OTHER SUPPORT EQUIPMENT

1) The existing software provides a semi-manual methodology for tech data / programming capability.
2) This project will provide an approved network methodology that will result in an automated electronic network / connectivity that will provide required tech data and programming at the point of production.
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.

CAPITAL INVESTMENT JUSTIFICATION	FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
(DOLLARS IN THOUSANDS)	MARCH 2014

Department of the Navy/ Depot Maintenance	#004 - Minor Construction ($250K - $750K)						Fleet Readiness Centers		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	7	376	$2,632	11	294	$3,235	12	350	$4,200
New Construction	0	0	$0	0	0	$0	1	200	$200
Environmental Capability	0	0	$0	0	0	$0	0	0	$0
Total	7	376	$2,632	11	294	$3,235	13	338	$4,400

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 savings.

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

INTENTIONALLY
BLANK

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$37.619**	**$38.287**	**$0.668**	
			Material Handling	$3.508	$2.665	-$0.843	One Increase and Two Decreases
			Installation Security	$0.300	$0.300	$0.000	
			Quality Control/Testing	$2.335	$2.315	-$0.020	One Increase, Five Decreases, and One Deferred
			Machinery	$14.792	$13.557	-$0.360	One New, Seven Decreases, and One Deferred
			Support Equipment	$16.684	$19.450	$1.891	One New, Two Increases, and Three Decreases
	2	**ADP**		**$0.000**	**$1.000**	**$1.000**	
			Computer Software (Operating)	$0.000	$1.000	$1.000	Two New
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$4.030**	**$2.632**	**-$1.398**	
			Replacement	$4.030	$2.632	-$1.398	Three Increases, Five Decreases, and One Deferred
TOTAL FY 2013 CIP Program				**$41.649**	**$41.919**	**$0.270**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$41.862**	**$41.708**	**-$0.154**	
			Material Handling	$0.005	$0.000	-$0.005	One Decrease
			Installation Security	$0.625	$0.625	$0.000	
			Quality Control/Testing	$9.385	$10.420	$1.035	Two New, One Increase, Three Deferred, and One Canceled
			Machinery	$19.702	$19.238	-$0.464	Five New, Two Increased, One Decreased, Five Deferred, and One Canceled
			Support Equipment	$12.145	$11.425	-$0.720	Two New, Two Increased, One Decreased, and Five Deferred
	2	**ADP**		**$0.950**	**$0.450**	**-$0.500**	
			Other Support Equipment	$0.950	$0.450	-$0.500	One Decrease
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$3.110**	**$3.235**	**$0.125**	
			Replacement	$3.110	$3.235	$0.125	Three New, One Decreased, and One Canceled
TOTAL FY 2014 CIP Program				**$45.922**	**$45.393**	**-$0.529**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$32.040**	**$32.040**	**$0.000**	
			Material Handling	$0.540	$0.540	$0.000	
			Quality Control/Testing	$7.393	$7.393	$0.000	
			Machinery	$16.637	$16.637	$0.000	
			Support Equipment	$7.470	$7.470	$0.000	
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$4.400**	**$4.400**	**$0.000**	
			Replacement	$4.200	$4.200	$0.000	
			New Construction	$0.200	$0.200	$0.000	
TOTAL FY 2015 CIP Program				**$36.440**	**$36.440**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	1,044.4	1,063.2	1,034.9
2. Revenue	1,934.5	2,135.5	2,086.8
3. New Orders	1,954.2	2,107.3	2,064.3
4. Exclusions:			
Foreign Military Sales	46.0	26.2	25.7
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	21.3	9.9	12.6
Non-Federal and Others	76.9	92.7	98.9
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	114.9	0.0	0.0
5. Orders for Carryover Calculation	1,809.9	1,978.4	1,927.3
6. Weighted Average Outlay Rate	64%	53%	54%
7. Carryover Rate	36%	47%	46%
8. Allowable Carryover	941.0	1,080.4	1,047.9
Allowable Carryover(First Year)	773.7	927.9	886.5
Allowable Carryover (Second Year Procurement-funded Orders)	167.3	152.6	161.3
Part II			
9. Balance of Customer Order at Year End	1,063.2	1,034.9	1,013.4
10. Work-in-progress	22.3	22.0	22.0
11. Exclusions:			
Foreign Military Sales	47.0	45.2	40.1
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	19.4	16.0	18.8
Non-Federal and Others	31.6	34.7	30.9
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	114.9	0.0	0.0
12. Calculated Actuals Carryover	943.8	918.0	901.5

A waiver to the Carryover Ceiling in the amount of $114.9M was received from OSD for FY2013

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY 2013

			----- Peacetime -----	
	Total	Mobilization	Operating	Other
Material Inventory BOP	$ 42.5	$ -	$ 42.5	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 814.3	$ -	$ 814.3	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 814.3	$ -	$ 814.3	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 823.4	$ -	$ 823.4	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 823.4	$ -	$ 823.4	$ -
Material Inventory EOP	$ 33.4	$ -	$ 33.4	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY 2014

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 33.4	$ -	$ 33.4	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 900.1	$ -	$ 900.1	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 900.1	$ -	$ 900.1	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 903.3	$ -	$ 903.3	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 903.3	$ -	$ 903.3	$ -
Material Inventory EOP	$ 30.2	$ -	$ 30.2	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY 2015

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 30.2	$ -	$ 30.2	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 921.3	$ -	$ 921.3	$ -
B. Purchase of long lead items in advance of customer orders	-	-		-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 921.3	$ -	$ 921.3	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 919.3	$ -	$ 919.3	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 919.3	$ -	$ 919.3	$ -
Material Inventory EOP	$ 32.2	$ -	$ 32.2	$ -

INTENTIONALLY
BLANK

DEPOT MAINTENANCE SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - FLEET READINESS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	REVENUE (Maintenance, Repair, Overhaul) 3 year average			BUDGETED CAPITAL (Modernization, Efficiency)		
	10-12	11-13	12-14	FY 2013	FY 2014	FY 2015
	2,171.1	2,169.7	2,298.5			
	2,169.7	2,298.5	1,934.4			
	2,298.5	1,934.4	2,135.6			
Revenue (Avg)	2,213.1	2,134.2	2,122.8			
Working Capital Fund (Avg)	2,213.1	2,134.2	2,122.8			
Appropriations (Avg)	0.0	0.0	0.0			
Total Revenue (Avg)	2,213.1	2,134.2	2,122.8			
WCF Depot Maintenance Capital Investment						
Facilities/ Work Environment				26.3	27.4	23.0
Equipment				41.9	45.4	36.5
Equipment (Non-Capital Investment Program)				12.5	10.3	10.3
Processes				2.0	2.0	2.0
Total WCF Investment				82.7	85.1	71.8
Appropriated Funding - List by Appropriation						
MILCON				0.0	14.0	0.0
Procurement				24.7	0.7	0.0
Operation & Maintenance				5.2	5.5	0.0
Total Appropriated Funding				29.9	20.2	0.0
Component Total				112.6	105.3	71.8
Minimum 6% Investment				132.8	128.1	127.4
Investment Over/Under Requirement				-20.2	-22.8	-55.6
				5.1%	4.9%	3.4%

The table above reflects data for the Fleet Readiness Centers. The six percent threshold is applicable at the DoN level, to include Working Capital Fund and appropriated fund activities.

INTENTIONALLY
BLANK

TAB 2 - Marine Corps Depots

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Mission Statement / Overview:

The Marine Corps Depot Maintenance Activity Group (MC DMAG) provides innovative, worldwide, depot level and related maintenance, rebuild, modification, and repairs on Department of Navy (DoN), federal, and non-federal 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	Location
Marine Depot Maintenance Command	Albany, GA
Marine Depot Maintenance Command	Barstow, CA

Significant Changes Since the FY 2014 President's Budget:

The FY 2015 MC DMAG budget includes costs and savings related to implementation of the Marine Depot Maintenance Command (MDMC) that will be fully implemented by the end of 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 war fighting needs, 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 only known financing support for Marine Corps consolidation of overhead operations at the two Depot Maintenance operating locations (Albany, Georgia and Barstow, California). The total savings of $11.7 million through the end of FY 2015 are reflected in this budget. The consolidation results in the permanent reduction of 129 positions through the end of FY 2014.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Financial Profile:

Revenue/Expense/Operating Results ($Millions):

	FY 2013	FY 2014	FY 2015
Orders	$428.1	$569.7	$296.2
Revenue	$474.1	$543.1	$400.6
Cost of Goods Sold	$486.0	$543.1	$399.8
Revenue less Costs (NOR)	-$11.9	$0.0	$0.8
Surcharges (CIP)	-$3.6	-$1.3	$0.0
Accumulated Operating Result (AOR)	$0.5	-$0.8	$0.0

Some totals may not add due to rounding.

Orders- New reimbursable orders include the anticipated receipt of funding for reset. Budgeting for remaining workload is based on customer demands. The change in new orders in all years is attributed to change in program due to anticipated reset.

Revenue- Revenue is $474.1 million for FY 2013; $543.1 million for FY2014; and $400.6 million for FY 2015.

Cost of Goods Sold- Cost of Operations is $486.0 million in FY 2013, $543.1 million in FY 2014, and $399.8 million in FY 2015.

Surcharge- Surcharges are -$3.6 million for FY 2013; -$1.3 million for FY 2014. DMAG utilizes surcharges for the Capital Investment Program (CIP).

Collections/Disbursements/Outlays ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Collections	$480.2	$538.2	$399.8
Disbursements	$512.9	$521.3	$385.0
Outlays	$32.7	($16.9)	($14.8)

Some totals may not add due to rounding.

Collections: FY 2013 reflects actuals while FY 2014 and FY 2015 reflect expected revenue based on current estimates.

Disbursements: FY 2013 reflects actuals while FY 2014 and FY 2015 represent budgeted expenses and Capital Investment Program (CIP) outlays adjusted for changes in accounts payable.

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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

Unit Cost:

	FY 2013	FY 2014	FY 2015
Total Operating Cost ($Millions)	$486.0	$543.1	$399.8
Direct Labor Hours (DLHs)(000)	3,873	4,542	3,270
Unit Cost (per DLH)	$125.67	$119.58	$122.26
% Change Workload/DLHs		17%	-28%
% Change Unit Cost		-4.9%	2.2%

Unit Cost: The budget reflects the following FY 2013-2015 unit cost goals:

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

Stabilized / Customer Rates:

	FY 2013	FY 2014	FY 2015
Composite Hourly Rate	$124.16	$120.72	$124.64
Percent Year to Year Change		-2.80%	3.20%

Staffing:

Civilian/Military ES & Workyears:	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	1,810	1,896	1,891
Civilian Workyears (straight time)	1,858	1,882	1,891
Military End Strength	13	10	11
Military Workyears	13	10	11

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

NARRATIVE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Summary of Workload Indicators:

	FY 2013	FY 2014	FY 2015
Schedule Conformance	99.8%	99.8%	99.8%
Quality Deficiency Reports	0.1%	0.1%	0.1%
Inventory Turnover Ratio	4.4:1	5.3:1	4.7:1

Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Equipment, Non-ADP / Telecom	$3.3	$5.4	$7.7
Equipment, ADPE / Telecom	$0.0	$0.0	$0.0
Software Development	$0.0	$0.0	$0.0
Minor Construction	$5.1	$4.6	$0.8
Total	$8.4	$10.0	$8.5

Some totals may not add due to rounding.

The Capital Investment Program assists the Marine Corps Depot Maintenance in achieving their mission by reinvesting in plant equipment and facilities. Included in the capital budget are the following types of assets: automated data processing equipment (ADPE); non-ADPE equipment; automated data processing software, whether internally or externally developed; and minor construction.

Net Carry-In	$225.4	$179.3	$205.9
Allowable Carryover	$194.4	$296.8	$154.8
Calculated Actual Carryover	$168.2	$203.4	$99.6
Delta (Actual - Allowable): Above Ceiling (+) / Below Ceiling (-)	($26.2)	($93.5)	($55.2)

Some totals may not add due to rounding.

MC DMAG is expected to be below the carryover ceiling for FY 2013 through FY 2015.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	466.0	533.8	392.1
Capital Surcharges	(3.6)	(1.3)	0.0
Depreciation	4.6	8.1	8.5
Other Income			
Total Income	474.1	543.1	400.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.8	0.7	0.8
Civilian Personnel Compensation & Benefits	181.0	178.6	180.9
Travel and Transportation of Personnel	4.3	3.8	4.0
Material & Supplies (Internal Operations)	161.6	196.1	112.1
Equipment	0.0	0.0	0.0
Other Purchases from NWCF	1.2	1.5	1.2
Transportation of Things	0.0	0.0	0.0
Depreciation - Capital	4.6	8.1	8.5
Printing and Reproduction	0.2	0.2	0.2
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	8.7	9.9	6.6
Other Purchased Services	124.3	144.2	85.5
Total Expenses	486.8	543.1	399.8
Work in Process Adjustment	(0.8)	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	486.0	543.1	399.8
Operating Result	(11.9)	0.0	0.8
Adjustments Affecting NOR	(3.6)	(1.3)	0.0
Capital Surcharges	(3.6)	(1.3)	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	0.0	0.0	0.0
Net Operating Result	(15.4)	(1.3)	0.8
PY AOR	16.0	0.5	(0.8)
TOTAL AOR	(3.0)	(0.8)	0.0
Non-Recoverable Adjustments impacting AOR	3.6	0.0	0.0
AOR for budget purposes	0.5	(0.8)	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	428.1	569.7	296.2
a. Orders from DoD Components:	407.6	564.6	291.1
Department of the Navy	388.3	564.6	291.1
O & M, Navy	7.3	35.0	0.0
O & M, Marine Corps	348.1	494.1	267.8
O & M, Navy Reserve	0.0	0.0	0.0
O & M, Marine Corp Reserve	3.4	17.6	17.9
Aircraft Procurement, Navy	2.2	0.0	0.0
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	0.0	0.0	0.0
Other Procurement, Navy	0.0	0.0	0.0
Procurement, Marine Corps	27.3	17.6	5.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	(0.1)	0.3	0.3
Military Construction, Navy	0.0	0.0	0.0
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	14.0	0.0	0.0
Army Operation & Maintenance	14.0	0.0	0.0
Army Res, Dev, Test, Eval	0.0	0.0	0.0
Army Procurement	0.0	0.0	0.0
Army Other	0.0	0.0	0.0
Department of the Air Force	4.4	0.0	0.0
Air Force Operation & Maintenance	3.7	0.0	0.0
Air Force Res, Dev, Test, Eval	0.0	0.0	0.0
Air Force Procurement	0.0	0.0	0.0
Air Force Other	0.6	0.0	0.0
DOD Appropriation Accounts	1.0	0.0	0.0
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	0.0	0.0	0.0
Res, Dev, Test & Eval Accounts	0.1	0.0	0.0
Procurement Accounts	0.9	0.0	0.0
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	9.0	5.2	5.2
c. Total DoD	416.7	569.7	296.2
d. Other Orders:	11.4	0.0	0.0
Other Federal Agencies	0.0	0.0	0.0
Foreign Military Sales	11.1	0.0	0.0
Non Federal Agencies	0.3	0.0	0.0
2. Carry-In Orders	225.4	179.3	205.9
3. Total Gross Orders	653.4	749.1	502.1
a. Funded Carry-Over before Exclusions	179.3	205.9	101.5
4. Revenue(-)	474.1	543.1	400.6
5. End of Year Work-In-Process (-)	1.0	1.8	1.8
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	10.1	0.7	0.2
7. Funded Carryover	168.2	203.4	99.6

Note: Line 5 (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 - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Actuals	**486.0**
FY 2014 President's Budget:	**568.7**
Estimated Impact in FY 2014 of Actual FY 2013 Experience:	**0.0**
Pricing Adjustments:	**-0.4**
Civilian Personnel	-0.4
Fuel Price	
Productivity Initiatives:	**-3.4**
Marine Depot Maintenance Command (MDMC) Consolidation	-3.4
Program Changes:	**-46.9**
Direct Labor	-21.3
Direct Material and Supplies	-28.4
Direct Contract Services	4.0
Direct Other Purchases	-1.2
Other Changes:	**25.1**
Indirect Labor	1.5
Indirect Material	11.5
Depreciation	-0.6
Indirect Contract Services	13.2
Voluntary Early Retirement Authority/Voluntary Separation Incentive Payment	0.2
Other	-0.7
FY 2014 Current Estimate:	**543.1**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Current Estimate:	**543.1**
Pricing Adjustments:	**5.7**
Annualization of Prior Year Pay Raises	**0.0**
Civilian Personnel	0.0
Military Personnel	0.0
FY 2015 Pay Raise	**1.3**
Civilian Personnel	1.3
Military Personnel	0.0
Fuel Price Changes	0.0
General Purchace Inflation	2.7
Other Price Changes	**1.7**
Material/Supplies/Equipment	1.7
Productivity Initiatives and Other Efficiencies:	**-6.4**
Marine Depot Maintenance Command (MDMC) Consolidation	-6.4
Program Changes:	**-101.9**
Direct Labor	5.5
Direct Material and Supplies	-65.1
Direct Contract Services	-42.4
Direct Other Purchases	0.1
Other Changes:	**-40.7**
Indirect Material	-19.4
Depreciation	0.4
Contract Services	-20.3
Other	-1.4
FY 2015 Estimate:	**399.8**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**4**	**$3.251**	**7**	**$5.375**	**7**	**$7.660**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	1	$0.551	1	$0.650	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	3	$2.700	6	$4.725	3	$4.400
	- Support Equipment	0	$0.000	0	$0.000	4	$3.260
2	**ADPE and Telecom Equipment >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Hardware (Network)	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
	- Other Support Equipment	0	$0.000	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Internally Developed	0	$0.000	0	$0.000	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $.750M)**	**12**	**$5.124**	**7**	**$4.625**	**2**	**$0.824**
	- Replacement Capability	7	$2.512	1	$1.000	1	$0.324
	- New Construction	5	$2.612	6	$3.625	1	$0.500
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**16**	**$8.375**	**14**	**$10.000**	**9**	**$8.484**
	Total Capital Outlays		**$5.443**		**$9.875**		**$10.000**
	Total Depreciation Expense		**$4.579**		**$8.077**		**$8.484**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				MARCH 2014					
Department of the Navy/ Depot Maintenance	#001 - Non-ADP Equipment						Marine Corps Depots		
	FY 2013			FY 2014			FY 2015		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0	$0	$0	0	$0	$0	0	$0	$0
Material Handling	1	$551	$551	1	$650	$650	0	$0	$0
Installation Security	0	$0	$0	0	$0	$0	0	$0	$0
Quality Control/ Testing	0	$0	$0	0	$0	$0	0	$0	$0
Medical Equipment	0	$0	$0	0	$0	$0	0	$0	$0
Machinery	3	$900	$2,700	6	$788	$4,725	3	$1,467	$4,400
Support Equipment	0	$0	$0	0	$0	$0	4	$815	$3,260
Total	4	$813	$3,251	7	$768	$5,375	7	$1,094	$7,660

Justification:

FY 2013

Material Handling

Paint Booth Fall Protection Production Plant Barstow (PPB)

Machinery

3-D Laser Cutter Production Plant Albany (PPA)
Fluid Recovery/Recycling System (PPB)
Hydraulic Hose Fabrication Work Cell (PPB)

FY 2014

Material Handling

35-Ton crane for 2200 Craneway (PPA)

Machinery

Water Jet Upgrade (PPB)
Vertical Machine Center (PPB)
Chassis Dyno (PPA)
Turret Lathe Machine Work Cell (PPB)
Engine Dynos (PPB)
Rotary Lift (PPB)

CONTINUE ON NEXT PAGE

FY 2015

Machinery

New Anodizer for Small Arms (PPA)
Multi-Axle Chassis Dyno Work Cell (PPB)
2200 Cross Drive Dyno (PPA)

Support Equipment

Main Shop Air Distribution System (PPB)
Blast Dungeon Doors Modification (PPB)
Replace Elevator Natural Gas Generator (PPB)
Powder Coat Pre-Wash System (PPA)

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				MARCH 2014					
Department of the Navy/ Depot Maintenance	#004 - Minor Construction ($250K - $750K)						Marine Corps Depots		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	7	$359	$2,512	2	$500	$1,000	1	$324	$324
New Construction	5	$522	$2,612	5	$725	$3,625	1	$500	$500
Environmental Capability	0		$0	0		$0	0		$0
Total	12	$427	$5,124	$7	$661	$4,625	$2	$412	$824

Justification:

FY 2013

Replacement

Metal Storage Building Renovation Production Plant Barstow (PPB)
Hardstand Extension - Southeast of Bldg 573 (PPB)
Elec Shop Clearspan (PPA)
Calibration Labortory Renovation (PPB)
Trades Division Office Renovation (PPB)
Issue Point (IP) 4 Renovation (PPB)
Enclosed Automotive Structure (PPB)

New Construction

Hardstand behind 2214 Production Plant Albany (PPA)
Support Facility (Small Arms) (PPA)
Comm/Elec Shop Clearspan (PPA)
Industrial Waste Treatment Plant (IWTP) Laboratory Space (PPA)
Clearspan for 715/725 Code B WIP (PPA)

FY 2014

Replacement

Refurbish Seam Rack Restrooms (PPB)
1310 Head/Breakroom Facility (PPA)

New Construction

Clearspan for Code A/B Staging (PPB)
Chassis Dyno Facility (PPA)
Metals Storage Facility Clearspan (PPA)
Clearspan for Assault Amphibious Vehicle (AAV)/GT Area (PPA)
Light Armored Vehicle (LAV) Armor Facility (PPA)

FY 2015

Replacement

Hardstand Improvement (PPB)

New Construction

Hardstand Extension at 988 Area (PPA)

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$3.302**	**$3.251**	**$0.051**	
			Material Handling	$0.602	$0.551	-$0.051	Project changes to support current operating tempo and future requirements.
			Machinery	$2.700	$2.700	$0.000	
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$6.845**	**$5.124**	**-$1.721**	
			Replacement	$2.093	$2.512	$0.419	Project changes to support current operating tempo and future requirements.
			New Construction	$4.752	$2.612	-$2.140	Project changes to support current operating tempo and future requirements.
TOTAL FY 2013 CIP Program				**$10.147**	**$8.375**	**$1.772**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$8.600**	**$5.375**	**$3.225**	
			Material Handling	$1.000	$0.650	-$0.350	Project changes to support current operating tempo and future requirements.
			Machinery	$7.600	$4.725	-$2.875	Project changes to support current operating tempo and future requirements.
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$1.400**	**$4.625**	**$3.225**	
			Replacement	$0.600	$1.000	$0.400	Project changes to support current operating tempo and future requirements.
			New Construction	$0.800	$3.625	$2.825	Project changes to support current operating tempo and future requirements.
TOTAL FY 2014 CIP Program				**$10.000**	**$10.000**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$7.660**	**$7.660**	**$0.000**	
			Machinery	$4.400	$4.400	$0.000	
			Support Equipment	$3.260	$3.260	$0.000	
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$0.824**	**$0.824**	**$0.000**	
			Replacement	$0.324	$0.324	$0.000	
			New Construction	$0.500	$0.500	$0.000	
TOTAL FY 2015 CIP Program				**$8.484**	**$8.484**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	225.4	179.3	205.9
2. Revenue	474.1	543.1	400.6
3. New Orders	428.1	569.7	296.2
4. Exclusions:			
Foreign Military Sales	11.1	0.0	0.0
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	0.0	0.0	0.0
Non-Federal and Others	0.3	0.0	0.0
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	416.7	569.7	296.2
6. Weighted Average Outlay Rate	58%	50%	50%
7. Carryover Rate	42%	50%	50%
8. Allowable Carryover	194.4	296.8	154.8
Allowable Carryover(First Year)	175.0	284.9	148.1
Allowable Carryover (Second Year Procurement-funded Orders)	19.4	11.9	6.7
Part II			
9. Balance of Customer Order at Year End	179.3	205.9	101.5
10. Work-in-progress	1.0	1.8	1.8
11. Exclusions:			
Foreign Military Sales	6.1	0.0	0.0
Base Realignment and Closure	3.9	0.7	0.1
Other Federal Department and Agencies	0.0	0.0	0.0
Non-Federal and Others	0.2	0.1	0.1
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	168.2	203.4	99.6

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY 2013

			----- Peacetime -----	
	Total	Mobilization	Operating	Other
Material Inventory BOP	$ 93.3	$ -	$ 93	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 171.3	$ -	$ 171	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 171.3	$ -	$ 171.3	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 148.0	$ -	$ 148	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 148.0	$ -	$ 148.0	$ -
Material Inventory EOP	$ 116.6	$ -	$ 116.6	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY 2014

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 116.6	$ -	$ 116.6	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 133.2	$ -	$ 133	$ -
B. Purchase of long lead items in advance of customer orders	-	-	-	-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 133.2	$ -	$ 133.2	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 159.7	$ -	$ 160	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 159.7	$ -	$ 159.7	$ -
Material Inventory EOP	$ 90.1	$ -	$ 90.1	$ -

MATERIAL INVENTORY DATA
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY 2015

	Total	Mobilization	----- Peacetime ----- Operating	Other
Material Inventory BOP	$ 90.1	$ -	$ 90.1	$ -
Purchases				
A. Purchases to Support Customer Orders	$ 85.0	$ -	$ 85.0	$ -
B. Purchase of long lead items in advance of customer orders	-	-		-
C. Other Purchases	-	-	-	-
D. Total Purchases	$ 85.0	$ -	$ 85.0	$ -
Material Inventory Adjustments				
A. Material Used in Maintenance	$ 96.3	$ -	$ 96	$ -
B. Disposals, theft, losses due to damages	-	-	-	-
C. Other reductions	-	-	-	-
D. Total inventory adjustments	$ 96.3	$ -	$ 96.3	$ -
Material Inventory EOP	$ 78.8	$ -	$ 78.8	$ -

INTENTIONALLY
BLANK

DEPOT MAINTENANCE SIX PERCENT CAPITAL INVESTMENT PLAN
DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE - MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	REVENUE (Maintenance, Repair, Overhaul) 3 year average			BUDGETED CAPITAL (Modernization, Efficiency)		
	10-12	11-13	12-14	FY 2013	FY 2014	FY 2015
	579.7	638.1	585.9			
	638.1	585.9	474.1			
	585.9	474.1	543.1			
Revenue (Avg)	601.2	566.0	534.4			
Working Capital Fund (Avg)	0.0	0.0	0.0			
Appropriations (Avg)	0.0	0.0	0.0			
Total Revenue (Avg)	0.0	0.0	0.0			
WCF Depot Maintenance Capital Investment						
Facilities/ Work Environment				13.7	11.4	8.8
Equipment				8.4	10.0	8.5
Equipment (Non-Capital Investment Program)				0.0	0.0	0.0
Processes				0.0	0.0	0.0
Total WCF Investment				22.1	21.4	17.3
Appropriated Funding						
MILCON				0.0	15.0	0.0
Procurement				0.0	0.0	0.0
Operation & Maintenance				0.0	0.0	0.0
Total Appropriated Funding				0.0	15.0	0.0
Component Total				22.1	36.4	17.3
Minimum 6% Investment				36.1	34.0	32.1
Investment Over/Under Requirement				-14.0	2.4	-14.8
				3.7%	6.4%	3.2%

INTENTIONALLY
BLANK

TAB 3 - Naval Air Warfare Center

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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, and 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; 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 (MRTFB) 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 2014 President's Budget:
Since the submission of the FY 2014 President's Budget, the NAWC's workload was significantly reduced in FY 2013 due to impacts from Sequestration.

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Orders	$4,100.1	$4,329.9	$4,224.6
Revenue	$4,005.6	$4,417.2	$4,305.3
Expense	$3,995.2	$4,405.6	$4,334.2
Operating Results	$10.3	$11.5	($29.0)
Capital Surcharge	$0.0	$0.0	$0.0
Net Operating Results (NOR)	$10.3	$11.5	($29.0)
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	$17.4	$29.0	$0.0

Some totals may not add due to rounding.

NWCF budget and manpower estimates have been updated from FY 2014 President's Budget to reflect all known pricing and program/workload assumptions.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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

Collections/Disbursements/Outlays ($Millions):	FY 2013	FY 2014	FY 2015
Collections	$3,904.4	$4,596.3	$4,308.1
Disbursements	$4,056.7	$4,388.7	$4,317.3
Outlays	$152.3	($207.6)	$9.2

Some totals may not add due to rounding.

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

Workload:

Direct Labor Hours (000):	FY 2013	FY 2014	FY 2015
Current Estimate	16,954	17,138	17,092

FY 2014 increase in Direct Labor Hours over FY 2013 is associated with the increase in stabilized orders. FY 2015 slight decrease in Direct Labor Hours over FY 2014 is associated with the decrease in projected reimbursable orders.

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

Unit Cost:	FY 2013	FY 2014	FY 2015
Total Stabilized Cost ($Millions)	$1,305.6	$1,499.4	$1,509.0
Workload (DLHs) (000)	12,357	14,104	14,170
Unit cost (per DLH)	$105.66	$106.31	$106.50

Unit Cost: 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.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Stabilized / Composite Rates:	**FY 2013**	**FY 2014**	**FY 2015**
Stabilized Rate	$102.76	$104.79	$104.42
Change from Prior Year		1.98%	-0.36%
Composite Rate Change		1.92%	1.11%

Rate changes reflect adjustments to direct workload and pricing changes.

Staffing:

Civilian/Military ES & Workyears:	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	13,328	13,211	13,211
Civilian Workyears (straight time)	12,967	12,963	12,964
Military End Strength	188	193	202
Military Workyears	164	162	171

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

Military Personnel: The Military resource estimates are a baseline projection of military personnel necessary to fulfill programming objectives and coordination with customers. Military resource estimates have been adjusted to reflect a balanced program of military resources to funded workload. The additional military in FY 2015 are based on 3-year average end strength and associated fill rates.

Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Equipment, Non-ADP / Telecom	$29.4	$20.3	$20.1
Equipment, ADPE / Telecom	$7.8	$11.1	$11.0
Software Development	$2.4	$2.5	$2.7
Minor Construction	$6.4	$8.0	$8.1
Total	$46.0	$41.9	$41.9

Some totals may not add due to rounding.

CIP authority budgeted in accordance with depreciation guidelines.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Carryover Compliance	**FY 2013**	**FY 2014**	**FY 2015**
Net Carry-In	$2,236.7	$2,331.2	$2,244.0
Allowable Carryover	$2,812.8	$3,035.2	$3,036.0
Calculated Actual Carryover	$1,948.0	$1,891.4	$1,801.0
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($864.8)	($1,143.8)	($1,235.0)

Some totals may not add due to rounding.

Budgeted carryover is within the ceiling allowed by outlay rates.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	3,969.2	4,374.8	4,263.4
Capital Surcharges	0.0	0.0	0.0
Depreciation	36.4	42.3	41.9
Other Income			
Total Income	4,005.6	4,417.2	4,305.3
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	13.1	12.7	13.8
Civilian Personnel Compensation & Benefits	1,679.2	1,685.2	1,703.8
Travel and Transportation of Personnel	53.2	61.3	61.5
Material & Supplies (Internal Operations)	405.4	413.3	389.6
Equipment	31.3	45.8	46.8
Other Purchases from NWCF	77.7	107.6	107.6
Transportation of Things	5.9	6.7	6.8
Depreciation - Capital	36.4	42.3	41.9
Printing and Reproduction	14.6	0.9	0.9
Advisory and Assistance Services	0.4	0.5	0.5
Rent, Communication, Utilities & Misc Charges	61.2	87.4	84.6
Other Purchased Services	1,617.1	1,942.0	1,876.4
Total Expenses	3,995.2	4,405.6	4,334.2
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	3,995.2	4,405.6	4,334.2
Operating Result	10.3	11.5	(29.0)
Adjustments Affecting NOR	(0.7)	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	(0.7)	0.0	0.0
Net Operating Result	10.3	11.5	(29.0)
PY AOR	7.8	17.4	29.0
TOTAL AOR	17.4	29.0	0.0
Non-Recoverable Adjustments impacting AOR	0.0	0.0	0.0
AOR for budget purposes	17.4	29.0	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	4,100.1	4,329.9	4,224.6
a. Orders from DoD Components:	3,778.2	3,973.5	3,960.3
Department of the Navy	3,161.1	3,275.4	3,443.6
O & M, Navy	587.4	531.6	570.9
O & M, Marine Corps	27.0	14.4	13.7
O & M, Navy Reserve	0.5	0.5	1.2
O & M, Marine Corp Reserve	0.1	0.4	0.4
Aircraft Procurement, Navy	695.3	865.0	800.0
Weapons Procurement, Navy	62.8	55.9	53.5
Ammunition Procurement, Navy/MC	20.1	14.9	15.8
Shipbuilding & Conversion, Navy	97.0	95.4	83.5
Other Procurement, Navy	169.5	179.1	170.2
Procurement, Marine Corps	34.7	12.5	12.4
Family Housing, Navy/MC	0.2	0.3	0.3
Research, Dev., Test, & Eval., Navy	1,466.3	1,504.7	1,721.6
Military Construction, Navy	0.0	0.0	0.0
National Defense Sealift Fund	0.2	0.6	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	184.0	225.9	164.4
Army Operation & Maintenance	80.0	83.5	60.5
Army Res, Dev, Test, Eval	17.5	26.2	19.9
Army Procurement	96.5	115.4	82.9
Army Other	(10.0)	0.8	1.0
Department of the Air Force	161.2	191.7	151.0
Air Force Operation & Maintenance	26.5	29.5	21.1
Air Force Res, Dev, Test, Eval	56.2	67.7	52.0
Air Force Procurement	78.5	94.5	77.8
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	271.8	280.5	201.4
Base Closure & Realignment	(0.8)	0.0	0.0
Operation & Maintenance Accounts	83.8	78.5	54.0
Res, Dev, Test & Eval Accounts	116.8	124.7	92.0
Procurement Accounts	65.5	67.1	47.5
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	6.5	10.1	7.8
b. Orders from other Fund Activity Groups	99.1	116.9	90.1
c. Total DoD	3,877.3	4,090.4	4,050.4
d. Other Orders:	222.8	239.5	174.2
Other Federal Agencies	41.0	31.5	21.9
Foreign Military Sales	151.2	172.7	128.3
Non Federal Agencies	30.6	35.3	23.9
2. Carry-In Orders	2,236.7	2,331.2	2,244.0
3. Total Gross Orders	6,336.8	6,661.1	6,468.6
a. Funded Carry-Over before Exclusions	2,331.2	2,244.0	2,163.3
4. Revenue(-)	4,005.6	4,417.2	4,305.3
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	383.2	352.5	362.3
7. Funded Carryover	1,948.0	1,891.4	1,801.0

Note: Line 5 (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
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Estimated Actuals	**3,995.2**
FY 2014 President's Budget:	**4,562.7**
Pricing Adjustments:	**(6.4)**
Civilian Personnel	(6.4)
Productivity Initiatives and Other Efficiencies:	**(1.8)**
Sustainment Reduction	(1.8)
Program Changes:	**(146.9)**
Rotor Craft	(17.8)
Avionics	(18.6)
Guided Weapons	3.4
Fixed Wing	(3.2)
Unmanned Aircraft System	(25.9)
Persistent Ground Surveillance System (PGSS) Army MC (Other)	(43.7)
U.S. Pacific Fleet Flight Operations Labor Mission, Materials, Contracts	(41.1)
Other Changes:	**(1.9)**
Depreciation	0.0
Other	**(1.9)**
Federal Employees Compensation Act (FECA)	(0.8)
Defense Finance and Accounting Service (DFAS)	0.1
General Inflation	(1.2)
FY 2014 Current Estimate:	**4,405.6**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Current Estimate:	**4,405.6**
Pricing Adjustments:	**49.9**
Annualization of Prior Year Pay Raises	**4.9**
Civilian Personnel	4.8
Military Personnel	0.0
FY 2015 Pay Raise	**12.0**
Civilian Personnel	11.9
Military Personnel	0.1
Fuel Price Changes	2.2
General Purchace Inflation	37.9
Other Price Changes	**(7.1)**
Intrafund Purchases	(7.1)
Productivity Initiatives and Other Efficiencies:	**(61.9)**
Data Consolidation Center	(25.9)
CoSC/NGEN Cost Reduction	(25.8)
Sustainment Reduction	(3.4)
CEAP Program Transfer	(0.3)
Headquarters Reduction	(6.6)
Other	0.2
Program Changes:	**(58.3)**
Rotor Craft	(1.7)
Avionics	(12.9)
Guided Weapons	0.0
Fixed Wing	(43.9)
Unmanned Aircraft System	0.0
Other	0.2
Other Changes:	**(1.2)**
Depreciation	(0.5)
FECA	0.3
DFAS	(0.8)
Facility Engineering Command (FEC) Utility Rate Change	(3.0)
Fuel	4.6
Other	(1.7)
FY 2015 Estimate:	**4,334.2**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**52**	**$29.360**	**39**	**$20.326**	**28**	**$20.053**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	0	$0.000	1	$1.300	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	33	$17.510	27	$11.796	16	$12.844
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	10	$7.376	2	$1.050	0	$0.000
	- Support Equipment	9	$4.474	9	$6.180	12	$7.209
2	**ADPE and Telecom Equipment >= $.250M**	**18**	**$7.804**	**19**	**$11.050**	**16**	**$10.976**
	- Computer Hardware (Production)	12	$5.557	11	$5.152	12	$8.358
	- Computer Hardware (Network)	3	$1.403	3	$3.588	1	$1.312
	- Computer Software (Operating)	1	$0.280	3	$1.150	1	$0.500
	- Telecommunications	2	$0.564	1	$0.530	1	$0.500
	- Other Support Equipment	0	$0.000	1	$0.630	1	$0.306
3	**Software Development >= $.250M**	**8**	**$2.435**	**6**	**$2.489**	**3**	**$2.677**
	- Internally Developed	3	$0.920	2	$1.356	1	$1.926
	- Externally Developed	5	$1.515	4	$1.133	2	$0.751
4	**Minor Construction (>= $.250M and <= $2.000M)**	**6**	**$6.442**	**19**	**$7.994**	**7**	**$8.153**
	- Replacement Capability	0	$0.000	0	$0.000	0	$0.000
	- New Construction	6	$6.442	19	$7.994	7	$8.153
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**84**	**$46.041**	**83**	**$41.859**	**54**	**$41.859**
	Total Capital Outlays		**$38.886**		**$35.600**		**$35.483**
	Total Depreciation Expense		**$36.375**		**$42.341**		**$41.859**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#001 - Non-ADP Equipment						Naval Air Warfare Center		
	FY 2013			FY 2014			FY 2015		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$0	0		$0	0		$0
Material Handling	0		$0	1		$1,300	0		$0
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	33		$17,510	27		$11,796	16		$12,844
Medical Equipment	0		$0	0		$0	0		$0
Machinery	10		$7,376	2		$1,050	0		$0
Support Equipment	9		$4,474	9		$6,180	12		$7,209
Total	52		$29,360	39		$20,326	28		$20,053

Justification:

Non-ADPE and Telecommunications / Material Handling: FY2013-FY2015

1. NAWC will procure Overhead bridge cranes used for material handling at Lakehurst, NJ site. The current overhead cranes are old, expensive and difficult to maintain, and becoming a safety hazard.
2. New cranes will provide necessary capability to support the mission for many years to come and meet safety standards.
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 may have to close the facilities in use due to safety issues.

Non-ADPE and Telecommunications / Quality Control/Testing: FY2013-FY2015

1. Projects within this sub-category will assist the Naval Air Warfare Center (NAWC) in its execution of new and ongoing engineering, research and development activities. Advances in the areas of weapons research, development, engineering, and characterization routinely require equipment and capabilities using new technologies and processes. Current and future activities calling for these new and advanced capabilities include: Mission Planning system development, Integration and Interoperability research, development, engineering and optimization, Integration/ Weaponization of unmanned systems, Processing/Characterization/Optimization of Energetic Materials, Multispectral (i.e., RF/EO/IR) device and system development for use in Electronic Warfare, Weapons Seekers, and ISR applications, Autonomous Control research and development, Directed Energy Weapons (i.e, High Energy Laser and High Power Microwave) research and development, Advanced Threat Simulation systems and techniques for use in countermeasures development and optimization, Rapid Prototyping, and Basic Scientific Research infrastructure needs (e.g., LN/LOX generation/storage/distribution, holding tanks and other process equipment), Air Vehicles, Propulsion and Power, Avionics, Human Systems, Aircraft Landing Recovery Equipment, Warfare Analysis and Integration, Research and Intelligence, Integrated systems, Experimentation and Test, Integrated Battlespace Simulation and Test.
2. The new Quality Control/Test equipment will enable NAWC to meet customer's expectations, improve in operational efficiencies, and provide new state-of-the-art technology to increase NAWC's customer support for all mission efforts.
3. Economic analysis were developed and included with individual project submissions.
4. Cost avoidance for the equipment in this capability will begin upon project completion.
5. If investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

Non-ADPE and Telecommunications / Machinery: FY2013-FY2015

1. Projects within this sub-category will assist the Naval Air Warfare Center (NAWC) in its execution of new and ongoing engineering, research and development activities. Advances in the areas of research, development, engineering, and characterization routinely require equipment and capabilities using new technologies and processes. Current and future activities calling for these new and advanced capabilities include projects supporting the following areas: Air Vehicles, Propulsion and Power, Avionics, Human Systems, Aircraft Landing Recovery Equipment, Warfare Analysis and Integration, Research and Intelligence, Integrated systems, Experimentation and Test, Integrated Battlespace Simulation and Test.

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

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

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

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

Non-ADPE and Telecommunications / Support Equipment: FY2013-FY2015

1. Projects within this sub-category will assist the Naval Air Warfare Center (NAWC) in its execution of new and ongoing engineering, research and development activities. Advances in the areas of weapons research, development, engineering, and characterization routinely require equipment and capabilities using new technologies and processes. Current and future activities calling for these new and advanced capabilities include: Mission Planning system development, Integration and Interoperability research, development, engineering and optimization, Integration/ Weaponization of unmanned systems, Processing/Characterization/Optimization of Energetic Materials, Multispectral (i.e., RF/EO/IR) device and system development for use in Electronic Warfare, Weapons Seekers, and ISR applications, Autonomous Control research and development, Directed Energy Weapons (i.e, High Energy Laser and High Power Microwave) research and development, Advanced Threat Simulation systems and techniques for use in countermeasures development and optimization, Rapid Prototyping, and Basic Scientific Research infrastructure needs (e.g., LN/LOX generation/storage/distribution, holding tanks and other process equipment). A new Operator-in-the-Loop simulation capability will be acquired for use in Mission Planning System development, and Integration and Interoperability engineering and assessment.

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

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

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

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

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#002 - ADP Equipment						Naval Air Warfare Center		
	FY 2013			FY 2014			FY 2015		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	12		$5,557	11		$5,152	12		$8,358
Computer Hardware (Network)	3		$1,403	3		$3,588	1		$1,312
Computer Software (Operating System)	1		$280	3		$1,150	1		$500
Telecommunications	2		$564	1		$530	1		$500
Other Support Equipment	0		$0	1		$630	1		$306
Total	18		$7,804	19		$11,050	16		$10,976

Justification:

ADPE and Telecommunications: FY2013-FY2015

1. Projects within this category and capabilities will assist Naval Air Warfare Center (NAWC) in creating solutions that will enable us to address deficiencies in capabilities that will allow us to better perform mission efforts. New technologies, processes, and advances in various areas of engineering, research and development, and testing that is done at NAWC create a need to procure items for mission efforts. Projects will support various NAWC areas to include: 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 investment is not made, NAWC would be limited in our ability to increase our capabilities in support of aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war-fighting effectiveness.

FY2013-FY2015
Greater than $1M:
ELECTRONIC ATTACK (EA) & ELECTRONIC WARFARE (EW) UxS FACILITY EQUIPMENT (2 PHASES)

1. The purpose is to create a facility/environment that will have the capability of integrating EA/EW systems into UxS (air, ground, surface). This will include internal integration and external podded system integrations and will support actual platform and simulated systems integration (i.e., GCS, 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 WD 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 at the beginning of the standup and will possibly lose the ability to capitalize on the opportunity to be a key provider of EA/EW systems for unmanned platforms. NAWC will not be able to support EA/EW integration

FY2013-FY2015
Greater than $1M:
WIRELESS SYSTEMS LABORATORY (WSL) COMMUNICATIONS UPGRADE

1. This project will replace existing communications between test sites at the Weapons Survivability Laboratory. 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.

FY2013-FY2015
Greater than $1M:
INTELLIGENCE NETWORK TECH UPGRADE

1. The purpose of this project is to upgrade the Intelligence Network infrastructure . The network connects NAWCAD with all organizations of the Intelligence Community and Fleet units for secure voice, video teleconferencing and collaborative information sharing and resourcing.

2. Current network equipment is obsolete. Customer demand has increased for the use of this resource. Investment in infrastructure will permit NAWCAD to efficiently respond to new hosting requirements .

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

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

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

FY2013-FY2015
Greater than $1M:
OPERATOR IN THE LOOP SIMS

1. Non platform specific Operator In The Loop (OITL) Simulators for I&I Analysis and Assessments (First Phase) equipment purchase for Integration and Interoperability of platforms, sensors, and weapons. This is a WD critical need to simulate integration and interoperability of kill chains of all platforms, weapons, and sensors. This integration / interoperability capability would support cross competency efforts and fully support multiple Integrated Product Teams (IPT).

2. WD lacks essential simulators to perform much needed I&I analysis and assessments. The Interactive WARfare Simulation (IWARS) function lacks full Operator-In-The-Loop Simulation multi-station interaction. With this critical addition, WD will have full capability for interoperability simulations for several platforms, weapons, threat variations, human factors, and sensors.

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. WD will not be able to work with other Navy and Air Force entities on joint interoperability and integration simulation efforts. Further, WD will not be able to support F/A-18, F-35, E-2, and weapons programs with critical mission analysis and assessment needs.

FY2013-FY2015
Greater than $1M:
RDT&E NETWORK UPGRADE

1. The NAVAIR RDT&E Enterprise Network supports all current test programs and laboratories /test facilities, by providing the single, protected data environment for processing and evaluating weapons system test performance on a variety of engineering platforms. The current infrastructure must change to support new platform and system developments that have increasingly higher data generation capabilities.

2. The new infrastructure equipment will address all existing capability shortfalls and vastly improve technical performance, sustainability and security.

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

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

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

FY2013-FY2015
Greater than $1M:
RDT&E NETWORK UPGRADE

1. The NAVAIR RDT&E Enterprise Network supports all current test programs and laboratories /test facilities, by providing the single, protected data environment for processing and evaluating weapons system test performance on a variety of engineering platforms. The current infrastructure must change to support new platform and system developments that have increasingly higher data generation capabilities.

2. The new infrastructure equipment will address all existing capability shortfalls and vastly improve technical performance, sustainability and security.

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

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

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

FY2013-FY2015
Greater than $1M:
CHIEF INFORMATION OFFICER (CIO) INFORMATION TECHNOLOGY (IT) VIDEO TELECONFERENCE (VTC) TECHNOLOGY UPGRADE

1. Numerous NAWCAD financial, legal, IT, engineering, and test activities utilize Video Teleconferencing to reduce travel cost and improve collaboration over email and voice communications with customers and vendors.

2. NAWCAD Video Technologies team will upgrade existing EOL equipment with turn-key system solutions ranging from stand-alone cart VTC systems to fully integrated touch panel controlled conference systems and audio/video conferencing infrastructure.

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

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

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

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#003 - Software Development						Naval Air Warfare Center		
	FY 2013			FY 2014			FY 2015		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	3		$920	2		$1,356	1		$1,926
Externally Developed	5		$1,515	4		$1,133	2		$751
Total	8		$2,435	6		$2,489	3		$2,677

Justification:

Software: FY2013-FY2015

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.

FY2013-FY2015
Greater than $1M:
LOGISTICS ENGINEERING DATA MANAGEMENT INITIATE (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, logictics, 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				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#004 - Minor Construction						Naval Air Warfare Center		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	0		$0	0		$0	0		$0
New Construction	6		$6,442	19		$7,994	7		$8,153
Environmental Capability	0		$0	0		$0	0		$0
Total	6		$6,442	19		$7,994	7		$8,153

Justification:

Minor Construction: FY2013-FY2015

1. Projects within this category and capabilities will assist Naval Air Warfare Center (NAWC) in creating solutions that will enable us to address deficiencies in capabilities that will allow us to better perform 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. The projects include (FY13) Weapons Survivability Lab test engineering facility and construction of a High Energy Fiber Laser Lab . Additional projects include : (FY14) construction of a UxS Site, a Photonics Test Facility, EOD Emergency Vehicle Garage , and a Secure Targets Buildup Facility, (FY15) High Bay Facility for Unmanned Systems.

2. None of the minor construction projects will exceed the current Military Construction (MILCON) threshold.

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

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$29.224**	**$29.360**	**$0.136**	
			Quality Control/Testing	$19.209	$17.510	-$1.699	10 projects increased, 3 projects decreased, 1 new project, 5 cancelled projects
			Machinery	$6.440	$7.376	$0.936	5 projects increased, 1 project decreased
			Support Equipment	$3.575	$4.474	$0.899	3 new projects, 1 project decreased
	2	**ADP**		**$8.142**	**$7.804**	**-$0.338**	
			Computer Hardware (Production)	$7.212	$5.557	-$1.655	1 project increased, 5 projects decreased
			Computer Hardware (Network)	$0.000	$1.403	$1.403	3 new projects
			Computer Software (Operating)	$0.280	$0.280	$0.000	
			Telecommunications	$0.650	$0.564	-$0.086	1 project decreased
	3	**Software**		**$2.340**	**$2.435**	**$0.095**	
			Internally Developed	$0.920	$0.920	$0.000	
			Externally Developed	$1.420	$1.515	$0.095	1 new project, 2 projects decreased
	4	**Minor Construction**		**$5.635**	**$6.442**	**$0.807**	
			New Construction	$5.635	$6.442	$0.807	2 projects increased, 1 project decreased, and 1 project cancelled
TOTAL FY 2013 CIP Program				**$45.341**	**$46.041**	**$0.700**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$23.405**	**$20.326**	**-$3.079**	
			Material Handling	$0.000	$1.300	$1.300	1 new project
			Quality Control/Testing	$14.937	$11.796	-$3.141	12 new projects, 8 projects cancelled, 2 projects decreased
			Machinery	$1.538	$1.050	-$0.488	1 project cancelled
			Support Equipment	$6.930	$6.180	-$0.750	1 project cancelled
	2	**ADP**		**$9.572**	**$11.050**	**$1.478**	
			Computer Hardware (Production)	$5.587	$5.152	-$0.435	1 new project, 1 project increased, 1 project cancelled
			Computer Hardware (Network)	$1.275	$3.588	$2.313	1 new project, 1 project decreased, 1 project cancelled
			Computer Software (Operating)	$1.150	$1.150	$0.000	
			Telecommunications	$0.930	$0.530	-$0.400	1 project decreased
			Other Support Equipment	$0.630	$0.630	$0.000	
	3	**Software**		**$1.606**	**$2.489**	**$0.883**	
			Internally Developed	$1.356	$1.356	$0.000	
			Externally Developed	$0.250	$1.133	$0.883	3 new projects, 1 project decreased
	4	**Minor Construction**		**$7.276**	**$7.994**	**$0.718**	
			New Construction	$7.276	$7.994	$0.718	12 new projects, 2 projects decreased
TOTAL FY 2014 CIP Program				**$41.859**	**$41.859**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$20.053**	**$20.053**	**$0.000**	
			Quality Control/Testing	$12.844	$12.844	$0.000	
			Support Equipment	$7.209	$7.209	$0.000	
	2	**ADP**		**$10.976**	**$10.976**	**$0.000**	
			Computer Hardware (Production)	$8.358	$8.358	$0.000	
			Computer Hardware (Network)	$1.312	$1.312	$0.000	
			Computer Software (Operating)	$0.500	$0.500	$0.000	
			Telecommunications	$0.500	$0.500	$0.000	
			Other Support Equipment	$0.306	$0.306	$0.000	
	3	**Software**		**$2.677**	**$2.677**	**$0.000**	
			Internally Developed	$1.926	$1.926	$0.000	
			Externally Developed	$0.751	$0.751	$0.000	
	4	**Minor Construction**		**$8.153**	**$8.153**	**$0.000**	
			New Construction	$8.153	$8.153	$0.000	
TOTAL FY 2015 CIP Program				**$41.859**	**$41.859**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	2,236.7	2,331.2	2,244.0
2. Revenue	4,005.6	4,417.2	4,305.3
3. New Orders	4,100.1	4,329.9	4,224.6
4. Exclusions:			
Foreign Military Sales	151.2	172.7	128.3
Base Realignment and Closure	(0.8)	0.0	0.0
Other Federal Department and Agencies	41.0	31.5	21.9
Non-Federal and Others	30.6	35.3	23.9
Institutional Major Range & Test Facility Base	262.8	251.7	311.7
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	3,615.3	3,838.7	3,738.8
6. Weighted Average Outlay Rate	41%	37%	38%
7. Carryover Rate	59%	63%	62%
8. Allowable Carryover	2,812.8	3,035.2	3,036.0
Allowable Carryover(First Year)	2,119.2	2,406.5	2,310.0
Allowable Carryover (Second Year Procurement-funded Orders)	693.6	628.7	726.0
Part II			
9. Balance of Customer Order at Year End	2,331.2	2,244.0	2,163.3
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	149.1	153.1	154.9
Base Realignment and Closure	0.9	0.4	0.1
Other Federal Department and Agencies	48.1	30.4	22.1
Non-Federal and Others	30.3	30.5	27.0
Institutional Major Range & Test Facility Base	154.8	138.2	158.2
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	1,948.0	1,891.4	1,801.0

TAB 4 - Naval Surface Warfare Center

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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 seven 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 develop and apply science and technology associated with naval architecture and marine engineering, and 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 by gauging the Navy's warfighting capability of weapons and integrated combat systems, from unit to force level, through assessment of those systems' performance, readiness, quality, supportability, and the adequacy of training. It also executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The division has one primary operating site, Corona, CA, with a small engineering site at Seal Beach, CA.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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.

INDIAN HEAD EXPLOSIVE ORDNANACE DISPOSAL (EOD) TECHNOLOGY DIVISION: The mission of this division is to provide research, development, engineering, manufacturing, test, evaluation and in-service support of energetic systems and energetic materials (chemicals, propellants and explosives) for ordnance, warheads, propulsion systems, pyrotechnic devices, fuzing, electronic devices, Cartridge Actuated Devices and Propellant Actuated Devices (CAD/PADs), Packaging, Handling, Storage, and Transportation (PHS&T), gun systems and special weapons for Navy, Joint Forces and the Nation. The division develops and delivers Explosive Ordnance Disposal (EOD) technology, knowledge, tools and equipment and their life cycle support through an expeditionary work force which meets the needs of the Department of Defense, combatant commanders and our foreign and interagency partners. It also supports the Executive Manager for EOD Technology and Training and executes other responsibilities as assigned by the Commander, Naval Surface Warfare Center. The primary site of operations is Indian Head, MD, with smaller operations at Rison, MD, MacAlester, OK, and Picatinny, NJ.

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 2014 President's Budget:
Reflects approved merger of two NSWC divisions, Naval Explosive Ordnance Disposal Technology Division and Indian Head Division, into the Indian Head Explosive Ordnance Disposal Technology Division. The merger will be effective beginning in FY14. This merger strengthens the mission of both operating divisions and provides increased technical stewardship but does not generate a change in total cost in NSWC's FY15 budget submit.

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Orders	$3,732.6	$4,100.3	$4,196.8
Revenue	$3,799.8	$4,093.8	$4,197.6
Expense	$3,784.6	$4,194.2	$4,221.7
Operating Results	$15.3	($100.4)	($24.1)
Capital Surcharge	$0.0	$0.0	$0.0
Net Operating Results (NOR)	$15.3	($100.4)	($24.1)
Other Changes Affecting AOR	$0.3	$0.0	$0.0
Accumulated Operating Results (AOR)	$124.5	$24.1	($0.0)

Some totals may not add due to rounding.

Orders, Revenue and Expense: NSWC has estimated reimbursable orders based on historical trends.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

The trend in revenue and expense from year-to-year reflects achieving U.S. Direct Hire (USDH) Full Time Equivalent (FTE) targets.

The FY 2013 operating results reflects a gain of $22.5M from the FY 2014 President's Budget due to the under execution of overhead, offset by reduced DLHs. FY 2014 operating results reflects a gain of $1.3M from the FY 2014 President's Budget due to reduced direct labor hours and direct labor pricing/rate mix. The negative AOR recoupment in FY 2015 will return projected cumulative gains and will achieve a zero Accumulated Operating Result balance in FY 2015.

Collections/Disbursements/Outlays ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Collections	$3,800.4	$4,093.8	$4,197.5
Disbursements	$3,937.2	$4,179.9	$4,212.8
Outlays	$136.8	$86.1	$15.3

Some totals may not add due to rounding.

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

Workload:

Direct Labor Hours (000):	**FY 2013**	**FY 2014**	**FY 2015**
Current Estimate	22,179	22,468	22,390

Stabilized and non-stabilized direct labor hours (DLHs) and associated workforce continues to be sized 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. The rate setting year, FY 2015, reflects stabilized costs and associated stabilized hours.

Unit Cost:	**FY 2013**	**FY 2014**	**FY 2015**
Total Stabilized Cost ($Millions)	$2,206.0	$2,285.6	$2,229.4
Workload (DLHs) (000)	22,179	22,468	22,339
Unit cost (per DLH)	$99.46	$101.73	$99.80

Unit Cost: The Center's unit cost reflects a modest decrease from FY 2014 to FY 2015.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Stabilized / Composite Rates:	**FY 2013**	**FY 2014**	**FY 2015**
Stabilized Rate	$97.14	$95.45	$99.26
Change from Prior Year		-1.74%	4.00%
Composite Rate Change		0.29%	2.87%

Rate changes reflect adjustments to direct workload and pricing changes.

Staffing:

Civilian/Military ES & Workyears:	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	15,968	15,481	15,207
Civilian Workyears (straight time)	15,655	15,345	15,314
Military End Strength	197	171	185
Military Workyears	194	175	186

Civilian Personnel: Projected workyear and end strength estimates have been sized in accordance with USDH FTE targets.

Military Personnel: The FY 2015 increase in military end strength and workyears reflects an increase in the average fill rate. The fill rate is calculated by dividing actual average strength by the authorized end strength for each grade.

Capital Investment Program (CIP):

CIP Authority ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Equipment, Non-ADP / Telecom	$20.6	$17.1	$9.6
Equipment, ADPE / Telecom	$7.9	$8.0	$7.0
Software Development	$0.3	$0.0	$0.3
Minor Construction	$4.9	$13.2	$22.4
Total	$33.6	$38.3	$39.3

Some totals may not add due to rounding.

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

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT – NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Carryover Compliance	**FY 2013**	**FY 2014**	**FY 2015**
Net Carry-In	$1,981.9	$1,914.3	$1,920.8
Allowable Carryover	$2,188.5	$2,539.7	$2,647.1
Calculated Actual Carryover	$1,550.9	$1,563.5	$1,637.3
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($637.6)	($976.2)	($1,009.8)

Some totals may not add due to rounding.

Budgeted carryover is within the ceiling allowed by outlay rates.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	3,773.6	4,055.2	4,158.3
Capital Surcharges	0.0	0.0	0.0
Depreciation	26.2	38.6	39.3
Other Income			
Total Income	3,799.8	4,093.8	4,197.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	13.1	12.7	13.7
Civilian Personnel Compensation & Benefits	2,008.6	2,033.9	2,050.7
Travel and Transportation of Personnel	86.5	126.9	129.3
Material & Supplies (Internal Operations)	214.9	347.5	352.6
Equipment	159.5	97.6	98.3
Other Purchases from NWCF	121.9	107.1	103.9
Transportation of Things	6.2	4.2	4.2
Depreciation - Capital	26.2	38.6	39.3
Printing and Reproduction	2.6	2.2	2.2
Advisory and Assistance Services	5.9	0.0	0.0
Rent, Communication, Utilities & Misc Charges	80.9	71.3	73.2
Other Purchased Services	1,059.4	1,352.2	1,354.3
Total Expenses	3,785.7	4,194.2	4,221.7
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	(1.1)	0.0	0.0
Cost of Goods Sold	3,784.6	4,194.2	4,221.7
Operating Result	15.3	(100.4)	(24.1)
Adjustments Affecting NOR	0.3	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	0.3	0.0	0.0
Net Operating Result	15.3	(100.4)	(24.1)
PY AOR	109.0	124.5	24.1
TOTAL AOR	124.5	24.1	0.0
Non-Recoverable Adjustments impacting AOR	0.0	0.0	0.0
AOR for budget purposes	124.5	24.1	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	3,732.6	4,100.3	4,196.8
a. Orders from DoD Components:	3,136.0	3,526.8	3,603.4
Department of the Navy	2,603.4	2,932.7	2,996.0
O & M, Navy	803.6	968.1	982.5
O & M, Marine Corps	62.2	81.3	83.9
O & M, Navy Reserve	2.3	2.5	2.5
O & M, Marine Corp Reserve	0.2	0.3	0.3
Aircraft Procurement, Navy	71.2	78.5	81.0
Weapons Procurement, Navy	73.6	80.8	86.1
Ammunition Procurement, Navy/MC	71.5	66.2	71.9
Shipbuilding & Conversion, Navy	237.2	285.8	299.2
Other Procurement, Navy	334.7	353.9	367.1
Procurement, Marine Corps	65.6	75.6	78.2
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	865.1	922.3	942.5
Military Construction, Navy	0.7	0.4	0.4
National Defense Sealift Fund	15.8	16.8	0.0
Other Navy Appropriations	(0.2)	0.0	0.0
Other Marine Corps Appropriations	0.0	0.3	0.3
Department of the Army	95.5	156.0	149.7
Army Operation & Maintenance	20.0	21.4	21.9
Army Res, Dev, Test, Eval	26.0	27.0	27.7
Army Procurement	35.3	73.9	74.6
Army Other	14.3	33.7	25.5
Department of the Air Force	43.5	46.0	47.0
Air Force Operation & Maintenance	13.3	16.1	16.5
Air Force Res, Dev, Test, Eval	11.3	9.0	9.3
Air Force Procurement	18.9	20.8	21.2
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	393.6	392.2	410.6
Base Closure & Realignment	(0.9)	0.0	0.0
Operation & Maintenance Accounts	72.9	76.0	79.7
Res, Dev, Test & Eval Accounts	283.7	286.2	299.7
Procurement Accounts	33.0	26.8	27.8
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	4.9	3.2	3.3
b. Orders from other Fund Activity Groups	238.3	231.5	241.6
c. Total DoD	3,374.3	3,758.3	3,844.9
d. Other Orders:	357.9	342.0	351.8
Other Federal Agencies	71.1	61.3	63.4
Foreign Military Sales	261.8	257.9	267.8
Non Federal Agencies	25.0	22.7	20.6
2. Carry-In Orders	1,981.9	1,914.3	1,920.8
3. Total Gross Orders	5,714.1	6,014.6	6,117.5
a. Funded Carry-Over before Exclusions	1,914.3	1,920.8	1,919.9
4. Revenue(-)	3,799.8	4,093.8	4,197.6
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	363.3	357.3	282.7
7. Funded Carryover	1,550.9	1,563.5	1,637.3

Note: Line 5 (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
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Actuals	**3,784.6**
FY 2014 President's Budget:	**4,550.5**
Estimated Impact in FY 2014 of Actual FY 2013 Experience:	**(3.7)**
Pricing Adjustments:	**(3.5)**
General Inflation	(3.5)
Program Changes:	**(343.1)**
Decreased Customer Workload	(343.1)
Other Changes:	**(6.0)**
Sustainment, Restoration and Modernization reductions	(6.0)
FY 2014 Current Estimate:	**4,194.2**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Current Estimate:	**4,194.2**
Pricing Adjustments:	**47.0**
Annualization of Prior Year Pay Raises	**5.1**
Civilian Personnel	5.1
Military Personnel	0.0
FY 2015 Pay Raise	**15.3**
Civilian Personnel	15.2
Military Personnel	0.1
Fuel Price Changes	0.0
General Purchace Inflation	27.4
Other Price Changes	**(0.8)**
Working Capital Fund Price Changes	(0.8)
Program Changes:	**9.4**
Increased Customer Workload	9.4
Other Changes:	**(28.9)**
Facilities Sustainment, Restoration & Mondernization	(0.8)
NGEN Contract Savings	(28.1)
FY 2015 Estimate:	**4,221.7**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**29**	**$20.552**	**26**	**$17.075**	**16**	**$9.646**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	0	$0.000	0	$0.000	1	$0.415
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	23	$18.297	19	$14.291	15	$9.231
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	0	$0.000	2	$1.317	0	$0.000
	- Support Equipment	6	$2.255	5	$1.467	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**16**	**$7.877**	**16**	**$7.999**	**12**	**$6.959**
	- Computer Hardware (Production)	9	$5.226	6	$2.290	7	$3.090
	- Computer Hardware (Network)	6	$2.151	7	$4.284	5	$3.869
	- Computer Software (Operating)	1	$0.500	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	1	$0.525	0	$0.000
	- Other Support Equipment	0	$0.000	2	$0.900	0	$0.000
3	**Software Development >= $.250M**	**2**	**$0.254**	**0**	**$0.000**	**1**	**$0.320**
	- Internally Developed	2	$0.254	0	$0.000	1	$0.320
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**10**	**$4.889**	**20**	**$13.241**	**21**	**$22.402**
	- Replacement Capability	3	$2.207	7	$5.116	5	$5.924
	- New Construction	7	$2.682	13	$8.125	16	$16.478
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**57**	**$33.572**	**62**	**$38.315**	**50**	**$39.327**
	Total Capital Outlays		**$24.645**		**$32.030**		**$38.280**
	Total Depreciation Expense		**$26.206**		**$38.617**		**$39.327**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#001 - Non-ADP Equipment						Naval Surface Warfare Center		
	FY 2013			FY 2014			FY 2015		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$0	0		$0	0		$0
Material Handling	0		$0	0		$0	1		$415
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	23		$18,297	19		$14,291	15		$9,231
Medical Equipment	0		$0	0		$0	0		$0
Machinery	0		$0	2		$1,317	0		$0
Support Equipment	6		$2,255	5		$1,467	0		$0
Total	29		$20,552	26		$17,075	16		$9,646

Justification:

Support Equipment: Non-ADPE support equipment investments support mission essential research, development, test and evaluation of equipment that is unsafe, beyond economic repair, technically obsolete, or otherwise unusable. 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.

Benefit: 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 require 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 no projects with an individual cost greater than or equal to $1,000K. A cost 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 - 7 years.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#002 - ADP Equipment						Naval Surface Warfare Center		
	FY 2013			FY 2014			FY 2015		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	9		$5,226	6		$2,290	7		$3,090
Computer Hardware (Network)	6		$2,151	7		$4,284	5		$3,869
Computer Software (Operating System)	1		$500	0		$0	0		$0
Telecommunications	0		$0	1		$525	0		$0
Other Support Equipment	0		$0	2		$900	0		$0
Total	16		$7,877	16		$7,999	12		$6,959

Justification:

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

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

Impact: ADP Equipment supporting the research and development community must remain on the cutting edge of technology for to conduct complex simulations, perform predictive analysis, and analyze surface ship system performance. 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 are no projects >$1M. Projects have an average useful life of 5 - 10 years according to guidance.

ADP Hardware Projects >$1M: None

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#003 - Software Development						Naval Surface Warfare Center		
	FY 2013			FY 2014			FY 2015		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	2		$254	0		$0	1		$320
Externally Developed	0		$0	0		$0	0		$0
Total	2		$254	0		$0	1		$320

Justification:

Software Projects < $1.000M: Software projects in this budget support predictive maintenance capbility 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 interoperatbility 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				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $750K)						Naval Surface Warfare Center		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	3		$2,207	7		$5,116	5		$5,924
New Construction	7		$2,682	13		$8,125	16		$16,478
Environmental Capability	0		$0	0		$0	0		$0
Total	10		$4,889	20		$13,241	21		$22,402

Justification:

New Construction

Investments in Minor Construction (MCON) 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 >$750K utilizing LDRP authority (New Construction)

Prototype Material Storage Facility ($890K): Project acquires a secure, enclosed storage space for valuable metals such as High Yield (HY) steels, titanium, copper, stainless steel and aluminum extrusions used for submarine and ship model fabrication. This space will also support storage of formed and rolled submarine hulls and sub-assemblies, precision ground, scaled submarine and ship model plates, and special High Yields steels that may be unpainted or precisely ground to thickness. This storage warehouse will ensure NAVSEA Ship Integrity & Performance requirements are met for all model plate materials stored in a manner to maintain the materials integrity for material evaluations as required. Estimated payback is 8.5 years.

Tactical Vehicle Integration Facility ($1.7M): Project provides 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. Currently no capability exists within the Navy to integrate and test the full suite of sensors necessary for littoral warfare. This investment will deliver the capability to install, integrate and test current and future littoral sensors. 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. Estimated payback is 3.4 years.

Open Secret for Advanced Program Support (Bldg 1380) ($1.7M): Convert Building 1380 (Engineering Facility, Upper Floor) to open secret space by air conditioning the building and sealing windows. Project includes electrical upgrades to support air conditioning. Open secret space is required for secure computer terminals (SIPR seats) to support In Service Engineering for Advanced Programs Development. This project supports the integration, prototyping, testing and analysis to support development and operational deployment of Naval and joint service weapon and combat systems. Estimated payback is 2.9 years.

Surface Warfare Engineering Facility Integration Laboratory ($1.4M): Facility capable of supporting operational testing of next generation AEGIS radar systems and supporting infrastructure components. The modernization of AEGIS CGs and DDGs (cruisers and destroyers), assets and associated infrastructure components are driving a requirement to construct a state of the art lab at Port Hueneme. This laboratory will give the Navy much needed capacity to expedite needed capability into the fleet with close proximity to 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. Efforts will include upgrade of tower and building to support antenna foundations, plumbing of chilled water and other permanent modifications to the structures.

Operating Materials and Supplies Storage Facility ($2M): Project constructs a 13,500 square foot warehouse to store project materials and supplies. Proposed new warehouse space supports local NSWC Corona technical projects not performed at other activities. Facility ensures that Corona is in compliance with the current Navy ERP Operating Materials & Supplies (OM&S) requirement for proper accountability and physical control of project materiel. Estimated payback is 6.9 years.

Product Engineering Assessment Laboratory ($820K): This project will expand the NSWC Corona Product Engineering (PE) Assessment Lab machining capabilities by constructing a 2,232 square foot addition to the PE Precision machine shop into the existing warehouse. Building 542 warehouse space will be reconfigured to accommodate the warehousing footprint. The expansion supports precision interface gauge development, specialized prototypes, and precision tooling held at tight tolerances to assess mechanical interfaces. Co-location with the Navy Special Interface Gauge Certification Lab provides for an inherently governmental technical capability which provides precision machining and prototyping services across the NAVSEA community and industry. Estimated payback is 4.2 years.

Electronic Warfare Integration Facility Expansion ($775K): Expands the laboratory space for the Electronic Warfare Integration Facility (EWIF) Building 1160 at Dahlgren Division and replaces the vertical climbing ladder on the adjacent tower with stairs. The physical addition of open laboratory space will be built to an "open-storage" security classification standard. This facility supports efforts to develop, integrate and upgrade EW Combat System architectures. Testing of advanced EW system components, system prototypes, system integration approaches in a facility with access to open-air and laboratory Radio Frequency (RF) simulation systems is critical to the validation of these advanced EW concepts prior to the Fleet introduction. Estimated payback is 12.5 years.

Addition to Building 764 ($2M): Project space will reduce the repair, maintenance, and downtime costs associated with existing energetics facilities by moving lab facilities into a modern facility. Transportation costs will be reduced by moving labs adjacent to a newly built explosive storage area. The total footprint of the lab areas (10) being relocated will be reduced as common functions are consolidated, duplicate equipment excessed, storage space eliminated. The existing mechanical test workload for the Hopkinson bar includes high strain rate characterization and research work on energetic materials for customers such as SSP, ONR, etc. The forensic/mechanical characterization workload has recently been focused on explosives detection and forensic identification of residues in support of in-theater and Department of Homeland Security needs. Estimated payback is 35 years.

Craft Integration Production Facility ($2M): Construct a facility for technology development, hardware and software integration, production, acceptance testing, staging, delivery, fleet support and repair of Expeditionary Systems projects. NSWC Panama City will manage five different LCAC C4N hardware configuration baselines. Estimated payback of 3 years.

Tactical Analysis Facility ($850K): The Tactical Analysis Facility (TAF) will expand Building 469 by 1,500 square feet. This facility will house the classified Mine Warfare (MIW) and Expeditionary Warfare (EXWAR) tactical analysis programs including support for the future LCS Mission Module spirals, such as Unmanned Influence Sweep System (UISS) and Low Frequency Broad Band (LFBB). This project will co-locate the analysts, simulation production computers and SIPRNet computers allowing seamless operations. Estimated payback of 2.9 years.

In Service Systems Engineering Facility ($1.7M): Facility upgrades will establish a directed energy weapons test facility. This project provides the Navy with a Combat System In-Service Development Facility to support the integration and testing of directed energy (DE) weapons with fleet representative combat systems elements in a maritime environment. This facility upgrade will house DE integration and test capability (including upgrades of the power and cooling systems) to support the installation of a DE weapon. Estimated payback is 6.8 years.

Littoral Integration Laboratory ($1.95M): Project provides upgrades and modifications necessary to support installation of sensors that provide littoral integration and test capability. This investment will deliver the capability to install, integrate and test current and future littoral sensors. This facility provides the capability to perform platform level littoral sensor integration and test on operational Navy and Coast Guard assets. Estimated payback is 6.0 years.

MCON Projects >$750K utilizing LDRP authority (Replacement)

Range Systems and Communications Lab ($1,227K): 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. Estimated payback is 5.5 years.

Applied Metrology Lab ($1,426K): This project will convert bldg 522 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: Metrology Bench-Top (METBENCH) Lab, Metbench Calibration Management System (MCMS) Lab, secured Improvised Explosive Device (IED) Threat Assessment Lab, Mechanical Lab, and Electronics Lab. Estimated payback is 5.2 years.

Missle Assembly Facility Test Cell Number 3 ($1,500K): This project provides a permanent installation of a segregated test cell with Missile Built in Test (MBIT) Capability at the Missile Assembly Facility. Current method of testing ready for issue munitions for fleet is migrating towards built in test to establish serviceability of round for use. Current temporary MBIT capability is sustained through waivers. Waivers will not sustain future capability without significant intervention to transfer into exemptions. An approved test cell with MBIT and increase Net Explosive Weight (NEW) is required to meet current criteria for next generation missile systems.

UNDEX Test Pond Structural Upgrade ($1,98OK): This project supports the Underwater Explosion(UNDEX) Pond Structure upgrades to include: new reinforced concrete/shotcrete surface; caisson view wall coated with blast resistant coating, removal of bottom boulders and resurfaced bottom. Existing boulders will be removed and a new reinforced concrete structure will be installed within the existing pond with a finished shotcrete surface. The new proposed design does not rely upon the existing structure for strength which should improve longevity and reduce leakage. The finished surface will improve chemical and filtration system performance and thereby increase the high-speed photography capability needed to evaluate test data. The upgraded structure will expand useful range of the water column by reducing scattered and false bottom reflections in the recorded pressure data. This facility is the only one capable of precision experiments with accurate underwater high-speed photography. Estimated payback is 10.9 years.

IRCM Advanced Threat Analysis Science &Technology Lab ($1,850K): Project will renovate 5,400 SF of existing lab space to create an Infrared Countermeasures (IRCM) Advanced Threats Analysis S&T lab. Advanced S&T lab activities include analysis of alternatives with effects-based modeling, hardware-in-the-loop and engagement modeling, campaign levelmodeling, and physics based modeling. The end-state is to leverage the existing DoD Secure Defense Research and Engineering Network (SDREN) using a web-centric approach merging Live, Virtual, and Constructive (LVC) simulation capability and environments to defeat advanced technology threats. The renovation will include upgrading HVAC and electrical distribution; reconfiguration of spaces; removal of existing elevator, reconstruct stairway, and installation of sprinkler system.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$21.623**	**$20.552**	**$1.071**	
			Quality Control/Testing	$18.658	$18.297	$0.361	Unobligated/Unavailable CIP Authority
			Support Equipment	$2.965	$2.255	$0.710	Unobligated/Unavailable CIP Authority
	2	**ADP**		**$8.483**	**$7.877**	**$0.606**	
			Computer Hardware (Production)	$4.803	$5.226	-$0.423	Unobligated/Unavailable CIP Authority
			Computer Hardware (Network)	$3.109	$2.151	$0.958	Unobligated/Unavailable CIP Authority
			Computer Software (Operating)	$0.571	$0.500	$0.071	Unobligated/Unavailable CIP Authority
	3	**Software**		**$0.905**	**$0.254**	**$0.651**	
			Internally Developed	$0.905	$0.254	$0.651	Unobligated/Unavailable CIP Authority
	4	**Minor Construction**		**$5.292**	**$4.889**	**$0.403**	
			Replacement	$2.207	$2.207	$0.000	
			New Construction	$3.085	$2.682	$0.403	Unobligated/Unavailable CIP Authority
TOTAL FY 2013 CIP Program				**$36.303**	**$33.572**	**$2.731**	Unobligated/Unavailable CIP Authority

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$17.220**	**$17.075**	**$0.145**	
			Quality Control/Testing	$15.643	$14.291	$1.352	Program Restructure
			Machinery	$0.497	$1.317	-$0.820	Program Restructure
			Support Equipment	$1.080	$1.467	-$0.387	Program Restructure
	2	**ADP**		**$7.989**	**$7.999**	**-$0.010**	
			Computer Hardware (Production)	$2.805	$2.290	$0.515	Program Restructure
			Computer Hardware (Network)	$4.784	$4.284	$0.500	Program Restructure
			Telecommunications	$0.400	$0.525	-$0.125	Program Restructure
			Other Support Equipment	$0.000	$0.900	-$0.900	Program Restructure
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
			Internally Developed	$0.000	$0.000	$0.000	
			Externally Developed	$0.000	$0.000	$0.000	
	4	**Minor Construction**		**$13.801**	**$13.241**	**$0.560**	
			Replacement	$3.561	$5.116	-$1.555	Program Restructure
			New Construction	$10.240	$8.125	$2.115	Program Restructure
TOTAL FY 2014 CIP Program				**$39.010**	**$38.315**	**$0.695**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$9.646**	**$9.646**	**$0.000**	
			Material Handling	$0.415	$0.415	$0.000	
			Quality Control/Testing	$9.231	$9.231	$0.000	
	2	**ADP**		**$6.959**	**$6.959**	**$0.000**	
			Computer Hardware (Production)	$3.090	$3.090	$0.000	
			Computer Hardware (Network)	$3.869	$3.869	$0.000	
	3	**Software**		**$0.320**	**$0.320**	**$0.000**	
			Internally Developed	$0.320	$0.320	$0.000	
			Externally Developed	$0.000	$0.000	$0.000	
	4	**Minor Construction**		**$22.402**	**$22.402**	**$0.000**	
			Replacement	$5.924	$5.924	$0.000	
			New Construction	$16.478	$16.478	$0.000	
TOTAL FY 2015 CIP Program				**$39.327**	**$39.327**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL SURFACE WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	1,981.9	1,914.3	1,920.8
2. Revenue	3,799.8	4,093.8	4,197.6
3. New Orders	3,732.6	4,100.3	4,196.8
4. Exclusions:			
Foreign Military Sales	261.8	257.9	267.8
Base Realignment and Closure	(0.9)	0.0	0.0
Other Federal Department and Agencies	71.1	61.3	63.4
Non-Federal and Others	25.0	22.7	20.6
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	3,375.6	3,758.4	3,845.0
6. Weighted Average Outlay Rate	47%	42%	42%
7. Carryover Rate	53%	58%	58%
8. Allowable Carryover	2,188.5	2,539.7	2,647.1
Allowable Carryover(First Year)	1,788.5	2,163.6	2,220.3
Allowable Carryover (Second Year Procurement-funded Orders)	400.0	376.1	426.8
Part II			
9. Balance of Customer Order at Year End	1,914.3	1,920.8	1,919.9
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	264.6	275.1	199.7
Base Realignment and Closure	0.9	0.9	0.9
Other Federal Department and Agencies	72.1	54.4	56.3
Non-Federal and Others	25.7	26.9	25.8
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	1,550.9	1,563.5	1,637.3

TAB 5 - Naval Undersea Warfare Center

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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. 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 HI, Nanoose BC, and Naval Sea Logistics Center Mechanicsburg PA**.**

Significant Changes Since the FY 2014 President's Budget
Actual Accumulated Operating Results (AOR) for FY 2013 increased $32.1M from the FY 2014 President's budget and the current estimate for FY 2014 is $2.8M lower than budgeted.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Revenue/Expense/Operating Results ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Orders	$1,037.7	$1,018.7	$1,005.3
Revenue	$1,061.5	$997.8	$1,013.3
Expense	$1,052.9	$1,021.0	$1,010.5
Operating Results	$8.6	($23.2)	$2.8
Capital Surcharge	$0.0	$0.0	$0.0
Net Operating Results (NOR)	$8.6	($23.2)	$2.8
Other Changes Affecting AOR	($1.0)	$0.0	$0.0
Accumulated Operating Results (AOR)	$20.4	($2.8)	$0.0

Some totals may not add due to rounding.

Orders: FY 2013 Orders show a reduction of $248.8M from the FY 2013 President's budget due to sequestration. FY 2014 and FY2015 Orders show slight decreases from prior years due to anticipated workload reductions

Revenue/Expense: Estimates for FYs 2014-2015 are based on anticipated customer workload and result in achieving a zero AOR by FY 2015.

Operating Results: NUWC's actual NOR was a positive $8.6M in FY 2013 which is $9.8M better than the FY 2014 President's budgeted NOR level. In FY 2014, NUWC is budgeting for a NOR loss of $23.2M. This loss is the result of (1) $10.7M in overhead costs for the Data Center Consolidation, and (2) reduction in direct workyears due to the hiring constraints and lingering effects of sequestration. In FY 2015 NUWC will achieve a zero AOR balance.

Collections/Disbursements/Outlays ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Collections	$1,073.0	$1,001.5	$1,012.4
Disbursements	$1,072.8	$1,023.8	$1,007.6
Outlays	($0.2)	$22.3	($4.7)

Some totals may not add due to rounding.

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

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Workload:

Direct Labor Hours (000):	**FY 2013**	**FY 2014**	**FY 2015**
Current Estimate	5,966	6,122	6,063

FY 2013 stabilized and non-stabilized direct labor hours were 431K below the level in the FY 2014 President's budget. This reduction is due to the hiring freeze and starting the year below our FY 2014 President's budget estimate. In FY 2014, there is a slight increase in direct labor hours of 156K reflecting the plan to hire personnel in areas adversely impacted by the FY 2013 hiring freeze. In FY 2015 direct labor hours are slightly decreasing by 59K due to an anticipated decrease in customer workload.

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

Unit Cost:	**FY 2013**	**FY 2014**	**FY 2015**
Total Stabilized Cost ($Millions)	$593.8	$614.6	$564.0
Workload (DLHs) (000)	5,966	6,122	5,732
Unit cost (per DLH)	$99.54	$100.40	$98.40

Unit Cost: NUWC's Unit Cost is stable during the budget period. The rate setting year, FY 2015, reflects stabilized costs and associated stabilized hours.

Stabilized / Composite Rates:	**FY 2013**	**FY 2014**	**FY 2015**
Stabilized Rate	$98.63	$94.78	$99.35
Change from Prior Year		-3.90%	4.83%
Composite Rate Change		0.81%	3.42%

Staffing:

Civilian/Military ES & Workyears:	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	4,577	4,591	4,541
Civilian Workyears (straight time)	4,482	4,496	4,453
Military End Strength	36	42	42
Military Workyears	37	39	39

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Civilian Personnel: NUWC's actual FY 2013 civilian end strength numbers are 150 lower than planned due to the hiring constraints and sequestration. The FY 2014 estimate reflects a slight increase in areas adversely impacted by the FY 2013 hiring freeze. In FY 2015, we show a downward trend due to anticipated workload reductions.

Military Personnel: FY 2013 military end strength decreased by 2 from the FY 2014 President's budget. This reduction is to bring the estimate in line with current year actual data.

Capital Investment Program (CIP): NUWC's Capital Purchase Program is used to purchase general purpose mission essential equipment.

CIP Authority ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Equipment, Non-ADP / Telecom	$6.3	$5.1	$5.5
Equipment, ADPE / Telecom	$3.5	$5.2	$3.5
Software Development	$0.4	$1.1	$1.5
Minor Construction	$5.6	$1.9	$3.8
Total	**$15.8**	**$13.3**	**$14.3**

Some totals may not add due to rounding.

Carryover Compliance	**FY 2013**	**FY 2014**	**FY 2015**
Net Carry-In	$604.8	$581.1	$602.0
Allowable Carryover	$574.0	$613.7	$620.5
Calculated Actual Carryover	$365.0	$395.3	$428.8
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($209.0)	($218.4)	($191.7)

Some totals may not add due to rounding.

Budgeted carryover is within the ceiling allowed by outlay rates.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	1,049.0	984.1	998.8
Capital Surcharges	0.0	0.0	0.0
Depreciation	12.5	13.8	14.5
Other Income			
Total Income	1,061.5	997.8	1,013.3
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	3.1	3.5	3.3
Civilian Personnel Compensation & Benefits	576.9	603.3	601.8
Travel and Transportation of Personnel	21.1	28.5	27.0
Material & Supplies (Internal Operations)	62.4	52.7	50.5
Equipment	4.9	3.9	2.7
Other Purchases from NWCF	54.7	55.4	55.5
Transportation of Things	2.8	1.9	2.0
Depreciation - Capital	12.5	13.8	14.5
Printing and Reproduction	1.3	1.2	1.2
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	25.0	20.2	20.4
Other Purchased Services	288.6	236.6	231.5
Total Expenses	1,053.2	1,021.0	1,010.5
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	1,052.9	1,021.0	1,010.5
Operating Result	8.6	(23.2)	2.8
Adjustments Affecting NOR	(1.0)	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	(1.0)	0.0	0.0
Net Operating Result	8.6	(23.2)	2.8
PY AOR	12.9	20.4	(2.8)
TOTAL AOR	20.4	(2.8)	0.0
Non-Recoverable Adjustments impacting AOR	0.0	0.0	0.0
AOR for budget purposes	20.4	(2.8)	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	1,037.7	1,018.7	1,005.3
a. Orders from DoD Components:	819.5	862.0	839.1
Department of the Navy	794.7	832.4	816.1
O & M, Navy	250.2	251.2	257.1
O & M, Marine Corps	1.3	1.9	1.8
O & M, Navy Reserve	1.2	0.9	0.8
O & M, Marine Corp Reserve	0.1	0.0	0.0
Aircraft Procurement, Navy	3.9	18.9	16.8
Weapons Procurement, Navy	64.1	77.9	68.5
Ammunition Procurement, Navy/MC	0.2	0.0	0.0
Shipbuilding & Conversion, Navy	64.3	78.0	72.1
Other Procurement, Navy	141.5	148.0	134.8
Procurement, Marine Corps	0.5	0.0	0.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	266.9	255.0	264.1
Military Construction, Navy	0.0	0.0	0.0
National Defense Sealift Fund	0.7	0.6	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	6.3	11.6	8.6
Army Operation & Maintenance	0.9	4.9	2.8
Army Res, Dev, Test, Eval	4.1	4.6	4.1
Army Procurement	0.5	0.9	1.1
Army Other	0.8	1.2	0.6
Department of the Air Force	2.6	2.9	3.0
Air Force Operation & Maintenance	0.6	1.3	1.4
Air Force Res, Dev, Test, Eval	0.4	0.7	0.8
Air Force Procurement	0.3	0.9	0.8
Air Force Other	1.3	0.0	0.0
DOD Appropriation Accounts	15.8	15.1	11.5
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	1.5	0.9	0.9
Res, Dev, Test & Eval Accounts	13.4	13.8	9.6
Procurement Accounts	0.7	0.3	0.4
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.2	0.2	0.6
b. Orders from other Fund Activity Groups	66.4	60.3	74.5
c. Total DoD	885.9	922.2	913.7
d. Other Orders:	151.8	96.5	91.6
Other Federal Agencies	4.8	5.5	5.0
Foreign Military Sales	120.2	74.9	71.7
Non Federal Agencies	26.8	16.2	14.9
2. Carry-In Orders	604.8	581.1	602.0
3. Total Gross Orders	1,642.5	1,599.8	1,607.2
a. Funded Carry-Over before Exclusions	581.1	602.0	594.0
4. Revenue(-)	1,061.5	997.8	1,013.3
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	216.0	206.7	165.2
7. Funded Carryover	365.0	395.3	428.8

Note: Line 5 (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
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Actuals	**1,052.9**
FY 2014 President's Budget:	**1,186.5**
Estimated Impact in FY 2014 of Actual FY 2013 Experience:	**(9.4)**
Decreased Customer Workload	(9.4)
Pricing Adjustments:	**(0.6)**
General Inflation	(0.6)
Program Changes:	**(154.4)**
Decreased Customer Workload	(154.4)
Other Changes:	**(1.1)**
Facilities Sustainment, Restoration & Mondernization	(1.1)
FY 2014 Current Estimate:	**1,021.0**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Current Estimate:	**1,021.0**
Pricing Adjustments:	**8.5**
Annualization of Prior Year Pay Raises	**1.3**
Civilian Personnel	1.3
Military Personnel	0.0
FY 2015 Pay Raise	**2.6**
Civilian Personnel	2.8
Military Personnel	(0.2)
Fuel Price Changes	0.0
General Purchace Inflation	5.4
Other Price Changes (list)	**(0.8)**
Working Capital Fund Price Changes	(0.8)
Program Changes:	**(10.5)**
Decreased Customer Workload	(10.5)
Other Changes:	**(8.5)**
NGEN Contract Savings	(8.5)
FY 2015 Estimate:	**1,010.5**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**14**	**$6.320**	**10**	**$5.077**	**13**	**$5.493**
	- Vehicles	1	$0.600	0	$0.000	0	$0.000
	- Material Handling	3	$1.285	1	$0.400	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	2	$0.531	1	$0.385	3	$1.290
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	2	$1.000	1	$0.700	2	$0.660
	- Support Equipment	6	$2.905	7	$3.592	8	$3.543
2	**ADPE and Telecom Equipment >= $.250M**	**9**	**$3.526**	**7**	**$5.179**	**7**	**$3.487**
	- Computer Hardware (Production)	4	$1.506	3	$1.494	3	$1.537
	- Computer Hardware (Network)	2	$0.802	2	$2.972	3	$1.700
	- Computer Software (Operating)	1	$0.295	0	$0.000	0	$0.000
	- Telecommunications	0	$0.000	1	$0.300	0	$0.000
	- Other Support Equipment	2	$0.923	1	$0.413	1	$0.250
3	**Software Development >= $.250M**	**1**	**$0.398**	**3**	**$1.145**	**4**	**$1.495**
	- Internally Developed	1	$0.398	3	$1.145	3	$1.195
	- Externally Developed	0	$0.000	0	$0.000	1	$0.300
4	**Minor Construction (>= $.250M and <= $2.000M)**	**12**	**$5.552**	**4**	**$1.925**	**7**	**$3.825**
	- Replacement Capability	5	$1.654	1	$0.750	2	$0.975
	- New Construction	7	$3.898	2	$0.875	3	$2.050
	- Environmental Capability	0	$0.000	1	$0.300	2	$0.800
	Grand Total	**36**	**$15.796**	**24**	**$13.326**	**31**	**$14.300**
	Total Capital Outlays		**$13.280**		**$11.364**		**$12.748**
	Total Depreciation Expense		**$12.520**		**$13.770**		**$14.479**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#001 - Non-ADP Equipment						Naval Undersea Warfare Center		
	FY 2013			FY 2014			FY 2015		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	1		$600	0		$0	0		$0
Material Handling	3		$1,285	1		$400	0		$0
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	2		$531	1		$385	3		$1,290
Medical Equipment	0		$0	0		$0	0		$0
Machinery	2		$1,000	1		$700	2		$660
Support Equipment	6		$2,905	7		$3,592	8		$3,543
Total	14		$6,320	10		$5,077	13		$5,493

Justification:

These Non-ADP investments fund the acquisition of mission essential equipment that support research and development, test and evaluation of current and newly developed submarine and undersea systems. Investments include the replacement of equipment that is unsafe, beyond economical repair; technically obsolete; or otherwise unusable, as well as, support equipment for new capabilities. These investments support submarine and undersea warfare systems including advanced sonar and combat systems, autonomous vehicles, weapons system, sensors and payload integration, advanced launcher systems, communications/imaging systems, rangecraft, material depot, and range systems. Equipment procurements will support initiatives such as:

- Undersea warfare systems test and evaluation
- Undersea tracking range development and operation
- Environmental and marine mammal mitigation measures
- Undersea communication system development and testing
- Autonomous and advanced sensor systems
- USW sonar systems calibration and testing
- Rapid prototyping and fabrication of USW systems
- Torpedo and unmanned systems in-service engineering
- USW obsolescence engineering
- USW materials fabrication
- Material handling

The Naval Undersea Warfare Center is the Navy's source for undersea systems expertise and technology providing the Navy with innovative, effective and affordable systems and services. 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.

Economic Analysis:
Cost analyses were performed on all individual projects less than $1M. All non-ADPE projects have an estimated useful life of 10 years and a range of payback periods from 0.2 – 8.3 years.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#002 - ADP Equipment						Naval Undersea Warfare Center		
	FY 2013			FY 2014			FY 2015		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	4		$1,506	3		$1,494	3		$1,537
Computer Hardware (Network)	2		$802	2		$2,972	3		$1,700
Computer Software (Operating System)	1		$295	0		$0	0		$0
Telecommunications	0		$0	1		$300	0		$0
Other Support Equipment	2		$923	1		$413	1		$250
Total	9		$3,526	7		$5,179	7		$3,487

Justification:

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 between shore-based Undersea Warfare systems and procurement of hardware for mission essential research, development, test and evaluation and high speed computing needs. Investments will include submarine networks (simulated integrated combat systems), integrated networked simulation visualization systems and information assurance and security upgrades.

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.

ADP Equipment supporting the research and development community must remain on the cutting edge of technology to conduct complex simulations, perform predictive analysis, and analyze undersea 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. If these investments are not made the Navy will be limited in their capability for the shore-based development, integration and testing of new submarine sonar, combat and weapon systems.

An economic analysis was performed on the two projects equal to or greater than $1M. A cost comparison analysis was performed on all individual projects less than $1M. Projects have an average useful life of 5 years according to guidance provided in the OMB A-94 circular. These projects have a range of payback periods from 0.3 - 4.9 years.

Fiber Infrastructure Upgrade (FY14 - $1.972) Newport - Computer Hardware (Network)
This facility will expand the capabilities of the Narragansett Bay Test Facility to meet current and future warfighter needs. This project will provide connectivity from the Narragansett Bay Shallow Water Test Facility to Division Newport infrastructure. A cost comparison analysis was performed on this project with an estimated useful life of 5 years and a payback period of 4.93 years.

Bldg. Access Cardreader System Replacement (FY14 - $1M; FY15 - $1M) Keyport - Computer Hardware Network
Replacement of existing Access Control/Intrusion Detection System (ACS/IDS) with one that used Common Access Card (CAC) as the access control card. Phase I (FY14) will upgrade 50% of the buildings with the remaining 50% upgraded in Phase II (FY15). Upgrade will ensure compliance with HSPD-12 (Homeland Security Presidential Directive) and FIPS-201 (Federal Information Process Standard). Impact if not funded will include loss of Authority to Operate with existing ACS/IDS, which would result in increased cost due to the required 24/7 monitoring of all secured spaces. The payback period of this investment is 4.9 years for FY14 and FY15.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#003 - Software Development						Naval Undersea Warfare Center		
	FY 2013			FY 2014			FY 2015		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	1		$398	3		$1,145	3		$1,195
Externally Developed	0		$0	0		$0	1		$300
Total	1		$398	3		$1,145	4		$1,495

Justification:

These investments will support the acquisition or development of software for the more effective and efficient operation of navy owned towed array calibration facilities, improve simulated submarine networks and more closely integrate submarine systems including sonar, combat control and communication systems. These investments will also improve the Navy's capabilities in obsolescence management and in USW modeling and simulation.

These investments will directly support the transformation of the Warfare Centers to become a more agile support organization. These investments will improve the Navy's modeling and simulation capabilities and test and evaluation capabilities for submarine networks and systems. These modeling and simulation capabilities also enable the Warfare Centers to be more proactive in developing life-cycle solutions by providing the capability to model end-to-end mission/platform level naval engagements.

Without these investments, the warfare center will be unable to continue development, test and integration of submarine 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. These investments ensure 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 leading to higher costs and time to develop and integrate submarine systems into the Fleet.

A cost comparison analysis was performed on all individual projects less than $1M. The useful life for these projects is 5 years and a range of payback periods from 1.2 - 4.4 years.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $750K)						Naval Undersea Warfare Center		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	5		$1,654	1		$750	2		$975
New Construction	7		$3,898	2		$875	3		$2,050
Environmental Capability	0		$0	1		$300	2		$800
Total	12		$5,552	4		$1,925	7		$3,825

Justification:

Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction (MCON) 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, 3 MCON projects do exceed the threshold specified by 10 USC 2805. The below MCON projects utilize Sec. 2804 of the FY08 National Defense Authoriztion Act (NDAA) authority for the Lab Revitaliztion 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.

Economic Information:

An economic analysis was performed on the project equal to or greater than $1M. A cost comparison analysis was performed on all individual projects less than $1M. Projects have an average useful life of 20 years according to guidance provided in the OMB A-94 circular. These projects have a range of payback periods from 0.6 - 16.8 years.

MCON Projects >$750K Utilizing LDRP authority
FY13 Gate 32 Automated Vehicle Gate - $981K Newport
FY14 Collaborative SCI Facility - $750K Keyport
FY15 Warehouse Project - $1.000K Newport

Warehouse Project (FY15 - $1.000M) Newport -Mincon (New Construction)

Project will construct a 10,000 SF single-story warehouse facility. This project will provide warehousing capability within the secure perimeter. This will improve efficiency of warehouse functions by eliminating the need for costly transportation services whenever equipment needs to be delivered. The payback period of this investment is 9.5 years .

INTENTIONALLY
BLANK

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$6.321**	**$6.320**	**$0.001**	
			Replacement	$2.175	$0.000	$2.175	Reprogramming
			Productivity	$2.396	$0.000	$2.396	Reprogramming
			New Mission	$1.750	$0.000	$1.750	Reprogramming
			Vehicles	$0.000	$0.600	-$0.600	Reprogramming
			Material Handling	$0.000	$1.285	-$1.285	Reprogramming
			Quality Control/Testing	$0.000	$0.531	-$0.531	Reprogramming
			Machinery	$0.000	$1.000	-$1.000	Reprogramming
			Support Equipment	$0.000	$2.905	-$2.905	Reprogramming
	2	**ADP**		**$4.070**	**$3.526**	**$0.544**	
			Computer Hardware (Production)	$2.819	$1.506	$1.313	Reprogramming
			Computer Hardware (Network)	$0.000	$0.802	-$0.802	Reprogramming
			Computer Software (Operating)	$0.000	$0.295	-$0.295	Reprogramming
			Telecommunications	$0.856	$0.000	$0.856	Reprogramming
			Other Support Equipment	$0.000	$0.923	-$0.923	Reprogramming
			Other Computer & Telecom Spt Equip	$0.395	$0.000	$0.395	Reprogramming
	3	**Software**		**$0.775**	**$0.398**	**$0.377**	
			Software Projects < $1M	$0.775	$0.000	$0.775	Reprogramming
			Internally Developed	$0.000	$0.398	-$0.398	Reprogramming
	4	**Minor Construction**		**$4.755**	**$5.552**	**-$0.797**	
			Replacement	$0.930	$1.654	-$0.724	Reprogramming
			Productivity	$3.355	$0.000	$3.355	Reprogramming
			New Construction	$0.000	$3.898	-$3.898	Reprogramming
			Environmental	$0.470	$0.000	$0.470	Reprogramming
TOTAL FY 2013 CIP Program				**$15.921**	**$15.796**	**$0.125**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$5.730**	**$5.077**	**$0.653**	
			Replacement	$1.700	$0.000	$1.700	Program restructure
			Productivity	$2.530	$0.000	$2.530	Program restructure
			New Mission	$1.500	$0.000	$1.500	Program restructure
			Material Handling	$0.000	$0.400	-$0.400	Program restructure
			Quality Control/Testing	$0.000	$0.385	-$0.385	Program restructure
			Machinery	$0.000	$0.700	-$0.700	Program restructure
			Support Equipment	$0.000	$3.592	-$3.592	Program restructure
	2	**ADP**		**$3.971**	**$5.179**	**-$1.208**	
			Computer Hardware (Production)	$2.671	$1.494	$1.177	Program restructure
			Computer Hardware (Network)	$0.000	$2.972	-$2.972	Program restructure
			Telecommunications	$0.000	$0.300	-$0.300	Program restructure
			Other Support Equipment	$0.000	$0.413	-$0.413	Program restructure
			Other Computer & Telecom Spt Equip	$1.300	$0.000	$1.300	Program restructure
	3	**Software**		**$0.300**	**$1.145**	**-$0.845**	
			Software Projects < $1M	$0.300	$0.000	$0.300	Program restructure
			Internally Developed	$0.000	$1.145	-$1.145	Program restructure
	4	**Minor Construction**		**$3.325**	**$1.925**	**$1.400**	
			Replacement	$0.875	$0.750	$0.125	Program restructure
			Productivity	$2.150	$0.000	$2.150	Program restructure
			New Construction	$0.000	$0.875	-$0.875	Program restructure
			Envrionmental	$0.300	$0.300	$0.000	
TOTAL FY 2014 CIP Program				**$13.326**	**$13.326**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$5.493**	**$5.493**	**$0.000**	
			Quality Control/Testing	$1.290	$1.290	$0.000	
			Machinery	$0.660	$0.660	$0.000	
			Support Equipment	$3.543	$3.543	$0.000	
	2	**ADP**		**$3.487**	**$3.487**	**$0.000**	
			Computer Hardware (Production)	$1.537	$1.537	$0.000	
			Computer Hardware (Network)	$1.700	$1.700	$0.000	
			Other Support Equipment	$0.250	$0.250	$0.000	
	3	**Software**		**$1.495**	**$1.495**	**$0.000**	
			Internally Developed	$1.195	$1.195	$0.000	
			Externally Developed	$0.300	$0.300	$0.000	
	4	**Minor Construction**		**$3.825**	**$3.825**	**$0.000**	
			Replacement	$0.975	$0.975	$0.000	
			New Construction	$2.050	$2.050	$0.000	
			Environmental	$0.800	$0.800	$0.000	
TOTAL FY 2015 CIP Program				**$14.300**	**$14.300**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL UNDERSEA WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	604.8	581.1	602.0
2. Revenue	1,061.5	997.8	1,013.3
3. New Orders	1,037.7	1,018.7	1,005.3
4. Exclusions:			
Foreign Military Sales	120.2	74.9	71.7
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	4.8	5.5	5.0
Non-Federal and Others	26.8	16.2	14.9
Institutional Major Range & Test Facility Base	58.9	68.0	67.9
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	827.0	854.3	845.8
6. Weighted Average Outlay Rate	47.4%	40.8%	42.0%
7. Carryover Rate	52.6%	59.2%	58.0%
8. Allowable Carryover	574.0	613.7	620.5
Allowable Carryover(First Year)	434.7	505.9	490.2
Allowable Carryover (Second Year Procurement-funded Orders)	139.3	107.8	130.3
Part II			
9. Balance of Customer Order at Year End	581.1	602.0	594.0
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	158.2	149.5	106.4
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	1.9	4.0	5.1
Non-Federal and Others	26.1	24.0	18.0
Institutional Major Range & Test Facility Base	29.9	29.2	35.7
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	365.0	395.3	428.8

TAB 6 - SPAWAR Systems Centers

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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, Test, and Evaluation (RDT&E) and acquisition; 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 Department of Defense (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.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Significant Changes Since the FY 2014 President's Budget:
There are no significant changes in the activity group or composition since the FY 2014 President's Budget.

Financial Profile:

Revenue/Expense/Operating Results ($Millions):	FY 2013	FY 2014	FY 2015
Orders	$2,256.4	$2,419.4	$2,367.6
Revenue	$2,403.1	$2,516.0	$2,503.4
Expense	$2,392.6	$2,526.0	$2,518.3
Operating Results	$10.5	($10.0)	($14.9)
Capital Surcharge	($1.7)	($1.5)	$0.0
Net Operating Results (NOR)	$8.7	($11.5)	($14.9)
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	$26.3	$14.9	$0.0

Some totals may not add due to rounding.

Orders, Revenue, and Expense: Changes from year to year are primarily the result of updated new orders estimates, as coordinated with customers, and associated pricing adjustments. Contributing to the change in revenue and expense from FY 2014 to FY 2015 is a decrease in civilian labor estimates. These updated levels have been adjusted to reflect changes in anticipated customer workload. FY 2013 and FY 2014 operating results include rate surcharges for Capital Investment Program (CIP) levels that are higher than depreciation.

Collections/Disbursements/Outlays ($Millions)	FY 2013	FY 2014	FY 2015
Collections	$2,255.3	$2,493.2	$2,482.4
Disbursements	$2,427.0	$2,517.8	$2,518.2
Outlays	$171.8	$24.6	$35.9

Some totals may not add due to rounding.

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

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Workload:

Direct Labor Hours (000)	FY 2013	FY 2014	FY 2015
Current Estimate	9,614.6	9,558.8	9,415.6

Direct labor hour estimates are above projected FY 2014 President's Budget levels and support performing additional work for Navy and Marine Corps customers. These customers include Naval Sea Systems Command, Marine Corp Intelligence Activity (MCIA), Naval Air Systems Command, Marine Corp Intercommunications Systems Project/Combat Operations Center, Marine Corp Expeditionary Support Services, Navy Engineering Logistics Office, and the Navy Medicine Information Systems Support Activity. The decrease in direct labor hours from year to year correlates with a decrease in civilian labor estimates.

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.

Stabilized / Composite Rates	FY 2013	FY 2014	FY 2015
Stabilized Rate	$104.61	$106.64	$107.12
Change from Prior Year		1.94%	0.45%
Composite Rate Change		1.91%	1.28%

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

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Unit Cost	**FY 2013**	**FY 2014**	**FY 2015**
Total Stabilized Cost ($Millions)	$1,009.2	$1,036.3	$1,023.1
Workload (DLHs) (000)	9,614.6	9,558.8	9,415.6
Unit cost (per DLH)	$104.97	$108.41	$108.66

The SSCs' Unit Cost is stable during the budget period. FY 2015 reflects stabilized costs and associated stabilized hours.

Staffing:

Civilian/Military ES & Workyears	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	7,818	7,575	7,617
Civilian Workyears (straight time)	7,590	7,608	7,528
Military End Strength	80	82	82
Military Workyears	80	82	82

Civilian Personnel: The SSCs continue efforts to revitalize the workforce, balance the skills mix, and shape force capabilities to address current and future threats. The Human Capital Plan includes attrition through Voluntary Separation.

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

Capital Investment Program (CIP):

CIP Authority ($Millions)	**FY 2013**	**FY 2014**	**FY 2015**
Equipment, Non-ADP / Telecom	$1.1	$0.0	$0.0
Equipment, ADPE / Telecom	$3.5	$1.6	$1.2
Software Development	$0.0	$0.0	$0.9
Minor Construction	$0.9	$8.1	$6.8
Total	$5.5	$9.7	$8.9

Some totals may not add due to rounding.

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 and increase efficiency.

NARRATIVE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT
SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Carryover Compliance	**FY 2013**	**FY 2014**	**FY 2015**
Net Carry-In	$1,388.5	$1,241.8	$1,145.2
Allowable Carryover	$1,366.0	$1,494.4	$1,444.1
Calculated Actual Carryover	$939.7	$890.9	$835.4
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($426.3)	($603.5)	($608.7)

Some totals may not add due to rounding.

Budgeted carryover is within the allowable ceiling target amount.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	2,394.4	2,506.3	2,494.5
Capital Surcharges	-1.7	-1.5	0.0
Depreciation	7.0	8.3	8.9
Other Income			
Total Income	2,403.1	2,516.0	2,503.4
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	7.2	7.5	7.9
Civilian Personnel Compensation & Benefits	968.9	992.6	993.4
Travel and Transportation of Personnel	31.7	42.5	42.0
Material & Supplies (Internal Operations)	261.2	250.5	255.5
Equipment	87.6	79.2	80.6
Other Purchases from NWCF	20.6	28.2	28.2
Transportation of Things	7.5	3.9	4.1
Depreciation - Capital	6.9	8.3	8.9
Printing and Reproduction	0.3	0.2	0.2
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	29.3	33.9	33.2
Other Purchased Services	971.3	1,079.1	1,064.3
Total Expenses	2,392.6	2,526.0	2,518.3
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,392.6	2,526.0	2,518.3
Operating Result	10.5	-10.0	-14.9
Adjustments Affecting NOR	-1.7	-1.5	0.0
Capital Surcharges	-1.7	-1.5	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	0.0	0.0	0.0
Net Operating Result	8.7	-11.5	-14.9
PY AOR	17.6	26.3	14.9
TOTAL AOR	24.6	13.4	0.0
Non-Recoverable Adjustments impacting AOR	1.7	1.5	0.0
AOR for budget purposes	26.3	14.9	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	2,256.4	2,419.4	2,367.6
a. Orders from DoD Components:	1,880.3	1,939.2	1,918.3
Department of the Navy	1,400.5	1,393.0	1,377.4
O & M, Navy	398.2	441.0	451.4
O & M, Marine Corps	49.8	43.6	44.1
O & M, Navy Reserve	3.6	5.0	5.0
O & M, Marine Corp Reserve	1.8	2.0	1.8
Aircraft Procurement, Navy	9.0	7.1	6.8
Weapons Procurement, Navy	6.2	1.1	1.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	67.4	74.9	71.4
Other Procurement, Navy	476.3	401.2	389.2
Procurement, Marine Corps	123.4	113.0	105.2
Family Housing, Navy/MC	0.5	0.5	0.5
Research, Dev., Test, & Eval., Navy	249.5	300.9	300.5
Military Construction, Navy	14.7	1.4	0.6
National Defense Sealift Fund	0.0	1.2	0.0
Other Navy Appropriations	0.0	0.1	0.1
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	75.3	105.0	105.9
Army Operation & Maintenance	26.8	28.7	32.4
Army Res, Dev, Test, Eval	7.4	21.1	22.2
Army Procurement	40.6	54.5	50.6
Army Other	0.4	0.8	0.7
Department of the Air Force	96.4	137.6	141.0
Air Force Operation & Maintenance	33.1	62.6	74.1
Air Force Res, Dev, Test, Eval	52.3	64.7	57.9
Air Force Procurement	11.0	10.3	9.1
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	308.1	303.6	294.1
Base Closure & Realignment	-0.6	0.0	0.0
Operation & Maintenance Accounts	80.4	101.6	102.3
Res, Dev, Test & Eval Accounts	118.2	102.0	97.9
Procurement Accounts	52.1	46.2	44.3
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	58.1	53.8	49.5
b. Orders from other Fund Activity Groups	102.1	102.7	97.8
c. Total DoD	1,982.4	2,041.9	2,016.1
d. Other Orders:	274.0	377.6	351.5
Other Federal Agencies	215.3	301.5	282.5
Foreign Military Sales	39.9	58.5	51.6
Non Federal Agencies	18.8	17.7	17.5
2. Carry-In Orders	1,388.5	1,241.8	1,145.2
3. Total Gross Orders	3,644.9	3,661.2	3,512.9
a. Funded Carry-Over before Exclusions	1,241.8	1,145.2	1,009.4
4. Revenue(-)	2,403.1	2,516.0	2,503.4
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	302.1	254.3	174.1
7. Funded Carryover	939.7	890.9	835.4

Note: Line 5 (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
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Estimated Actuals	**2,392.6**
FY 2014 President's Budget:	**2,807.5**
Estimated Impact in FY 2014 of Actual FY 2013 Experience:	**0.0**
Pricing Adjustments:	**-2.9**
Civilian Personnel	
Fuel Price	
General Inflation	-2.9
Productivity Initiatives and Other Efficiencies:	**-3.5**
Energy Efficiency and Conservation Savings	-3.0
Badging and Guard Contract Savings	-0.5
Program Changes:	**-275.1**
Customer Workload	-275.1
Other Changes:	**0.0**
Depreciation	-0.4
Facilities Sustainment, Restoration & Modernization	-1.2
Naval Innovative Science and Engineering (NISE) Program	3.8
Training	-0.8
Defense Finance and Accounting Service (DFAS)	-0.5
Communications	-0.2
Overhead reductions in travel, printing/reproduction, and contracts costs	-0.8
Other	0.1
FY 2014 Current Estimate:	**2,526.0**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Current Estimate:	**2,526.0**
Pricing Adjustments:	**28.9**
Annualization of Prior Year Pay Raises	**2.8**
Civilian Personnel	2.8
Military Personnel	0.0
FY 2015 Pay Raise	**7.2**
Civilian Personnel	7.1
Military Personnel	0.1
Fuel Price Changes	0.0
General Purchase Inflation	20.6
Other Price Changes	**-1.7**
Working Capital Fund Price Changes	-1.7
Program Changes:	**-26.7**
Customer Workload	-26.7
Other Changes:	**-9.9**
Depreciation	0.7
Facilities Sustainment, Restoration & Modernization	-0.2
Decreased Next Generation Enterprise Network (NGEN) costs	-9.2
Utilities	0.4
Decreased costs due to Data Warehouse Business Intelligence System	-0.9
DFAS	-0.7
FY 2015 Estimate:	**2,518.3**

INTENTIONALLY
BLANK

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**1**	**$1.069**	**0**	**$0.000**	**0**	**$0.000**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	0	$0.000	0	$0.000	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	0	$0.000	0	$0.000	0	$0.000
	- Support Equipment	1	$1.069	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**6**	**$3.512**	**3**	**$1.600**	**3**	**$1.200**
	- Computer Hardware (Production)	2	$1.335	2	$1.100	2	$0.700
	- Computer Hardware (Network)	2	$1.447	1	$0.500	1	$0.500
	- Computer Software (Operating)	0	$0.000	0	$0.000	0	$0.000
	- Telecommunications	1	$0.440	0	$0.000	0	$0.000
	- Other Support Equipment	1	$0.290	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**1**	**$0.909**
	- Internally Developed	0	$0.000	0	$0.000	1	$0.909
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**1**	**$0.924**	**5**	**$8.122**	**4**	**$6.799**
	- Replacement Capability	1	$0.650	1	$0.450	0	$0.000
	- New Construction	0	$0.274	4	$7.672	4	$6.799
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**8**	**$5.505**	**8**	**$9.722**	**8**	**$8.908**
	Total Capital Outlays		**$9.580**		**$10.780**		**$10.991**
	Total Depreciation Expense		**$6.950**		**$8.255**		**$8.908**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#001 - Non-ADP Equipment						Space and Naval Warfare Systems Centers		
	FY 2013			FY 2014			FY 2015		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$0	0		$0	0		$0
Material Handling	0		$0	0		$0	0		$0
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	0		$0	0		$0	0		$0
Medical Equipment	0		$0	0		$0	0		$0
Machinery	0		$0	0		$0	0		$0
Support Equipment	1	$1,069	$1,069	0		$0	0		$0
Total	1	$1,069	$1,069	0		$0	0		$0

Justification:

SUPPORT EQUIPMENT

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 slippages. 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				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#002 - ADP Equipment						Space and Naval Warfare Systems Centers		
	FY 2013			FY 2014			FY 2015		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	2	$668	$1,335	2	$550	$1,100	2	$350	$700
Computer Hardware (Network)	2	$724	$1,447	1	$500	$500	1	$500	$500
Computer Software (Operating System)	0		$0	0		$0	0		$0
Telecommunications	1	$440	$440	0		$0	0		$0
Other Support Equipment	1	$290	$290	0		$0	0		$0
Total	6	$585	$3,512	3	$533	$1,600	3	$400	$1,200

Justification:

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 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.

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 DWBIS 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.

CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
(DOLLARS IN THOUSANDS)		March 2014
Department of the Navy/ Research and Development	**#002 - ADP Equipment**	**Space and Naval Warfare Systems Centers**

Justification:

In FY14, the **Cross Functional Business Intelligence Module** project is to 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 on 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.

In FY15, the **On Line Analytical Processing Database** project is to expand and complete the data warehouse, cross domain and analytics capability to address the full spectrum of short term and strategic business requirements drawn from all authoritative data sources plus local data. Upon completion, this upgrade will provide increased capability to insert workflow solutions to make data available to reengineered business processes in an integrated hardware environment. 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.

COMPUTER HARDWARE (NETWORK)

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 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 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 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 the 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.

CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
(DOLLARS IN THOUSANDS)		March 2014
Department of the Navy/ Research and Development	**#002 - ADP Equipment**	**Space and Naval Warfare Systems Centers**

Justification:

TELECOMMUNICATIONS

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 deliver new capability, and providing and demonstrating 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.

OTHER SUPPORT EQUIPMENT

There is currently no network storage available to SSC Atlantic personnel. This lack of capability increases the chances of data loss and thus threatens the command's readiness. The **Network Based File Storage** project in FY13 will provide the command with a network-based file storage and synchronization service tailored to meet stringent Department of Defense and Department of the Navy security requirements. Command personnel will be able to specify a directory to synchronize with the network storage and client applications will automatically synchronize the data in that directory with the network storage and back up modified files without user intervention. Users will then be able to access the data from any device with network connectivity after providing the required security credentials. So in the event a user's computer crashes or the user gets a new computer, that user can install the client application and the service will automatically synchronize the files from the network, thus preserving all of the specified files. An economic analysis has been performed. By investing in a service that provides these robust, scalable storage capabilities as opposed to simply giving all users dedicated storage on the network, the command only pays for the amount of storage its personnel actually use, so no money is wasted on unused storage. The impact of not making the investment is that there will be an increased risk of data loss, which will adversely affect the command's readiness and cost of doing business.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#003 - Software Development						Space and Naval Warfare Systems Centers		
	FY 2013			FY 2014			FY 2015		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	0		$0	0		$0	1	$909	$909
Externally Developed	0		$0	0		$0	0		$0
Total	0		$0	0		$0	1	$909	$909

Justification:

INTERNALLY DEVELOPED

The **Data Warehouse Business Intelligence System (DWBIS)** project for SSC Pacific in FY15 will be 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 will provide 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. BI tools enable immediate access to consolidated data to perform analytical analysis, answer data calls, and perform historical trends analyses. 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, Executive Monthly Indicators, Balanced Score Card Metrics, and Portfolio Management. This investment will also result in reduced Total Ownership Cost (TOC) and the ability to highlight possible cost savings initiatives, identify process improvement areas, find gains in effectiveness and efficiency, and address significant information gaps. A cost analysis has been performed. Long-term return on investment will vary depending on each Use Case brought into the technology, revenue growth, and TOC. This data analysis capability will also enable identification of further savings. As each new Use Case is brought into the DWBIS, additional potential cost avoidance can be gained. The impact of not making the proposed capital investment is that SPAWAR will lack the capability to adequately analyze key business information and identify cost reductions. Failure to invest in this project would also 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. The timetable for the process, delivery and implementation of this equipment is estimated at between 6-9 months and the system is expected to be fully operational prior to 16 September 2015. This will be a spiral development, however, the new system will be capitalized once the project becomes a viable product and placed in service. No license fees for Business Warehouse are necessary as the upgrade is covered under Navy ERP licenses.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $750K)						Space and Naval Warfare Systems Centers		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	1	$650	$650	1	$450	$450	0		$0
New Construction	0		$274	4	$1,918	$7,672	4	$1,700	$6,799
Environmental Capability	0		$0	0		$0	0		$0
Total	1	$924	$924	5	$1,624	$8,122	4	$1,700	$6,799

Justification:

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.

REPLACEMENT

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 256,000 square feet 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.

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, the 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. In the event repairs become impossible, a chiller failure would be considered catastrophic. Building 198 would be unusable.

CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
(DOLLARS IN THOUSANDS)		March 2014
Department of the Navy/ Research and Development	**#004 - Minor Construction ($250K - $750K)**	**Space and Naval Warfare Systems Centers**

Justification:

NEW CONSTRUCTION

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. There is a total of $274 thousand in planning and design costs estimated for FY13. The **Building 198 Exterior Stairwell** project for SSC Atlantic in FY14 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 **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 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 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, amounting to approximately 7,200 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 hamstring 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).

CAPITAL INVESTMENT JUSTIFICATION	FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
(DOLLARS IN THOUSANDS)	March 2014

Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $750K)	Space and Naval Warfare Systems Centers

Justification:

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 & Evaluational 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 $3.6M 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 **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).

CAPITAL INVESTMENT JUSTIFICATION	FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
(DOLLARS IN THOUSANDS)	March 2014

Department of the Navy/ Research and Development	#004 - Minor Construction ($250K - $750K)	Space and Naval Warfare Systems Centers

Justification:

The **Building 3146 Electrical Upgrades** project for SSC Atlantic in FY15 will increase the electrical capacity of Building 3146. The addition will house the supplementary panel boxes, switching equipment and the uninterruptable power system (UPS) for the building. Building 3146 is a 57,640 square foot facility that was constructed in 2007. The Electrical, Electronics & Communications Integration Lab and the associated administrative space is currently housed in this building. However, full utilization of the Electrical, Electronics & Communications Integration Lab space is hampered by insufficient power capacity. The laboratory is considered mission critical space and must be capable of 24 hours a day operations. Currently there is insufficient UPS and emergency backup power to ensure continued operations. Funds for Design and Planning for this project are included in FY14. This project is part of the Lab Revitalization Demonstration Program (LRDP).

The **Cyber Warfare Range Lab** project for SSC Atlantic in FY15 will enable a revolution in the nation's ability to conduct cyber operations by providing a persistent cyber range. The Department of the Navy has made information dominance a top priority. Integrated Cyber Operations Capabilities (IC)/Battlespace Awareness (BA) portfolio business plan's mission and goals require dedicated facilities to enable the rapid fielding of game-changing interoperable cyber capabilities. The Cyber Warfare Range Lab will provide rapid and automated configurability and scalability for users across maritime and urban environments where virtual and physical domains meet. It will provide a large reduction in the time and cost to test and evaluate new cyber tools while improving confidence in the real world performance of these tools. The Cyber Warfare Range Lab will be designed to allow potentially virulent code to be introduced and tested on the range without compromising the range itself. Additionally, multiple experiments will be able to run on the range simultaneously at different security levels, maximizing the range's use across multiple government agencies. Funds for Design and Planning for this project are included in FY14. This project is part of the Lab Revitalization Demonstration Program (LRDP).

The Joint Space Operations Center Mission System (JMS) lab is located at the SSC Pacific Seaside complex in Buildings 638 and 644 and hosts the Rapid Operational Capability Development Environment (ROC DE) facility for the Space Missile Command USAF, Space Systems Directorate (SY). The ROC DE provides 24/7 help desk, server and network support for JMS Operations located at Vandenberg Air Force Base on a Top Secret/Sensitive Compartmented Information (TS/SCI) network. The Planning and Decision Aid System (PDAS) lab is also located at the SSC Pacific Seaside complex. It is the Consolidated Support Center (CSC) Continuity of Operations (CoOp) facility for the Special Technical Operations Network Environment (STONE). The CSC provides 24/7 help desk, server and network support for this Deputy Directorate for Global Operations (DDGO), J39, Joint Staff TS/SCI network. The **Back-up Power Generator 638_644 Seaside** project in FY15 will provide a back-up power generator to service both buildings that house the labs. A cost analysis has been performed for this project. The cost avoidance realized by ensuring an uninterrupted power supply is directly proportional to the duration of an outage, the number of trouble calls missed, and the impact on the operational forces dependent on this system. This project is needed in order to prevent a catastrophic power failure which would cause a total failure of the JMS development and testing environment and a loss of a vital Space C2 TS/SCI network. A catastrophic power failure at both the primary and secondary locations would cause a total failure of the STONE environment and a loss of a vital Joint Staff TS/SCI network supporting 150 sites. The availability of a generator provides a backup power and air conditioning source and serves as a form of insurance that can save hundreds of thousands of dollars in lost productivity due to data corruption and protection of hardware and equipment while ensuring uninterrupted critical support to the operator. Funds for Design and Planning for this project are included in FY14.

CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
(DOLLARS IN THOUSANDS)		March 2014
Department of the Navy/ Research and Development	**#004 - Minor Construction ($250K - $750K)**	**Space and Naval Warfare Systems Centers**

Justification:

SSC Pacific utilizes a 3000-square-foot building for medium- and large-vehicle development. They are rotating development space between projects, staging equipment and vehicles outside during the day to afford indoor working space around the remaining vehicles and sensor systems. The existing infrastructure is insufficient to meet the needs of current projects, leaving no space to accommodate new project requirements. The **Robotics Software Test Facility, Seaside** project in FY15 is proposed to meet the need of multiple testing environments. The facility is a multi-purpose building that could be utilized for a wide variety of assembly, integration, experimentation, and test applications. With this project, SSC Pacific would be able to expand its role from unmanned systems research, development, and integration to include test, evaluation, and verification that will expedite the delivery of mission critical systems to the Warfighters. Stakeholders will be able to confidently use performance data captured in standard test methods to directly compare the experimental results between competing systems. This can help guide procurement and deployment decisions while setting realistic expectations regarding system performance for a given mission set. Developers will be able to refine their assumptions regarding performance objectives required to complete tasks. The rapid test, integration, and experimentation will allow them to iteratively refine system designs and configurations. Program Managers can use the test methods to clearly articulate program goals in terms of desired robotic capabilities, encourage innovation, and periodically measure outcomes. This facility will allow us to offer test, integration, and experimentation capabilities to Navy and industry partners, further expanding our expertise and business area. An economic analysis has been performed for this project. While the costs savings would be minimal, the integration and testing work that is currently accepted and performed will be executed much more efficiently. A dedicated facility located in close proximity to existing facilities will enable SSC Pacific to test more frequently and avoid inefficiencies due to setting up test infrastructure at off-site locations. The proposed facility would afford us the ability to meet current project objectives and requirements, as well as support our estimated growth. The Warfighter will benefit from unmanned systems and autonomous capabilities that are cheaper, more effective, and more reliable. Funds for Design and Planning for this project are included in FY14. This project is part of the Lab Revitalization Demonstration Program (LRDP).

The Authority requested in FY15 for Minor Construction/New Construction also includes some Planning Costs for projects that will occur in FY16.

INTENTIONALLY
BLANK

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$1.069**	**$1.069**	**$0.000**	
			Support Equipment	$1.069	$1.069	$0.000	
	2	**ADP**		**$3.512**	**$3.512**	**$0.000**	
			Computer Hardware (Production)	$2.782	$1.335	-$1.447	Administrative realignment to/from another capability
			Computer Hardware (Network)	$0.000	$1.447	$1.447	Administrative realignment to/from another capability
			Telecommunications	$0.730	$0.440	-$0.290	Terrestrial Transport Lab project cancelled and funds reprogrammed
			Other Support Equipment	$0.000	$0.290	$0.290	New project Network Based File storage
	3	**Software**		**$1.505**	**$0.000**	**-$1.505**	
			Software Projects < $1M	$1.505	$0.000	-$1.505	Authority reprogrammed for other Navy requirements
	4	**Minor Construction**		**$4.728**	**$0.924**	**-$3.804**	
			Replacement	$0.650	$0.650	$0.000	
			Productivity	$2.633	$0.000	-$2.633	Authority reprogrammed for other Navy requirements
			New Construction	$0.000	$0.274	$0.274	Administrative realignment to/from another capability
			New Mission	$1.445	$0.000	-$1.445	Authority reprogrammed for other Navy requirements
TOTAL FY 2013 CIP Program				**$10.814**	**$5.505**	**-$5.309**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$1.600**	**$1.600**	**$0.000**	
			Computer Hardware (Production)	$1.600	$1.100	-$0.500	Administrative realignment to/from another capability
			Computer Hardware (Network)	$0.000	$0.500	$0.500	Administrative realignment to/from another capability
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$8.140**	**$8.122**	**-$0.018**	Authority decreased for SSC LANT in order to maintain locked CIP Surcharge for FY14
			Replacement	$0.481	$0.450	-$0.031	Planning Costs for a delayed project were moved to another project
			Productivity	$3.919	$0.000	-$3.919	Administrative realignment to/from another capability
			New Construction	$0.000	$7.672	$7.672	Administrative realignment to/from another capability
			New Mission	$3.740	$0.000	-$3.740	Administrative realignment to/from another capability
TOTAL FY 2014 CIP Program				**$9.740**	**$9.722**	**-$0.018**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$1.200**	**$1.200**	**$0.000**	
			Computer Hardware (Production)	$0.700	$0.700	$0.000	
			Computer Hardware (Network)	$0.500	$0.500	$0.000	
	3	**Software**		**$0.909**	**$0.909**	**$0.000**	
			Internally Developed	$0.909	$0.909	$0.000	
	4	**Minor Construction**		**$6.799**	**$6.799**	**$0.000**	
			New Construction	$6.799	$6.799	$0.000	
TOTAL FY 2015 CIP Program				**$8.908**	**$8.908**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - SPACE AND NAVAL WARFARE SYSTEMS CENTERS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	1,388.5	1,241.8	1,145.2
2. Revenue	2,403.1	2,516.0	2,503.4
3. New Orders	2,256.4	2,419.4	2,367.6
4. Exclusions:			
Foreign Military Sales	39.9	58.5	51.6
Base Realignment and Closure	-0.6	0.0	0.0
Other Federal Department and Agencies	215.3	301.5	282.5
Non-Federal and Others	18.8	17.7	17.5
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	1,983.1	2,041.9	2,016.1
6. Weighted Average Outlay Rate	44%	41%	41%
7. Carryover Rate	56%	59%	59%
8. Allowable Carryover	1,366.0	1,494.4	1,444.1
Allowable Carryover(First Year)	1,117.5	1,210.0	1,185.7
Allowable Carryover (Second Year Procurement-funded Orders)	248.6	284.4	258.4
Part II			
9. Balance of Customer Order at Year End	1,241.8	1,145.2	1,009.4
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	38.2	36.7	29.3
Base Realignment and Closure	1.5	1.5	1.5
Other Federal Department and Agencies	240.5	193.2	122.2
Non-Federal and Others	21.9	22.8	21.1
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	939.7	890.9	835.4

TAB 7 - Naval Research Laboratory

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT – NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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 89 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.

SCIENTIFIC DEVELOPMENT SQUADRON ONE (VXS-1): 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): 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 2014 President's Budget:
There are no significant changes in the activity group composition since the FY 2014 President's Budget.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT – NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Financial Profile:

Revenue/Expense/NOR/AOR($Millions)	FY 2013	FY 2014	FY 2015
Revenue	$750.2	$730.7	$689.4
Expense	750.9	728.1	737.4
Operating Results	-0.7	2.6	-48.0
Other Changes Affecting NOR	0.0	0.0	0.0
Net Operating Results (NOR)	-0.7	2.6	-48.0
Other Changes Affecting AOR	46.2	45.4	48.0
Accumulated Operating Results (AOR)	45.4	48.0	0.0

Some totals may not add due to rounding

The primary change from the FY 2014 President's Budget is the reductions in planned facility sustainment, restoration, and modernization (SRM) expenses. State of the art facilities are critical to maintaining a world class science and technology (S&T) laboratory environment to ensure the technologies and capabilities are maintained and developed to equip the DON fleet and other DOD forces with superior systems and weapons ahead of our adversaries.

Revenue and Expense: The changes in revenue primarily reflect inflation. The reduction in FY 2015 revenue is primarily due to FY 2014 AOR which is driven by the SRM reductions in expenses.

Operating Results: The higher Accumulated Operating Results (AOR) balances in FY 2014 are primarily due to reductions in SRM expenses. The FY 2015 rate is established to achieve an end-of-year AOR of zero.

Collections/Disbursements/Outlays($Millions)	FY 2013	FY 2014	FY 2015
Collections	$757.3	$719.5	$690.4
Disbursements	747.7	724.5	734.7
Outlays	-9.6	5.0	44.3

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

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT – NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Workload:

Reimbursable Orders ($Millions)	**FY 2013**	**FY 2014**	**FY 2015**
Current Estimate	$733.1	$699.5	$659.5

NRL customers include the Office of Naval Research, the Naval Sea Systems Command, the Naval Air Systems Command, the Space and Naval Warfare Systems Command, the Defense Advanced Research Projects Agency, Naval Warfare Centers, the Army, the Air Force, other Navy and Department of Defense customers, the Department of Energy, the National Aeronautics and Space Administration, and the Department of Homeland Security.

Direct Labor Hours (000)	**FY 2013**	**FY 2014**	**FY 2015**
Current Estimate	2,895	3,020	3,020

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.

Unit Cost	**FY 2013**	**FY 2014**	**FY 2015**
Total Stabilized Cost ($M)	$423.4	$434.1	$437.7
Workload (DLHs) (000)	2,895	3,020	3,020
Unit cost (per DLH)	$146.2	$143.6	$144.8

The unit cost is a measurement of total direct labor and overhead costs per direct labor hour.

Stabilized/Composite Rate	**FY 2013**	**FY 2014**	**FY 2015**
Stabilized Rate ($)	$ 142.69	$145.04	$122.74
Change from Prior Year		1.6%	-15.4%
Composite Rate Change		1.8%	-6.3%

The Stabilized Rate consists of direct labor and applied overhead. Unique direct non-labor costs are billed on a reimbursable basis to the customer. The composite rate change incorporates both the stabilized costs and the reimbursable costs. The FY 2015 rate decrease is primarily due to AOR recoupment and reductions to facility SRM expense.

Staffing:

Civilian/Military ES & Workyears	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	2,428	2,585	2,585
Civilian Workyears (Straight Time)	2,389	2,490	2,490
Military End Strength	48	58	59
Military Workyears	53	58	59

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:

Capital Investment Program ($Millions)	**FY 2013**	**FY 2014**	**FY 2015**
Equipment, Non-ADPE / Telecom	$6.4	$11.0	$12.7
Equipment, ADPE / Telecom	4.4	2.6	0.7
Software Development	0.0	0.0	0.0
Minor Construction	0.3	4.0	4.0
Total	**11.0**	**17.6**	**17.3**

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) 2015 BUDGET ESTIMATES
MARCH 2014

Carryover Compliance ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Net Carry-In	$335.1	$317.9	$286.8
Allowable Carryover	$353.3	$349.2	$328.3
Calculated Actual Carryover	$273.2	$258.4	$234.0
Delta	($80.1)	($90.8)	($94.3)

Some totals may not add due to rounding.

Budgeted carryover is within the allowable ceiling target amount.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	733.3	712.2	670.9
Capital Surcharges	0.0	0.0	0.0
Depreciation	16.9	18.5	18.5
Other Income			
Total Income	750.2	730.7	689.4
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	4.3	3.8	3.7
Civilian Personnel Compensation & Benefits	329.2	339.7	343.2
Travel and Transportation of Personnel	7.2	9.0	9.1
Material & Supplies (Internal Operations)	38.3	38.6	39.0
Equipment	40.2	27.5	28.0
Other Purchases from NWCF	16.3	16.7	17.0
Transportation of Things	1.1	1.6	1.6
Depreciation - Capital	16.9	18.5	18.5
Printing and Reproduction	0.1	0.1	0.1
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	23.7	32.3	32.9
Other Purchased Services	273.6	240.4	244.2
Total Expenses	750.8	728.1	737.4
Work in Process Adjustment	0.1	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	750.9	728.1	737.4
Operating Result	-0.7	2.6	-48.0
Adjustments Affecting NOR	-0.1	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	-0.1	0.0	0.0
Other Changes Affecting NOR (All Others)	0.0	0.0	0.0
Net Operating Result	-0.8	2.6	-48.0
PY AOR	46.2	45.4	48.0
TOTAL AOR	45.4	48.0	0.0
Non-Recoverable Adjustments impacting AOR	0.0	0.0	0.0
AOR for budget purposes	45.4	48.0	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	733.1	699.5	659.5
a. Orders from DoD Components:	654.4	637.0	597.7
Department of the Navy	451.3	475.1	454.7
O & M, Navy	37.3	31.6	32.3
O & M, Marine Corps	0.9	1.0	0.9
O & M, Navy Reserve	0.0	0.0	0.0
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	1.0	1.9	1.8
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	0.9	1.5	1.4
Other Procurement, Navy	2.0	2.6	2.5
Procurement, Marine Corps	0.9	1.3	1.2
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	408.4	435.2	414.6
Military Construction, Navy	0.0	0.0	0.0
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	15.9	10.7	11.0
Army Operation & Maintenance	1.6	0.8	0.7
Army Res, Dev, Test, Eval	11.4	7.1	5.8
Army Procurement	0.0	0.0	0.0
Army Other	2.9	2.8	4.5
Department of the Air Force	80.8	68.9	60.3
Air Force Operation & Maintenance	4.2	7.4	6.3
Air Force Res, Dev, Test, Eval	60.4	44.9	38.9
Air Force Procurement	16.2	16.6	15.1
Air Force Other	0.0	0.1	0.0
DOD Appropriation Accounts	106.4	82.2	71.7
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	6.5	8.4	8.0
Res, Dev, Test & Eval Accounts	93.3	66.2	59.3
Procurement Accounts	4.1	3.5	1.6
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	2.4	4.1	2.9
b. Orders from other Fund Activity Groups	5.8	7.6	7.2
c. Total DoD	660.2	644.6	604.9
d. Other Orders:	72.8	54.9	54.6
Other Federal Agencies	55.7	40.9	39.8
Foreign Military Sales	2.4	2.2	3.4
Non Federal Agencies	14.7	11.9	11.5
2. Carry-In Orders	335.1	317.9	286.8
3. Total Gross Orders	1068.2	1017.5	946.3
a. Funded Carry-Over before Exclusions	317.9	286.8	256.9
4. Revenue(-)	750.2	730.7	689.4
5. End of Year Work-In-Process (-)	0.4	0.4	0.4
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	44.3	28.0	22.4
7. Funded Carryover	273.2	258.4	234.0

Note: Line 5 (End of Year Work-In-Process) is adjusted for Non-DOD BRAC, FMS, and Institutional MRTFB

CHANGES IN THE COST OF OPERATIONS
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Actual	**750.9**
FY 2014 Estimate in FY 2014 President's Budget:	**756.1**
Pricing Changes:	
General Purchase Inflation	-0.7
Program Changes:	
Civilian Labor Pricing	4.6
Increase in Capital Purchases Below the CIP Threshold	0.7
Facility Sustainment, Restoration, and Modernization (SRM) directed reductions	-32.6
FY 2014 Current Estimate:	**728.1**
Pricing Adjustments:	
Civilian Personnel	
Pay Raise	3.5
General Purchase Inflation	5.6
Program Changes:	
Facility Sustainment, Restoration, and Modernization (SRM) reductions	-0.4
Increase in Materials & Supplies	0.6
Civilian Employee Assistance Program (CEAP) functional transfer	-0.1
Next Generation Enterprise Network (NGEN) contract savings	-0.1
Other	0.2
FY 2015 Budget Estimate:	**737.4**

INTENTIONALLY
BLANK

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**13**	**$6.350**	**17**	**$10.975**	**25**	**$12.686**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	0	$0.000	0	$0.000	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	0	$0.000	1	$0.525	1	$0.255
	- Support Equipment	13	$6.350	16	$10.450	24	$12.431
2	**ADPE and Telecom Equipment >= $.250M**	**6**	**$4.365**	**6**	**$2.586**	**2**	**$0.650**
	- Computer Hardware (Production)	1	$0.485	5	$2.121	2	$0.650
	- Computer Hardware (Network)	0	$0.000	0	$0.000	0	$0.000
	- Computer Software (Operating)	2	$2.858	0	$0.000	0	$0.000
	- Telecommunications	1	$0.460	1	$0.465	0	$0.000
	- Other Support Equipment	2	$0.562	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Internally Developed	0	$0.000	0	$0.000	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**1**	**$0.325**	**1**	**$4.000**	**1**	**$4.000**
	- Replacement Capability	1	$0.325	1	$4.000	1	$4.000
	- New Construction	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**20**	**$11.040**	**24**	**$17.561**	**28**	**$17.336**
	Total Capital Outlays		**$5.367**		**$17.561**		**$17.336**
	Total Depreciation Expense		**$16.911**		**$18.500**		**$18.500**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				MARCH 2014					
Department of the Navy / Research and Development	#001 - Non-ADP Equipment						NRL, Washington, DC		
	FY 2013			FY 2014			FY 2015		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	0		$0	0		$0	0		$0
Material Handling	0		$0	0		$0	0		$0
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	0		$0	0		$0	0		$0
Medical Equipment	0		$0	0		$0	0		$0
Machinery	0		$0	1		$525	1		$255
Support Equipment	13		$6,350	16		$10,450	24		$12,431
Total	13		$6,350	17		$10,975	25		$12,686

Justification:

Machinery

As part of NRL's continued mission to remain at the forefront of research, development and technology, FY 2014 and FY 2015 each have one investment proposed in the machinery capability. Obtaining state of the art machines to support NRL's mission is vital. Newly acquired equipment will increase NRL's capabilities in the area of dual-beam ion nanofabrication in FY 2014 and in the area of computer numerical control machining research in FY 2015. The knowledge and capabilities gained from these investments will enable NRL to sufficiently meet research requirements for highly visible government programs. A pre-investment economic analysis was performed for each project.

Support Equipment

Equipment acquisition in the support equipment capability for FY 2014 and FY 2015 will preserve, enhance and support 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 all years will be made in the following research areas: development, performance characterization and application of infrared and electro-optic sensors to address, naval needs across multiple platforms and operational environments, analysis to address current and emerging threats and countermeasures, the effects of exposed satellite components and real-time measurement of spacecraft component diffraction patterns. Pre-investment economic analyses were performed for all projects.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				MARCH 2014					
Department of the Navy / Research and Development	#002 - ADP Equipment						NRL, Washington, DC		
	FY 2013			FY 2014			FY 2015		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	1		$485	5		$2,121	2		$650
Computer Hardware (Network)	0		$0	0		$0	0		$0
Computer Software (Operating System)	2		$2,858	0		$0	0		$0
Telecommunications	1		$460	1		$465	0		$0
Other Support Equipment	2		$562	0		$0	0		$0
Total	6		$4,365	6		$2,586	2		$650

Justification:

Computer Hardware (Production)

Several investments in computer hardware (production) are proposed for FY 2014 and FY 2015. In FY 2014, some of the investments will benefit the following areas: ensemble system modeling for coupled atmospheric and acoustic models, automated behavioral classification research and meteorological satellite data processing. In FY 2015, the investments will benefit the following areas: large-scale processor network services and high speed networking and high performance clustered file systems. Pre-investment economic analyses were performed for all projects.

Telecommunications

One investment is proposed for FY 2014 in the telecommunications capability. 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 geo-location techniques. Pre-investment economic analyses were performed for this project.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				MARCH 2014					
Department of the Navy / Research and Development	#004 - Minor Construction ($250K - $750K)						NRL, Washington, DC		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	1		$325	1		$4,000	1		$4,000
New Construction	0		$0	0		$0	0		$0
Environmental Capability	0		$0	0		$0	0		$0
Total	1		$325	1		$4,000	1		$4,000

Justification:

Replacement

The FY 2014 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. 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 2015 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. 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.

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$7.835**	**$6.350**	**$1.485**	Capability changes and actuals reported
			Replacement	$0.750	$0.000	$0.750	
			Productivity	$0.525	$0.000	$0.525	
			New Mission	$6.560	$0.000	$6.560	
			Support Equipment	$0.000	$6.350	-$6.350	
	2	**ADP**		**$4.367**	**$4.365**	**$0.002**	Capability changes and actuals reported
			Computer Hardware (Production)	$0.580	$0.485	$0.095	
			Computer Software (Operating)	$2.800	$2.858	-$0.058	
			Telecommunications	$0.435	$0.460	-$0.025	
			Other Support Equipment	$0.000	$0.562	-$0.562	
			Other Computer & Telecom Spt Equip	$0.552	$0.000	$0.552	
	4	**Minor Construction**		**$4.000**	**$0.325**	**$3.675**	Actuals reported
			Replacement	$4.000	$0.325	$3.675	
TOTAL FY 2013 CIP Program				**$16.202**	**$11.040**	**$5.162**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$10.941**	**$10.975**	**-$0.034**	Funding adjusted as projects were reprioritized
			Productivity	$0.803	$0.000	$0.803	
			New Mission	$10.138	$0.000	$10.138	
			Machinery	$0.000	$0.525	-$0.525	
			Support Equipment	$0.000	$10.450	-$10.450	
	2	**ADP**		**$3.330**	**$2.586**	**$0.744**	Funding adjusted as projects were reprioritized
			Computer Hardware (Production)	$2.121	$2.121	$0.000	
			Telecommunications	$0.465	$0.465	$0.000	
			Other Support Equipment	$0.744	$0.000	$0.744	
	4	**Minor Construction**		**$4.000**	**$4.000**	**$0.000**	
			Replacement	$4.000	$4.000	$0.000	
TOTAL FY 2014 CIP Program				**$18.271**	**$17.561**	**$0.710**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$12.686**	**$12.686**	**$0.000**	
			Machinery	$0.255	$0.255	$0.000	
			Support Equipment	$12.431	$12.431	$0.000	
	2	**ADP**		**$0.650**	**$0.650**	**$0.000**	
			Computer Hardware (Production)	$0.650	$0.650	$0.000	
	4	**Minor Construction**		**$4.000**	**$4.000**	**$0.000**	
			Replacement	$4.000	**$4.000**	$0.000	
TOTAL FY 2015 CIP Program				**$17.336**	**$17.336**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
RESEARCH AND DEVELOPMENT - NAVAL RESEARCH LABORATORY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	335.1	317.9	286.8
2. Revenue	750.2	730.7	689.4
3. New Orders	733.1	699.5	659.5
4. Exclusions:			
Foreign Military Sales	2.4	2.2	3.4
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	55.7	40.9	39.8
Non-Federal and Others	14.7	11.9	11.5
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	660.2	644.6	604.9
6. Weighted Average Outlay Rate	48%	47%	47%
7. Carryover Rate	52%	53%	53%
8. Allowable Carryover	353.3	349.2	328.3
Allowable Carryover(First Year)	344.6	343.6	321.6
Allowable Carryover (Second Year Procurement-funded Orders)	8.7	5.6	6.6
Part II			
9. Balance of Customer Order at Year End	317.9	286.8	256.9
10. Work-in-progress	0.4	0.4	0.4
11. Exclusions:			
Foreign Military Sales	0.5	0.7	1.1
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	33.2	20.9	16.5
Non-Federal and Others	10.7	6.4	4.8
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	273.2	258.4	234.0

TAB 8 - Military Sealift Command

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Mission Statement / Overview

The Military Sealift Command (MSC) is the single manager-operating agency for sealift services. Over-ocean movement of supplies and provisions to the deployed operating forces is a primary focus of MSC; it also maintains prepositioned equipment and supplies as well as other special mission services. These combine to support the Navy in deterring potential threats and promptly responding to crisis in the maritime crossroads. This submission addresses MSC's Navy mission operating within the Navy Working Capital Fund (NWCF), providing support to the Fleet Commanders (FLTCOMs) and other DOD activities by providing unique vessels and programs. Ship availability for MSC customers is the metric for evaluating mission performance in the sealift transportation business area.

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

Activity Group Composition:

MSC supports the Fleet Commanders for Pacific Commander (COMPACFLT) and United States Fleet Forces Command (USFFC), the Naval Sea Systems Command (NAVSEA), the Space and Naval Warfare Systems Command (SPAWAR), the Strategic Systems Programs (SSP), and the US Air Force 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. (Created from realigning of Ships from CLF & SMS in FY 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. This program also contains the HSV GUAM and PUERTO RICO.

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Significant Changes FY 2013 to FY 2014:

CLF - A reduced operating status for the USNS T-AOE 6 SUPPLY (365 days), retain USNS BRIDGE in a ROS-45 status, and the deactivation of USNS FLINT.

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 in March 2014.

SSS - No major changes.

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 2014 to FY 2015:

CLF - Deactivation of USNS RAINIER and USNS BRIDGE and retain T-AKE-7 and T-AKE-13 in a ROS-45.

SMS - Deactivation of T-AGM 23 USNS OBSERVATION ISLAND and T-AGS 61 USNS SUMNER, and a full year of operational costs will be recognized for USNS MAURY (T-AG 66).

APF-N - No major changes.

SSS - Retirement of T-ATF 168 USNS CATAWBA, T-ATF 169 USNS NAVAJO, T-ARS 53 USNS GRAPPLE, and T-ARS 50 USNS SAFEGUARD.

JHSV- JHSV 1 – JHSV 4 are scheduled to be fully operating. JHSV-5 and JHSV-6 are scheduled to come on line and pre-delivery cost will be recognized for JHSV-7.

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Financial Profile:

Revenue/Expense/NOR/AOR ($ Millions)	FY 2013	FY 2014	FY 2015
Revenue	$3,002.0	$2,507.0	$2,597.2
Expense	$2,735.7	$2,788.6	$2,690.7
Operating Result	$266.3	-$281.6	-$93.5
Capital Investment Program (CIP) Surcharge	-$16.3	-$2.2	
Net Operating Result (NOR)	$250.0	-$283.8	-$93.5
Accumulated Operating Results (AOR)	$377.3	$93.5	$0

Revenue and Expense: The variations in revenue and expense from year to year are associated with the changes in ship fleet within the following classes; T-AKE, T-AE, T-AOE, T-ATF, T-ARS, and JHSV. As the SHEPARD was previously budgeted in a Reduced Operating Status (ROS), it will now operate in a Full Operating Status (FOS) as she assumes the FLINT's Mission. For the T-AOE class of ships, the BRIDGE will be retained in a ROS-45 for FY 2014 and deactivate in FY 2015, while the RAINER will be operated in a FOS Status vice ROS Status and will be deactivated in FY 2015, and the SUPPLY will operate in a ROS Status during FY 2014 and will return to operating in a FOS Status in FY 2015. Two T-ATFs (T-ATF 168 USNS CATAWBA and T-ATF 169 USNS NAVAJO), and two T-ARSs (T-ARS 53 USNS GRAPPLE and T-ARS 50 USNS SAFEGUARD) will be discontinued in FY 2015, while the JHSV class of ships will increase as additional ships come on line. In addition, deactivation of the T-AGS 61 USNS SUMNER will be recognized in FY 2015.

Net Operating Result (NOR): The FY 2015 President's Budget reflects a current NOR estimate of -$283.8 which is a decrease of $29.5M from the FY 2014 request. The variance is a result of changes in ship fleet within the T-AKE, T-AE, T-AOE, T-ATF, and T-ARS as reflected in the revenue and expense section. All changes have been incorporated into the FY 2015 rates.

Collections/Disbursements/Outlays
($M)

	FY 2013	FY 2014	FY 2015
Collections	$2,944.5	$2,722.1	$2,597.2
Disbursements	$2,734.4	$2,872.1	$2,691.0
Outlays	-$210.1	$150.0	$93.8

Collections: FY 2013 reflects actuals while FY 2014 and FY 2015 reflect expected revenue based on current estimates.

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Disbursements: FY 2013 reflects actuals while FY 2014 and FY 2015 represent budgeted expenses and Capital Investment Program (CIP) outlays adjusted for changes in accounts payable.

Workload:

	FY 2013	FY 2014	FY 2015
CLF	14,577	10,585	10,220
SMS	9,490	8,477	8,030
APF-N	4,745	5,110	5,110
SSS	0	5,110	3,650
JHSV	365	0	0

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

CLF - Decrease in FY 2014 is due to a realignment of ships to the new Service Support Ships. The decrease in FY 2015 is due to the deactivation of T-AOE RAINIER and reducing T-AKE-7 and T-AKE-13 to ROS-45.

SMS – Decrease in FY 2014 is due to a realignment of ships to the new Service Support Ships program. The decrease in FY 2015 is due to the deactivation of T-AGM 23 USNS OBSERVATION ISLAND and T-AGS 61 USNS SUMNER and a full year of operational costs will be recognized for USNS MAURY (T-AG 66).

APF-N – Increase in FY 2014 is due to the STOCKHAM recognizing a full year of operational costs.

SSS - Increase in FY 2014 is a result to the realignment of ships from CLF and SMS to establish the new Service Support Ships program. The decrease in FY 2015 is due to the retirement of T-ATF 168 USNS CATAWBA, T-ATF 169 USNS NAVAJO, T-ARS 53 USNS GRAPPLE, and T-ARS 50 USNS SAFEGUARD.

JHSV - The decrease in FY 2014 is the replacement of the WESTPAC EXPRESS with the newly acquired HSV PUERTO RICO.

Reimbursable Orders ($ Millions)	FY 2013	FY 2014	FY 2015
Current Estimate	$3,002.0	$2,507.0	$2,597.2

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 2015.

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Direct Labor Hours (000)	**FY 2013**	**FY 2014**	**FY 2015**
Current Estimate	16,728	16,430	14,755

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-13 and TAKE-14 offset by deactivations – (e.g., Flint) 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:

Performance Measure	Goal	FY 2013	FY 2014	FY 2015
Ship Availability	95%	95%	95%	95%

Unit Cost (dollars)	**FY 2013**	**FY 2014**	**FY 2015**
CLF	115,226	112,615	121,757
SMS	64,862	36,665	35,713
APF-N	60,274	49,277	62,979
SSS	0	63,117	86,033
JHSV	59,926	0	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. Costs in all years are primarily a function of approved escalation, fuel, CIVMAR salaries, ship mix, and Maintenance and Repair (M&R).

NARRATIVE
DEPARTMENT OF THE NAVY
TRANSPORTATION – MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Percentage Rate Change from Prior Year	**FY 2013**	**FY 2014**	**FY 2015**
CLF	11.7%	-2.3%	8.1%
SMS	17.2%	-43.5%	-2.6%
APF-N	-17.5%	-18.2%	27.8%
SSS			36.0%
JHSV	-6.4%		

Staffing:

Civilian/Military ES & Workyears	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	6,662	6,692	6,294
Civilian Workyears	8,995	9,022	8,241
Military End Strength	307	170	163
Military Workyears	365	170	163

Civilian Personnel: End Strength changes are mainly a result of changes in ship mix. Workyear variance is primarily a function of attrition.

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

Capital Investment Program (CIP) Budget Authority:

Capital Investment Program ($ Millions)	**FY 2013**	**FY 2014**	**FY 2015**
Equipment, Non-ADP / Telecom	$0.0	$0.0	$0.0
Equipment, ADPE / Telecom	$4.4	$6.5	$3.9
Software Development	$6.3	$4.2	$7.6
Minor Construction	$0.0	$0.8	$0.0
Total	**$10.7**	**$11.5**	**$11.5**

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	2,995.8	2,494.4	2,585.7
Capital Surcharges	0.0	-2.2	0.0
Depreciation	6.2	10.4	11.5
Other Income			
Total Income	3,002.0	2,507.0	2,597.2
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	15.5	15.7	14.6
Civilian Personnel Compensation & Benefits	758.5	751.6	714.1
Travel and Transportation of Personnel	32.8	35.5	28.9
Material & Supplies (Internal Operations)	675.3	653.6	645.4
Equipment	92.6	79.2	71.6
Other Purchases from NWCF	1.2	1.6	1.6
Transportation of Things	9.7	14.0	14.0
Depreciation - Capital	6.2	10.4	11.5
Printing and Reproduction	0.2	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	376.8	394.0	387.3
Other Purchased Services	766.8	832.8	801.8
Total Expenses	2,735.7	2,788.6	2,690.7
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	2,735.7	2,788.6	2,690.7
Operating Result	266.3	-281.6	-93.5
Adjustments Affecting NOR	-16.3	-2.2	0.0
Capital Surcharges	0.0	-2.2	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	-16.3	0.0	0.0
Net Operating Result	250.0	-283.8	-93.5
PY AOR	127.2	377.3	93.5
TOTAL AOR	377.3	-33.6	-127.1
Non-Recoverable Adjustments impacting AOR	0.0	127.1	127.1
AOR for budget purposes	377.3	93.5	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	2,998.9	2,507.0	2,597.2
a. Orders from DoD Components:	2,994.4	2,507.0	2,590.1
Department of the Navy	2,878.3	2,412.2	2,533.2
O & M, Navy	2,424.6	2,331.8	2,509.4
O & M, Marine Corps	22.4	24.2	21.9
O & M, Navy Reserve	0.0	0.0	0.0
O & M, Marine Corp Reserve	0.0	0.0	0.0
Aircraft Procurement, Navy	0.0	0.0	0.0
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	5.2	0.0	0.0
Other Procurement, Navy	3.2	3.6	1.9
Procurement, Marine Corps	0.0	0.0	0.0
Family Housing, Navy/MC	0.0	0.0	0.0
Research, Dev., Test, & Eval., Navy	22.5	0.0	0.0
Military Construction, Navy	0.0	0.0	0.0
National Defense Sealift Fund	0.0	52.7	0.0
Other Navy Appropriations	400.3	0.0	0.0
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	0.1	0.0	0.0
Army Operation & Maintenance	0.1	0.0	0.0
Army Res, Dev, Test, Eval	0.0	0.0	0.0
Army Procurement	0.0	0.0	0.0
Army Other	0.0	0.0	0.0
Department of the Air Force	42.2	71.9	31.7
Air Force Operation & Maintenance	42.2	71.9	31.7
Air Force Res, Dev, Test, Eval	0.0	0.0	0.0
Air Force Procurement	0.0	0.0	0.0
Air Force Other	0.0	0.0	0.0
DOD Appropriation Accounts	73.9	22.8	25.1
Base Closure & Realignment	0.0	0.0	0.0
Operation & Maintenance Accounts	54.2	22.8	25.1
Res, Dev, Test & Eval Accounts	19.5	0.0	0.0
Procurement Accounts	0.0	0.0	0.0
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	0.1	0.0	0.0
b. Orders from other Fund Activity Groups	2.6	0.0	7.2
c. Total DoD	2,997.0	2,507.0	2,597.2
d. Other Orders:	2.0	0.0	0.0
Other Federal Agencies	1.9	0.0	0.0
Foreign Military Sales	0.0	0.0	0.0
Non Federal Agencies	0.0	0.0	0.0
2. Carry-In Orders	446.4	459.6	459.6
3. Total Gross Orders	3,445.3	2,966.6	3,056.8
a. Funded Carry-Over before Exclusions	459.6	459.6	459.6
4. Revenue(-)	2,985.7	2,507.0	2,597.2
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTF	4.8	4.8	4.8
7. Funded Carryover	454.7	454.7	454.7

Note: Line 5 (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
TRANSPORTATION- MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Estimated Actuals	**2,735.7**
FY 2014 President's Budget:	**2,850.1**
Program Changes:	**-58.9**
Increase T-AKE Shepard ROS	33.2
Decreased FLINT Operations	-62.8
FLINT 39-days & BRIDGE ROS 45	13.1
Deactivation cost for FLINT	3.0
Replacement of FOS BRIDGE with the FOS RAINIER	-2.6
Replacement of ROS RAINIER with the ROS SUPPLY	0.2
Commerical Helo Cost Adjustment	0.1
JHSV Delivery Schedule delay	-16.9
HSV Puerto Rico Delivery Schedule acceleration	1.7
Reduced ADP Service & IT DBS Systems Sunsetting	-34.5
Deactivation of Rainer	6.5
Other Changes:	**-2.6**
Military Personnel Pricing Non Labor	-0.1
Military Personnel Pricing	0.0
Gerneral Inflation	-2.5
FY 2014 Current Estimate:	**2,788.6**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
TRANSPORTATION- MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Current Estimate:	**2,788.6**
Pricing Adjustments:	**48.3**
Annualization of Prior Year Pay Raises	**4.9**
Civilian Personnel	4.9
Military Personnel	0.0
FY 2015 Pay Raise	**3.3**
Civilian Personnel	3.2
Military Personnel	0.1
Fuel Price Changes	11.7
General Purchace Inflation	28.4
Program Changes:	**-146.1**
Various Maintenance Repair Alteration and Major Availabilities	3.2
Delivery/Operating costs for JHSV4 thought JHSV 7	43.6
Reduced IT Support for all Ships	-9.1
Deactivation of T-AOE BRIDGE and SUPPLY	-41.0
Deactivation of T-AE FLINT	-4.4
Deactivation of Observation Island which is replace by HOWARD LORENZEN	-27.0
Increase Contract Costs due to new award for T-AGS and T-AGOS	8.2
Increase Contract Costs due to new award for Prepositioning Ships	8.8
Reduction to IT DBS Systems Sunsetting	-1.5
Transition 2-TAKEs to ROS 45 status to reduce cost	-71.6
Reduce 1 Tag Ship (SUMNER)	-13.0
Other Reimbursable	6.9
Reduced CLF steaming day from 190 to 170	-12.7
Saving to procure 4-Blocking Vessel	-22.1
Reduced HSV Guam Costs	-3.6
T-AVB reduction for Next Generation Wideband (NGW) one-time cost	-0.9
Impact of FY13 Pay Freeze	-3.4
Deactivation of Rainier one time costs	-6.5
FY 2015 Estimate:	**2,690.7**

DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
CAPITAL INVESTMENT SUMMARY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
DOLLARS IN MILLIONS

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Vehicles	0	$0.000	0	$0.000	0	$0.000
	- Material Handling	0	$0.000	0	$0.000	0	$0.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	0	$0.000	0	$0.000	0	$0.000
	- Support Equipment	0	$0.000	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**2**	**$4.396**	**2**	**$6.500**	**2**	**$3.867**
	- Computer Hardware (Production)	2	$4.396	2	$6.500	2	$3.867
	- Computer Hardware (Network)	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 >= $.250M**	**6**	**$6.295**	**6**	**$4.200**	**4**	**$7.612**
	- Internally Developed	6	$6.295	6	$4.200	4	$7.612
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**0**	**$0.000**	**1**	**$0.750**	**0**	**$0.000**
	- Replacement Capability	0	$0.000	1	$0.750	0	$0.000
	- New Construction	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**8**	**$10.691**	**9**	**$11.450**	**6**	**$11.479**
	Total Capital Outlays		**$19.415**		**$9.356**		**$11.781**
	Total Depreciation Expense		**$6.202**		**$10.400**		**$11.479**

INTENTIONALLY
BLANK

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Select Business Area: Transportation	#002 - ADP Equipment						Military Sealift Command		
	FY 2013			FY 2014			FY 2015		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	2	2,198	$4,396	2	3,250	$6,500	2	1,934	$3,867
Computer Hardware (Network)	0	0	$0	0	0	$0	0	0	$0
Computer Software (Operating System)	0	0	$0	0	0	$0	0	0	$0
Telecommunications	0	0	$0	0	0	$0	0	0	$0
Other Support Equipment	0	0	$0	0	0	$0	0	0	$0
Total	2	2,198	$4,396	2	3,250	$6,500	2	1,934	$3,867

Justification:

ADPE and Telecommunications Equipment:

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 NMCI or Base Level Infrastructure Implementation (BLII) plans. 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				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Select Business Area: Transportation	#003 - Software Development						Military Sealift Command		
	FY 2013			FY 2014			FY 2015		
Software	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Internally Developed	6	1,049	$6,295	6	700	$4,200	4	1,903	$7,612
Externally Developed	0	0	$0	0	0	$0	0	0	$0
Total	6	1,049	$6,295	6	700	$4,200	4	1,903	$7,612

Justification:

Software development covers multiple efforts:

IS Portal Development: Various modules integrate existing worldwide procurement system with developing/deploying financial system; this ensures validation of accounting data at time of origination, and tracking of both procurement and funds control from obligation through payment. Includes funding required to implement DOD mandated travel system and integrate it with the Command financial management system as well as the paperless environment.

Information Systems: IS Portal
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

FMS (Financial Mgmt System): This is a DOD/DFAS migratory finance and accounting system. It is consistent with the requirements of the Financial Integrity Act, Anti-Deficiency Act, Joint Financial Management Improvment Program (JMIP), and the Chief Financial Officer (CFO) Act. This initiative will provide for cross functional requirements and continuing development of enhancement and upgrades to MSC business systems. Supports the introduction of additional modules required to provide a total automated procure to pay solution for MSC. It also will support the development of interfaces required with external systems - e.g. DOD wide implementation of the End -to-End procurement process. Estimates do include requirement to replace current MSC budget development tool (BPS).

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.

MSC HRMS (Human Resources Management System)

MSC has consolidated its civmar personnel functions at the Afloat Personnel Management Center (APMC) This funding will satisfy the requirement to migrate to a paperless environment - i.e. total automation of the AP process, automated workflow and documentation management utilizing Oracle Human Resource (HR) and Payroll. Implementation of HR also will provide the ability to integrate with MSC's corporate data environment.

Note: Civilian Mariner (CIVMAR) personnel functions are not handled by the DOD Modern Defense Civilian Payroll Data System (DCPDS) Business Enterpirse Architecture (BEA) compliant EA was completed in 2007, all items have obtained OSD BTA certification.

Migration of Unified Civmar Payroll System (UCPS) to DFAS: Currently MSC civilian mariners (civmars) are not paid through DFAS. This effort will provide for that transition.

Department Head Afloat Mgmt System (DHAMS): DHAMS is used to perform 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.

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.

DDRS-N Development: 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.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Select Business Area: Transportation	#004 - Minor Construction ($250K - $750K)						Military Sealift Command		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	0	0	$0	0	0	$0	0	0	$0
New Construction	0	0	$0	1	750	$750	0	0	$0
Environmental Capability	0	0	$0	0	0	$0	0	0	$0
Total	0	0	$0	1	750	$750	0	0	$0

Justification:

Minor Construction:

This building is required to provide short term storage of specialized equipment used on Tugs, Salvage Vessels and 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 is located in Little Creek, Virginia.

INTENTIONALLY
BLANK

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
TRANSPORTATION- MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
March 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$0.800**	**$0.000**	**$0.800**	
			New Mission	$0.800	$0.000	$0.800	Effort no longer required
	2	**ADP**		**$9.588**	**$4.396**	**$5.192**	
			Computer Hardware (Production)	$9.588	$4.396	$5.192	Delays due to furlough and approval process
	3	**Software**		**$12.108**	**$6.295**	**$5.813**	
			Internally Developed	$12.108	$6.295	$5.813	Delays due to furlough and approval process
	4	**Minor Construction**		**$0.000**	**$0.000**	**$0.000**	
TOTAL FY 2013 CIP Program				**$22.496**	**$10.691**	**$11.805**	Carryover of $3.543 was approved

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$6.500**	**$6.500**	**$0.000**	
			Computer Hardware (Production)	$6.500	$6.500	$0.000	No change
	3	**Software**		**$4.200**	**$4.200**	**$0.000**	
			Software Projects > $1M	$0.000	$0.000	$0.000	
			Software Projects < $1M	$0.000	$0.000	$0.000	
			Internally Developed	$4.200	$4.200	$0.000	No change
	4	**Minor Construction**		**$0.750**	**$0.750**	**$0.000**	
			Replacement	$0.750	$0.750	$0.000	No change
TOTAL FY 2014 CIP Program				**$11.450**	**$11.450**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$0.000**	**$0.000**	**$0.000**	
	2	**ADP**		**$3.867**	**$3.867**	**$0.000**	
			Computer Hardware (Production)	$3.867	$3.867	**$0.000**	
	3	**Software**		**$7.612**	**$7.612**	**$0.000**	
			Internally Developed	$7.612	$7.612	$0.000	
	4	**Minor Construction**		**$0.000**	**$0.000**	**$0.000**	
TOTAL FY 2015 CIP Program				**$11.479**	**$11.479**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
TRANSPORTATION - MILITARY SEALIFT COMMAND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	446.4	459.6	459.6
2. Revenue	2,985.7	2,507.0	2,597.2
3. New Orders	2,998.9	2,507.0	2,597.2
4. Exclusions:			
Foreign Military Sales	0.0	0.0	0.0
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	1.9	0.0	0.0
Non-Federal and Others	0.0	0.0	0.0
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	2,997.0	2,507.0	2,597.2
6. Weighted Average Outlay Rate	72%	59%	59%
7. Carryover Rate	28%	41%	41%
8. Allowable Carryover	843.8	1,030.8	1,066.2
Allowable Carryover(First Year)	839.2	1,027.9	1,064.9
Allowable Carryover (Second Year Procurement-funded Orders)	4.6	2.9	1.3
Part II			
9. Balance of Customer Order at Year End	459.6	459.6	459.6
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	4.8	4.8	4.8
Base Realignment and Closure	0.0	0.0	0.0
Other Federal Department and Agencies	0.0	0.0	0.0
Non-Federal and Others	0.0	0.0	0.0
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	454.8	454.8	454.8

Note: Values may not add due to rounding

TAB 9 - Facilities Engineering Commands

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Mission Statement /Overview:

The mission of the Facilities Engineering Commands (FECs) is to provide Navy, Department of Defense (DoD), and other federal and non-federal clients with quality public works support and services. The FECs provide utilities services, facilities sustainment, transportation support, engineering services, and environmental services required by afloat and ashore operating forces and other activities. The FECs strive to reduce total cost for services, increase productivity, improve quality/client satisfaction, and provide a safe and productive work environment. Investments in key components of the FECs' infrastructure help achieve energy goals and enable the FECs to operate in the most effective, least costly, and most efficient way possible.

Activity Group Composition:

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

Base Support Products and Services

Utilities and Energy Management: Higher purchased electricity, natural gas, and liquid fuel costs will continue to impact the FECs' cost of operations. In order to mitigate higher purchased utilities, FECs 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.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Facility Management and Sustainment: FECs' facilities sustainment addresses decreased reliability and increased loss of service frequency/duration involving utility systems and other critical infrastructure, reducing impacts to Navy missions. 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. Sustainment investments help prevent increased environmental violations for system operations, accelerated rates of deterioration, and shortened service lives of utility systems, and increased restoration costs as systems and equipment degrades.

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.

Significant Changes Since the FY 2014 President's Budget:
There have been two significant changes since the FY 2014 President's Budget. Facilities sustainment programming decreased in FY 2014. Further, civilian labor estimates in FY 2014 were adjusted to levels commensurate with the FY 2013 execution levels, which were lower than planned due to various cost savings measures implemented during FY 2013.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Productivity Initiatives and Other Efficiencies:
Utilities Energy Major Maintenance Repair Program (eMMRP) investments produce significant energy savings and support the achievement of and compliance with Navy energy goals. FY 2015 estimates include $4.0 million in cost reductions associated with eMMRP. FY 2015 includes an investment of $29.7M in eMMRP projects, which are estimated to produce $5.5M in future annual energy savings.

The FECs are also making investments in Industrial Control System (ICS) cyber security, Automated Meter Initiative (AMI) sustainment, and Smart Grid implementation. This initiative is a part of a utility system program to improve operational readiness and to provide cyber and energy security. The FY 2015 investment of $24.4M will develop information infrastructure to support higher-level smart grid functions such as renewables and automated demand response. Smart Grid and ICS cyber security implementation substantially improves the affordability of addressing cyber security threats to utilities by generating savings through energy conservation using Smart Grid capabilities.

Financial Profile:

Revenue/Expense/Operating Results ($Millions):

	FY 2013	FY 2014	FY 2015
Orders	$3,081.3	$3,336.6	$3,120.1
Revenue	$3,084.0	$3,314.0	$3,107.7
Expense	$2,901.8	$3,218.1	$3,247.9
Operating Results	$182.2	$95.8	($140.2)
Other Changes Affecting NOR	($0.1)	$0.0	$0.0
Net Operating Results (NOR)	$182.1	$95.8	($140.2)
Other Changes Affecting AOR	$0.0	$0.0	$0.0
Accumulated Operating Results (AOR)	$44.4	$140.2	$0.0

Some totals may not add due to rounding.

Orders, Revenue and Expense: FEC orders received are expected to decline $216.5 million or 6.5% between FY 2014 and FY 2015. The change in orders corresponds to the revenue change between FY 2014 and FY 2015, which is primarily due to newly implemented cost reduction initiatives in FY 2014 that will lead to lower rates (and therefore decreased revenue) in FY 2015. Even though revenue and orders are both expected to decrease between FY 2014 and FY 2015, expenses are estimated to increase because of pricing changes and the two productivity investments aimed at achieving future savings for the Navy.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Collections/Disbursements/Outlays ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Collections	$3,110.2	$3,463.7	$3,131.6
Disbursements	$2,839.5	$3,174.2	$3,204.3
Outlays	($270.7)	($289.6)	$72.7

Some totals may not add due to rounding.

Collections: FY 2013 reflects actuals while FY 2014 and FY 2015 reflect expected revenue based on current estimates.

Disbursements: FY 2013 reflects actuals while FY 2014 and FY 2015 represent budgeted expenses and Capital Investment Program (CIP) outlays adjusted for changes in accounts payable.

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

Costs Subject to Foreign Currency ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Costs to be Paid in EUROS	$78.20	$81.60	$79.97
Costs to be Paid in YEN	$194.70	$194.20	$183.80
Total Costs to be Paid in Foreign Currency	$272.90	$275.80	$263.77

Workload:

Direct Labor Hours (000):	**FY 2013**	**FY 2014**	**FY 2015**
Current Estimate (Civilian and Military)	12,951	13,917	13,811

Direct labor hours continue to be sized in accordance with workload and/or mission requirements.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Unit Costs: Unit costs and units for the FECs' different product areas are displayed in the following tables.

Product/Service	Unit Of Measure	Unit Cost FY 13	Unit Cost FY 14	Unit Cost FY 15
Utility Services				
Electricity	MWH	150.24	168.94	171.53
Potable Water	KGAL	7.99	6.81	8.12
Salt/River Water	KGAL	1.69	1.12	1.24
Steam	MBTU	40.44	35.99	41.22
Sewage	KGAL	9.58	9.02	9.23
Natural Gas	MBTU	4.13	11.49	10.69
Compressed Air	KCF	2.40	2.12	2.30
Sanitation Services				
Refuse Collection & Disposal I	CUYD	14.86	15.07	14.37
Refuse Collection & Disposal II	TONS	272.94	200.94	312.75
Pest Control	HOURS	52.90	46.79	50.91
Hazardous Waste I	GAL	10.67	1.30	1.29
Hazardous Waste II	LBS	1.78	1.41	1.82
Industrial Waste	KGAL	66.10	33.06	15.72
Environmental Engineering	HOURS	106.64	104.14	113.69
Environmental Lab	TEST	77.13	84.88	60.01
Transportation Services				
Equipment Rental	HOURS	6.54	5.43	6.28
Vehicle Operationgs	HOURS	67.25	64.28	65.02
Vehicle Maintenance	SRO	294.03	206.00	165.06
Maintenance and Repair	DLH	81.70	78.90	81.57

Units of Measure 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		

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Product/Service	Unit Of Measure	Units FY 13	Units FY 14	Units FY 15
Utility Services				
Electricity	MWH	7,317,973	7,500,549	7,450,207
Potable Water	KGAL	23,851,000	25,995,840	24,970,462
Salt/River Water	KGAL	8,298,754	8,352,614	7,973,551
Steam	MBTU	7,450,491	8,956,960	7,788,931
Sewage	KGAL	17,577,515	18,730,734	18,120,387
Natural Gas	MBTU	3,764,699	3,151,106	3,428,910
Compressed Air	KCF	12,288,787	11,923,094	12,142,031
Sanitation Services				
Refuse Collection & Disposal I	CUYD	806,170	989,804	978,480
Refuse Collection & Disposal II	TONS	35,259	39,301	37,711
Pest Control	HOURS	64,422	68,150	70,596
Hazardous Waste I	GAL	170,000	170,000	170,000
Hazardous Waste II	LBS	12,969,199	21,309,858	17,112,642
Industrial Waste	KGAL	136,516	325,386	675,912
Environmental Engineering	HOURS	32,968	49,393	43,796
Environmental Lab	TEST	93,943	93,943	104,728
Transportation Services				
Equipment Rental	HOURS	28,719,774	44,843,097	40,590,151
Vehicle Operations	HOURS	962,001	1,179,229	1,170,788
Vehicle Maintenance	SRO	52,145	80,861	88,459
Maintenance and Repair	DLH	5,745,513	6,597,303	5,945,876

Rate Changes:	FY 2013	FY 2014	FY 2015
Composite Rate	8.50%	2.80%	-6.23%
Utilities and Sanitation	12.10%	8.30%	-8.99%
Other Base Support	1.80%	-5.80%	-0.48%

Rate changes reflect adjustments to workload and pricing changes. The FY 2015 rate decrease is primarily due to AOR recoupment.

Performance Indicators: Among the key financial indicators for the FECs are operating results, annual rate changes, and unit costs. 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.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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

Performance Measures:	**FY 2013**	**FY 2014**	**FY 2015**
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%

Staffing:

Civilian/Military ES & Workyears:	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	9,616	10,068	10,122
Civilian Workyears (straight time)	9,558	9,994	10,049
Military End Strength	78	80	80
Military Workyears	73	80	80

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 services to our customers. Ultimately, the FECs continue to size the civilian workforce in response to mission and/or regulatory requirements.

Military Personnel: Military end strength remains relatively unchanged.

NARRATIVE
DEPARTMENT OF THE NAVY
BASE SUPPORT
FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Capital Investment Program (CIP):

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

CIP Authority ($Millions):	FY 2013	FY 2014	FY 2015
Equipment, Non-ADP / Telecom	$8.9	$8.5	$8.0
Equipment, ADPE / Telecom	$0.0	$0.0	$0.0
Software Development	$0.0	$0.0	$0.0
Minor Construction	$7.9	$8.7	$7.5
Total	$16.8	$17.1	$15.5

Some totals may not add due to rounding.

Carryover Compliance	FY 2013	FY 2014	FY 2015
Net Carry-In	$226.1	$223.4	$246.0
Allowable Carryover	$791.0	$1,226.9	$1,150.3
Calculated Actual Carryover	$156.4	$183.3	$199.5
Delta (Actual-Allowable): Above Ceiling (+)/Below Ceiling (-)	($634.5)	($1,043.6)	($950.8)

Some totals may not add due to rounding.

Budgeted carryover is within the allowable ceiling target amount.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	3,069.9	3,298.3	3,092.2
Capital Surcharges	0.0	0.0	0.0
Depreciation	14.1	15.7	15.5
Other Income			
Total Income	3,084.0	3,314.0	3,107.7
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	9.3	9.5	10.1
Civilian Personnel Compensation & Benefits	717.1	767.7	785.0
Travel and Transportation of Personnel	3.9	7.2	7.3
Material & Supplies (Internal Operations)	295.1	379.0	398.4
Equipment	63.1	67.7	75.1
Other Purchases from NWCF	18.6	25.6	27.1
Transportation of Things	1.7	0.9	0.9
Depreciation - Capital	14.1	15.7	15.5
Printing and Reproduction	0.4	1.0	0.9
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities & Misc Charges	1,112.0	1,183.4	1,181.0
Other Purchased Services	666.4	760.6	746.5
Total Expenses	2,901.8	3,218.1	3,247.9
Work in Process Adjustment	0.0	0.0	0.0
Comp Work for Activity Retention Adjustment	0.0	0.0	0.0
Cost of Goods Sold	2,901.8	3,218.1	3,247.9
Operating Result	182.2	95.8	-140.2
Adjustments Affecting NOR	-0.1	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	-0.1	0.0	0.0
Net Operating Result	182.1	95.8	-140.2
PY AOR	-137.7	44.4	140.2
TOTAL AOR	44.4	140.2	0.0
Non-Recoverable Adjustments impacting AOR	0.0	0.0	0.0
AOR for budget purposes	44.4	140.2	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	3,081.3	3,336.6	3,120.1
a. Orders from DoD Components:	2,281.6	2,579.2	2,323.6
Department of the Navy	2,041.0	2,311.7	2,040.0
O & M, Navy	1,882.4	2,133.6	1,822.8
O & M, Marine Corps	38.5	53.3	70.1
O & M, Navy Reserve	31.9	24.3	38.6
O & M, Marine Corp Reserve	0.6	4.0	2.5
Aircraft Procurement, Navy	0.1	0.2	0.5
Weapons Procurement, Navy	0.0	0.0	0.0
Ammunition Procurement, Navy/MC	0.0	0.0	0.0
Shipbuilding & Conversion, Navy	2.4	3.3	3.9
Other Procurement, Navy	0.0	0.4	0.5
Procurement, Marine Corps	0.0	0.0	0.0
Family Housing, Navy/MC	82.0	87.8	95.2
Research, Dev., Test, & Eval., Navy	0.5	2.9	2.8
Military Construction, Navy	1.4	1.1	2.2
National Defense Sealift Fund	0.0	0.0	0.0
Other Navy Appropriations	1.1	0.7	0.9
Other Marine Corps Appropriations	0.0	0.0	0.0
Department of the Army	60.5	54.6	74.2
Army Operation & Maintenance	29.4	19.5	34.9
Army Res, Dev, Test, Eval	0.0	0.8	0.8
Army Procurement	0.0	0.0	0.0
Army Other	31.1	34.3	38.5
Department of the Air Force	16.8	16.8	17.8
Air Force Operation & Maintenance	10.4	12.4	10.4
Air Force Res, Dev, Test, Eval	0.0	0.1	0.0
Air Force Procurement	0.0	0.0	0.0
Air Force Other	6.4	4.3	7.3
DOD Appropriation Accounts	163.2	196.1	191.7
Base Closure & Realignment	0.3	10.5	7.4
Operation & Maintenance Accounts	74.2	90.1	88.2
Res, Dev, Test & Eval Accounts	1.2	2.5	1.8
Procurement Accounts	0.0	1.1	1.1
Defense Emergency Relief Fund	0.0	0.0	0.0
DOD Other	87.5	91.9	93.2
b. Orders from other Fund Activity Groups	440.5	421.6	485.0
c. Total DoD	2,722.1	3,000.8	2,808.6
d. Other Orders:	359.2	335.8	311.5
Other Federal Agencies	24.2	27.7	17.1
Foreign Military Sales	0.4	0.3	0.3
Non Federal Agencies	334.5	307.8	294.1
2. Carry-In Orders	226.1	223.4	246.0
3. Total Gross Orders	3,307.3	3,560.0	3,366.1
a. Funded Carry-Over before Exclusions	223.4	246.0	258.4
4. Revenue(-)	3,084.0	3,314.0	3,107.7
5. End of Year Work-In-Process (-)	0.0	0.0	0.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	67.0	62.7	59.0
7. Funded Carryover	156.4	183.3	199.5

Note: Line 5 (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
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Estimated Actuals	**2,901.8**
FY 2014 President's Budget:	**3,266.8**
Estimated Impact in FY 2014 of Actual FY 2013 Experience:	**0.0**
Pricing Adjustments:	**-4.4**
Civilian Personnel	0.0
Fuel Price	0.0
General Purchase Inflation	-4.4
Program Changes:	**-9.5**
Workload Changes	-9.5
Other Changes:	**-34.9**
Depreciation	-2.1
Facilities Sustainment, Restoration & Modernization	-32.0
Other	-0.8
FY 2014 Current Estimate:	**3,218.1**

CHANGES IN THE COSTS OF OPERATIONS
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2014 Current Estimate:	**3,218.1**
Pricing Adjustments:	**46.5**
Annualization of Prior Year Pay Raises	**0.9**
Civilian Personnel	0.9
Military Personnel	0.0
FY 2015 Pay Raise	**5.7**
Civilian Personnel	5.6
Military Personnel	0.1
Fuel Price Changes	4.3
General Purchase Inflation	35.6
Productivity Initiatives and Other Efficiencies:	**12.2**
Cost Savings from Energy Major Maintenance Repair Program (eMMRP)	-4.0
eMMRP Investments	-1.2
Industrial Control System/Automated Meter Initiative/Smart Grid	17.4
Program Changes:	**-28.5**
Workload Changes	-28.5
Other Changes:	**-0.4**
Depreciation	-0.2
Facilities Sustainment, Restoration & Modernization	25.6
Foreign Currency	-23.2
Next Generation Enterprise Network (NGEN)	-3.9
Other	1.4
FY 2015 Estimate:	**3,247.9**

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**14**	**$8.909**	**13**	**$8.459**	**13**	**$8.014**
	- Vehicles	4	$2.890	3	$1.383	6	$1.740
	- Material Handling	8	$5.189	6	$5.496	6	$5.774
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	1	$0.450	0	$0.000	0	$0.000
	- Support Equipment	1	$0.380	4	$1.580	1	$0.500
2	**ADPE and Telecom Equipment >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Computer Hardware (Production)	0	$0.000	0	$0.000	0	$0.000
	- Computer Hardware (Network)	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
	- Other Support Equipment	0	$0.000	0	$0.000	0	$0.000
3	**Software Development >= $.250M**	**0**	**$0.000**	**0**	**$0.000**	**0**	**$0.000**
	- Internally Developed	0	$0.000	0	$0.000	0	$0.000
	- Externally Developed	0	$0.000	0	$0.000	0	$0.000
4	**Minor Construction (>= $.250M and <= $2.000M)**	**16**	**$7.877**	**13**	**$8.656**	**14**	**$7.478**
	- Replacement Capability	6	$2.611	4	$2.895	2	$0.658
	- New Construction	7	$3.670	7	$4.681	12	$6.820
	- Environmental Capability	3	$1.596	2	$1.080	0	$0.000
	Grand Total	**30**	**$16.786**	**26**	**$17.115**	**27**	**$15.492**
	Total Capital Outlays		**$16.268**		**$17.527**		**$17.872**
	Total Depreciation Expense		**$14.091**		**$15.669**		**$15.492**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Base Support	#001 - Non-ADP Equipment						Facilities Engineering Commands		
	FY 2013			FY 2014			FY 2015		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	4	$723	$2,890	3	$461	$1,383	6	$290	$1,740
Material Handling	8	$649	$5,189	6	$916	$5,496	6	$962	$5,774
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	0		$0	0		$0	0		$0
Medical Equipment	0		$0	0		$0	0		$0
Machinery	1	$450	$450	0		$0	0		$0
Support Equipment	1	$380	$380	4	$395	$1,580	1	$500	$500
Total	14	$636	$8,909	13	$651	$8,459	13	$616	$8,014

Justification:

As the Department of the Navy's provider of public works support and services, the Facilities Engineering Commands (FECs) depend heavily on Civil Engineering Support Equipment (CESE) to accomplish its mission. In the broadest sense, CESE encompasses automotive vehicles, construction equipment, railway equipment, fire-fighting equipment, and mobile weight handling equipment. Investments in Industrial Plant Equipment (IPE), to include items such as metal lathes and other heavy shop machinery may also be required to accomplish shop fabrications at the FECs.

Requested CESE and IPE will replace over-aged, deteriorated, or obsolete inventory covering the full range of public works functions, e.g., utilities and maintenance. All budgeted CESE and IPE have been determined to meet activity allowances and replacement economic criteria. All requested replacements are in support of public works workload. The age of existing equipment frequently contributes to downtime and deteriorating output. In particular, inventories of large equipment such as crawling cranes and/or truck cranes have critical safety lift requirements to meet workload needs. Operational delays for repair or safety downtimes are offset by leasing where and when available. However, leasing equipment frequently ranges from 30% to 60% higher in cost per hour than in-house equipment. Replacements provide for more efficient and safe operations. Additionally, replacements offer the latest technology in public works support capabilities.

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

Each FEC has conducted a comprehensive review of equipment inventories and determined an optimal economic approach to containing costs as well as maintaining minimum interruption to services. Proposed investments are essential to this strategy. If the proposed equipment is 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) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Base Support	#004 - Minor Construction ($250K - $750K)						Facilities Engineering Commands		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	6	$435	$2,611	4	$724	$2,895	2	$329	$658
New Construction	7	$524	$3,670	7	$669	$4,681	12	$568	$6,820
Environmental Capability	3	$532	$1,596	2	$540	$1,080	0		$0
Total	16	$492	$7,877	13	$666	$8,656	14	$534	$7,478

Justification:

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 Military Construction 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 five 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.

INTENTIONALLY
BLANK

CAPITAL BUDGET EXECUTION
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$11.802**	**$8.909**	**-$2.893**	
			Replacement	$11.802	$0.000	-$11.802	Administrative realignment to/from another capability
			Vehicles	$0.000	$2.890	$2.890	Administrative realignment to/from another capability
			Material Handling	$0.000	$5.189	$5.189	Administrative realignment to/from another capability
			Machinery	$0.000	$0.450	$0.450	Administrative realignment to/from another capability
			Support Equipment	$0.000	$0.380	$0.380	Administrative realignment to/from another capability
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$7.485**	**$7.877**	**$0.392**	
			Replacement	$0.933	$2.611	$1.678	Emergent requirements
			Productivity	$3.247	$0.000	-$3.247	Administrative realignment to/from another capability
			Environmental	$1.435	$1.596	$0.161	Emergent requirements
			New Mission	$1.870	$0.000	-$1.870	Reprogrammed for emergent requirements
			New Construction	$0.000	$3.670	$3.670	Administrative realignment to/from another capability
TOTAL FY 2013 CIP Program				**$19.287**	**$16.786**	**-$2.501**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$9.276**	**$8.459**	**-$0.817**	
			Replacement	$9.276	$0.000	-$9.276	Administrative realignment to/from another capability
			Vehicles	$0.000	$1.383	$1.383	Administrative realignment to/from another capability and reprogrammed for emergent requirements
			Material Handling	$0.000	$5.496	$5.496	Administrative realignment to/from another capability and changes to crane capacity requirements
			Support Equipment	$0.000	$1.580	$1.580	Administrative realignment to/from another capability
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$8.279**	**$8.656**	**$0.377**	
			Replacement	$0.803	$2.895	$2.092	Emergent requirements
			Productivity	$4.866	$0.000	-$4.866	Administrative realignment to/from another capability
			Environmental	$1.080	$1.080	$0.000	
			New Mission	$1.530	$0.000	-$1.530	Administrative realignment to/from another capability
			New Construction	$0.000	$4.681	$4.681	Administrative realignment to/from another capability
TOTAL FY 2014 CIP Program				**$17.555**	**$17.115**	**-$0.440**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$8.014**	**$8.014**	**$0.000**	
			Vehicles	$1.740	$1.740	$0.000	
			Material Handling	$5.774	$5.774	$0.000	
			Support Equipment	$0.500	$0.500	$0.000	
	2	**ADP**		**$0.000**	**$0.000**	**$0.000**	
	3	**Software**		**$0.000**	**$0.000**	**$0.000**	
	4	**Minor Construction**		**$7.478**	**$7.478**	**$0.000**	
			Replacement	$0.658	$0.658	$0.000	
			New Construction	$6.820	$6.820	$0.000	
TOTAL FY 2015 CIP Program				**$15.492**	**$15.492**	**$0.000**	

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
BASE SUPPORT - FACILITIES ENGINEERING COMMANDS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	226.1	223.4	246.0
2. Revenue	3,084.0	3,314.0	3,107.7
3. New Orders	3,081.3	3,336.6	3,120.1
4. Exclusions:			
Foreign Military Sales	0.4	0.3	0.3
Base Realignment and Closure	0.3	10.5	7.4
Other Federal Department and Agencies	24.2	27.7	17.1
Non-Federal and Others	334.5	307.8	294.1
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	2,721.8	2,990.3	2,801.2
6. Weighted Average Outlay Rate	71%	59%	59%
7. Carryover Rate	29%	41%	41%
8. Allowable Carryover	791.0	1,226.9	1,150.3
Allowable Carryover(First Year)	789.3	1,226.0	1,148.5
Allowable Carryover (Second Year Procurement-funded Orders)	1.6	0.9	1.8
Part II			
9. Balance of Customer Order at Year End	223.4	246.0	258.4
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	0.0	0.1	0.2
Base Realignment and Closure	0.0	0.4	0.4
Other Federal Department and Agencies	9.1	8.2	6.7
Non-Federal and Others	57.8	54.0	51.6
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	156.4	183.3	199.5

TAB 10 - EXWC

Back of Tab

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Mission Statement / Overview

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

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

As a member of the Naval Facilities Engineering Command (NAVFAC), EXWC provides worldwide support services to the Navy, Marine Corps, and other Department of Defense (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 the center leverages technology to enhance customer effectiveness and efficiency. EXWC uses existing technology where possible, identifies and adapts breakthrough technology when appropriate, and performs technology development when required.

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 is accomplished by mobilizing the proper mix of personnel expertise and other technological resources to address customer requirements. The Center provides a synergism of expertise and practical experience to solve field activity and fleet needs. As such, the center supports a very broad range of Navy and Marine Corps customers with focus on delivering quality products and services.

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 Corps advanced base construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious and combat engineer systems, expeditionary facilities, and logistics engineering.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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.

The command continues to be dual funded, with NWCF and mission-funded missions remaining separate and distinct. The above overview, reflects the NWCF operations.

Activity Group Composition

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

Significant Changes Since the FY 2014 President's Budget:

There are no significant changes since the FY 2014 President's Budget.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Workload

Reimbursable Orders ($Millions)	FY 2013	FY 2014	FY 2015
Current Estimate	$98.2	$78.7	$79.5

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. Approximately 80% of EXWC's new orders come from Department of the Navy clients.

Direct Labor Hours (000)	FY 2013	FY 2014	FY 2015
Current Estimate	544	520	526

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 capability to meet recurring customer demand.

Financial Profile

Revenue/Expense/NOR/AOR ($Millions)	FY 2013	FY 2014	FY 2015
Revenue	$92.0	$84.1	$86.8
Expense	$91.6	$84.9	$87.0
Operating Results	$0.5	-$0.8	-$0.2
Other Changes Affecting AOR	$0.5	$1.0	$0.2
Accumulated Operating Results (AOR)	$1.0	$0.2	$0.0

Some totals may not add due to rounding.

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

Operating Results:
There are no significant changes in FY 2014 operating results since the FY 2014 President's Budget.

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Collections/Disbursements/Outlays

Outlays ($Millions)	**FY 2013**	**FY 2014**	**FY 2015**
Collections	$95.1	$70.3	$67.9
Disbursements	$84.5	$70.6	$68.7
Net Outlays	-$10.6	$0.3	$0.8

Some totals may not add due to rounding.

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

Performance Indicators

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

Unit Cost	**FY 2013**	**FY 2014**	**FY 2015**
Total Stabilized Cost ($M)	$49.2	$52.5	$51.2
Workload (DLHs) (000)	544	520	526
Unit Cost (per DLH)	$90.34	$100.94	$97.49

Stabilized/Composite Rate	**FY 2013**	**FY 2014**	**FY 2015**
Stabilized Rate ($)	$ 98.63	$97.37	$97.10
Change from Prior Year	0.80%	-1.30%	-0.28%
Composite Rate Change	1.30%	-0.10%	0.71%

Rate changes reflect adjustments to direct workload and pricing changes.

Staffing

Civilian/Military ES & Work Years	**FY 2013**	**FY 2014**	**FY 2015**
Civilian End Strength	396	402	402
Civilian Work Years	382	401	395
Military End Strength	3	3	3
Military Work Years	6	3	3

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
BASE SUPPORT
NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER (EXWC)
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Civilian Personnel: Civilian strength levels, measured by both end strength and full-time equivalents (FTE)s. 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:

EXWC has no CIP.

Carryover Compliance ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Net Carry-In	$31.7	$37.9	$32.6
Allowable Carryover	$49.1	$46.4	$47.0
Calculated Actual Carryover	$35.1	$31.2	$25.9
Delta	($14.0)	($15.2)	($21.1)

Some totals may not add due to rounding.

Budgeted carryover is within the allowable ceiling target amount.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	92.0	84.1	86.7
Capital Surcharges	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0
Other Income			
Total Income	92.0	84.1	86.8
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.5	0.4	0.4
Civilian Personnel Compensation & Benefits	49.9	53.2	52.8
Travel and Transportation of Personnel	4.6	3.3	3.4
Material & Supplies (Internal Operations)	5.0	4.3	4.4
Equipment	0.0	1.4	1.4
Other Purchases from NWCF	1.0	1.4	1.0
Transportation of Things	0.2	0.3	0.3
Depreciation - Capital	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	0.1	0.0	0.0
Rent, Communication, Utilities & Misc Charges	0.5	0.7	0.7
Other Purchased Services	29.8	19.9	22.6
Total Expenses	91.6	84.9	87.0
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	91.6	84.9	87.0
Operating Result	0.5	-0.8	-0.2
Adjustments Affecting NOR	0.0	0.0	0.0
Capital Surcharges	0.0	0.0	0.0
Extraordinary Expenses Unmatched	0.0	0.0	0.0
Other Changes Affecting NOR (All Others)	0.0	0.0	0.0
Net Operating Result	0.5	-0.8	-0.2
PY AOR	0.5	1.0	0.2
TOTAL AOR	1.0	0.2	0.0

SOURCES OF NEW ORDERS & REVENUE
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders	98.2	78.7	79.5
a. Orders from DoD Components:	77.0	71.2	72.0
Department of the Navy	65.8	62.3	63.0
O & M, Navy	36.6	37.2	38.3
O & M, Marine Corps	.8	1.4	1.4
O & M, Navy Reserve	.3	.0	.0
O & M, Marine Corp Reserve	.0	.0	.0
Aircraft Procurement, Navy	.0	.0	.0
Weapons Procurement, Navy	.0	.0	.0
Ammunition Procurement, Navy/MC	.0	.0	.0
Shipbuilding & Conversion, Navy	.1	.0	.0
Other Procurement, Navy	1.9	2.8	2.8
Procurement, Marine Corps	.2	.0	.0
Family Housing, Navy/MC	.0	.0	.0
Research, Dev., Test, & Eval., Navy	22.8	19.3	19.3
Military Construction, Navy	3.0	.3	.3
National Defense Sealift Fund	.0	.0	.0
Other Navy Appropriations	.0	.8	.5
Other Marine Corps Appropriations	.0	.5	.5
Department of the Army	2.2	1.2	1.2
Army Operation & Maintenance	1.1	.4	.4
Army Res, Dev, Test, Eval	.9	.7	.7
Army Procurement	.1	.0	.0
Army Other	.0	.1	.1
Department of the Air Force	1.0	.7	.7
Air Force Operation & Maintenance	-.1	.0	.0
Air Force Res, Dev, Test, Eval	1.0	.7	.7
Air Force Procurement	.0	.0	.0
Air Force Other	.0	.0	.0
DOD Appropriation Accounts	8.1	7.1	7.1
Base Closure & Realignment	.6	.0	.0
Operation & Maintenance Accounts	.2	.1	.1
Res, Dev, Test & Eval Accounts	7.2	4.5	4.5
Procurement Accounts	-.2	.0	.0
Defense Emergency Relief Fund	.0	.0	.0
DOD Other	.3	2.5	2.5
b. Orders from other Fund Activity Groups	18.6	7.4	7.4
c. Total DoD	95.6	78.6	79.3
d. Other Orders:	2.6	.1	.1
Other Federal Agencies	1.5	.1	.1
Foreign Military Sales	.1	.0	.0
Non Federal Agencies	1.0	.0	.0
2. Carry-In Orders	31.7	37.9	32.5
3. Total Gross Orders	130.0	116.7	112.0
a. Funded Carry-Over before Exclusions	37.9	32.5	25.2
4. Revenue(-)	92.0	84.1	86.8
5. End of Year Work-In-Process (-)	.0	.0	.0
6. FMS, BRAC, Other Federal, Non-Federal orders, and Inst. MRTFB (-)	2.8	1.3	-.6
7. Funded Carryover	35.1	31.2	25.8

Note: Line 5 (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
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	Costs
FY 2013 Estimated Actuals	**91.6**
FY 2014 President's Budget:	**85.0**
Estimated Impact in FY 2014 of Actual FY 2013 Experience:	**0.0**
Pricing Adjustments:	**0.0**
Civilian Personnel	0.0
Fuel Price	0.0
Program Changes:	**-0.1**
General Inflation	-0.1
Other Changes:	**0.0**
FY 2014 Current Estimate:	**84.9**
FY 2014 Current Estimate:	**84.9**
Pricing Adjustments:	**0.9**
Annualization of Prior Year Pay Raises	**0.1**
Civilian Personnel	0.1
Military Personnel	0.0
FY 2015 Pay Raise	**0.4**
Civilian Personnel	0.4
Military Personnel	0.0
Fuel Price Changes	0.0
Material and Supplies	0.0
Other Price Changes	**0.4**
Total Travel & Transportation	0.0
Total Other Purchases	0.4
Productivity Initiatives and Other Efficiencies:	**0.0**
Other intrafund purchases	0.0
Program Changes:	**1.6**
Labor	-0.9
Material and Supplies	0.1
Total Travel & Transportation	0.0
Industrial Control System/Automated Meter Initiative/Smart Grid	2.3
Other Changes:	**-0.4**
Depreciation	0.0
Facilities Sustainment, Restoration & Mondernization	0.0
Other (list)	0.0
Other Intrafund Purchases	-0.4
FY 2015 Estimate:	**87.0**

CARRYOVER RECONCILIATION
DEPARTMENT OF THE NAVY
BASE SUPPORT - NAVAL FACILITIES ENGINEERING AND EXPEDITIONARY WARFARE CENTER
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Part 1			
1. Net Carry-In	31.7	37.9	32.5
2. Revenue	92.0	84.1	86.8
3. New Orders	98.2	78.7	79.5
4. Exclusions:			
Foreign Military Sales	0.1	0.0	0.0
Base Realignment and Closure	0.6	0.0	0.0
Other Federal Department and Agencies	1.5	0.1	0.1
Non-Federal and Others	1.0	0.0	0.0
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
5. Orders for Carryover Calculation	95.0	78.6	79.3
6. Weighted Average Outlay Rate	49%	42%	42%
7. Carryover Rate	51%	58%	58%
8. Allowable Carryover	49.1	46.4	47.0
Allowable Carryover(First Year)	48.5	45.6	46.0
Allowable Carryover (Second Year Procurement-funded Orders)	0.7	0.8	1.0
Part II			
9. Balance of Customer Order at Year End	37.9	32.5	25.2
10. Work-in-progress	0.0	0.0	0.0
11. Exclusions:			
Foreign Military Sales	0.1	-0.2	-0.4
Base Realignment and Closure	1.6	0.8	-0.6
Other Federal Department and Agencies	0.5	0.1	-0.2
Non-Federal and Others	0.6	0.6	0.6
Institutional Major Range & Test Facility Base	0.0	0.0	0.0
OUSD(C) Approved Carryover Waiver	0.0	0.0	0.0
12. Calculated Actuals Carryover	35.1	31.2	25.8

INTENTIONALLY
BLANK

TAB 11 - Navy Supply Management

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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. Supply Management ensures the right material is provided where it matters, when it matters, and at the right cost is vital to equipping and sustaining Navy and Marine Corps warfighting units. Other major customers include Department of the Navy (DON) shore activities, Army, Air Force, Defense Agencies, other government agencies and foreign governments. Supply Management also provides strong sailor and family support through contracting, resale, transportation, food service, and other quality of life programs. Costs related to supplying this material to customers are recouped through stabilized rate recovery processes. Navy Supply Management is organized into six Budget Projects (BP).

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

Activity Group Composition:

Navy Working Capital Fund Supply Management (NWCF-SM) activity group is comprised of:
Naval 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

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Executive Summary:

Significant Changes Since the FY 2014 President's Budget:
The following significant changes have occurred since the FY 2014 President's Budget:

Cost Reductions
Naval Supply Systems Command's (NAVSUP's) FY 2015 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 $57.4M in FY 2013, $101.7 million in FY 2014, and $139.7 million in FY 2015. In addition, ERP effectiveness facilitates budget estimate reductions for material obligations by $76 million per year in FY 2013 through FY 2015.

Consumable Item Transfer (CIT)
In accordance with the Financial Management Regulation (FMR), all services may request from Defense Logistics Agency (DLA) reimbursement for the value of inventory due-in from procurement at the time of each transfer. In FY 2013, Navy recouped $62.3M from DLA. Navy's cash plan also includes recoupment of $124.1M in FY 2014 and $93.4M in FY 2015.

Budget Highlights:

Operating Results:

Revenue/Expense/Operating Results ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Net Revenue	$6,434.1	$6,468.4	$6,946.1
Expense	$6,474.8	$6,495.8	$7,007.4
Operating Results	($40.7)	($27.4)	($61.2)
Less Capital Surcharge	$10.2	$2.6	$1.8
Net Operating Results (NOR)	($30.5)	($24.8)	($59.4)
Plus Other Changes Affecting NOR	($39.0)	$0.0	$0.0
Prior Year AOR	$153.7	$84.2	$59.4
Accumulated Operating Results (AOR)	$84.2	$59.4	$0.0

Note: Amounts may not add due to rounding

Revenue and Expense: Revenue increase in FY 2015 is driven by Aviation APN-6 sales. These buyout sales support operational aircraft and improve readiness. Expense changes are consistent with revenue adjustments.

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Obligation Authority ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Wholesale	$4,614.5	$4,548.0	$4,130.5
Retail	$972.4	$1,039.9	$1,057.9
Operating	$1,188.1	$1,297.9	$1,325.8
CIP	$2.0	$5.0	$5.0
Total	$6,777.0	$6,890.7	$6,519.2

Note: Amounts may not add due to rounding

Wholesale: FY 2013 obligation authority was increased by $155M for APN-6 buy-in surge supporting Outfitting sales in FY 2015. FY 2014 budget includes $48.1M supporting the remaining requirements for the APN-6 sales increase. The decrease in FY 2015 obligations reflects out-year customer accounts as well as Annual Price Change (APC) guidance. FY 2015 obligations will continue to be assessed based on the best available information.

Retail: No significant changes in obligations are forecasted from FY 2013 to FY 2015.

Operating: FY 2013 includes effects of sequestration. FY 2014 and FY 2015 obligations are forecasted to return to pre-sequester levels.

Cash Management: As a primary consideration of this budget, NAVSUP has carefully balanced concerns of cash balances, impacts of potential changes to customer rates, and customer support effectiveness.

Collections/Disbursement/Outlays ($Millions):	**FY 2013**	**FY 2014**	**FY 2015**
Collections	$6,431.2	$6,415.4	$6,946.1
Disbursements	$6,237.8	$6,836.7	$7,106.8
Transfers (CIT Reimbursement)	$62.3	$124.1	$93.4
Outlays (Incorporates CIT)	($255.7)	$297.2	$67.3

Note: Amounts may not add due to rounding.

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Sales:

Gross Sales:	**FY 2013**	**FY 2014**	**FY 2015**
Wholesale	$5,196.0	$5,084.0	$5,545.2
Retail	$994.4	$1,044.1	$1,062.1
Total	$6,190.5	$6,128.0	$6,607.2

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.

Metrics: Metrics provide information on the scope of work performed by Navy Supply Management.

	FY 2013	**FY 2014**	**FY 2015**
Items Managed	370,029	364,651	360,080
Requisitions Received	493,147	477,249	486,792
Receipts	533,180	498,258	465,770
Issues	811,367	775,114	814,430
Contracts Executed	49,368	41,043	36,762

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.

	FY 2013	**FY 2014**	**FY 2015**
Undelivered Orders ($Millions)	$5,253.9	$5,248.2	$5,066.1

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Performance Indicators: Performance indicators establish the expected level of performance for Supply Management.

	FY 2013	FY 2014	FY 2015
Customer Wait Time (CWT) in days	15.5	15.0	15.0
Ship Operating Time w/C3/C4 CASREP			
Deployed	43.0%	25.0%	25.0%
Non-deployed	34.0%	28.0%	28.0%
Aircraft Non Mission Capable Supply			
Deployed	6.8%	10.0%	10.0%
Non-Deployed	8.3%	10.0%	10.0%
Supply Material Availability	81.3%	85.0%	85.0%

Unit Cost: Unit Cost provides cost per unit sold based on total cost and the total anticipated number of sales. Unit cost can change in the year of execution.

	FY 2013	FY 2014	FY 2015
Wholesale	1.070	1.082	0.922
Retail	0.978	1.001	1.001

Composite Rates:	FY 2013	FY 2014	FY 2015
Annual Price Change (APC)*	2.470%	-0.106%	1.250%
Composite Cost Recovery Rate (CRR)**	17.352%	14.863%	16.172%

*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.
** The revised cost recovery rate reflected in the table does not represent the previously established cost recovery rate used in line item pricing based on OSD guidance for standardization across supply components.

Staffing:

Civilian/Military ES & Workyears:	FY 2013	FY 2014	FY 2015
Civilian End Strength	6,450	6,987	7,052
Civilian Workyears (straight time)	6,192	6,982	7,047
Military End Strength	364	364	365
Military Workyears	364	364	365

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Civilian Personnel: FY 2013 execution was suppressed under FY 2013 sequestration, due to reduced customer funding and civilian hiring restrictions. The increase reflects return to pre-sequester levels through FY 2015.

The increase of 537 Civilian Workyears from FY 2013 to FY 2014 is a net result of an increase of 64 Full Time Equivalents (FTE) associated with the following issues: Furloughs and the lingering effect of previous hiring restrictions (+290 FTE), FY 2013 one-time workload reduction due to budget constraints and reduced customer demand (+176 FTE), Functional Transfer – Field Examination Group (FEG) (+19 FTE), Functional Transfer - Project Handclasp (+1), Functional Transfer – Contracting Office (-13 FTE).

The increase of 65 Civilian Workyears from FY 2014 to FY 2015 is a net result of an increase of 65 FTE and the following issues: Commander Naval Regional Maintenance Center Materiel (+63), Supply Management Materiel and Technical Support (+13), Civilian Personnel Proportional Reduction (-16), an increase of customer demands (+7 FTE), and Functional Transfer – Performance Management Assessment Program (PPMAP) (-2).

Military Personnel: The increase of 1 Military billet is due to the request for an additional billet for ERP sustainment at Business Systems Center.

Capital Investment Program (CIP) ($Millions): The Capital Investment Program sustains NAVSUP in mission achievement by reinvesting in plant equipment and facilities. Included in the capital budget are the following types of assets: automated data processing equipment (ADPE); non-ADPE equipment; and minor construction.

	FY 2013	FY 2014	FY 2015
Equipment, Non-ADPE* / Telecom	$1.1	$2.2	$2.2
Equipment, ADPE / Telecom	$0.9	$0.9	$0.9
Minor Construction	$0.0	$1.9	$1.9
Total	$2.0	$5.0	$5.0

Note: Amounts may not add due to rounding.
*Automatic Data Processing Equipment (ADPE)

REVENUE AND EXPENSE SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
Revenue:			
Gross Sales			
Operations	6,188.6	6,123.0	6,602.2
Capital Surcharge	(10.2)	(2.6)	(1.8)
Depreciation except Maj Const	12.1	7.6	6.8
Total Gross Sales	6,190.5	6,128.0	6,607.2
Major Construction Dep	0.0	0.0	0.0
Other Income	359.8	419.6	423.5
Refunds/Discounts (- Credit Sales)	(116.2)	(79.2)	(84.6)
Total Income:	6,434.1	6,468.4	6,946.1
Expenses:			
Cost of Material Sold from Inventory	5,274.6	5,190.3	5,674.7
Salaries and Wages:			
Military Personnel	30.0	30.3	30.6
Civilian Personnel	512.2	571.6	582.5
Travel & Transportation of Personnel	7.7	12.1	12.3
Materials & Supplies	28.0	29.7	30.3
Equipment	9.7	13.3	13.6
Other Purchases from Revolving Funds	241.7	235.4	252.7
Transportation of Things	134.5	174.8	174.0
Depreciation - Capital	12.1	7.6	6.8
Printing and Reproduction	8.1	8.9	9.1
Advisory and Assistance Services	12.3	12.5	12.8
Rent, Communication, Utilities & Misc	31.9	30.4	31.0
Other Purchased Services	172.1	178.7	177.0
TOTAL EXPENSES	6,474.8	6,495.8	7,007.4
Operating Result	(40.7)	(27.4)	(61.2)
Less Capital Surcharge reservation	(10.2)	(2.6)	(1.8)
Plus Appro Affecting NOR/AOR	0.0	0.0	0.0
Plus Other Changes Affecting NOR	(39.0)	0.0	0.0
Net Operating Result	(69.5)	(24.8)	(59.4)
Prior Year AOR	153.7	84.2	59.4
Other Changes Affecting AOR			
Accumulated Operating Result	84.2	59.4	0.0

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY 2013	FY 2014	FY 2015
1. New Orders			
a. Orders from DoD Components:			
Own Component			
1105 Military Personnel, M.C.	-	-	-
1106 O&M Marine Corps	7.9	8.0	8.4
1108 Reserve Personnel, M.C.	-	-	-
1109 Procurement, M.C.	4.4	4.5	4.6
1205 Military Construction, Navy	-	-	-
1319 RDT & E, Navy	0.5	0.5	0.5
1405 Reserve Personnel, Navy	-	-	-
1453 Military Personnel, Navy	-	-	-
1506 Aircraft Procurement, Navy	521.3	602.3	949.5
1507 Weapons Procurement, Navy	5.0	2.4	0.4
1611-1811 Shipbuilding & Conv. Navy	11.6	30.7	30.7
1804 O&M, Navy	4,277.0	4,235.9	4,120.0
1806 O&M, Navy Reserve	57.6	56.9	55.4
1810 Other Procurement, Navy	50.7	73.6	81.6
4930 Navy Working Capital Fund	516.8	510.8	496.9
	5,452.9	5,525.7	5,748.0
Orders from other DoD Components			
2100 Army	10.3	9.9	10.3
5700 Air Force	180.5	174.6	181.7
9700 Other DoD	3.7	3.5	3.6
	194.5	188.0	195.6
b. Orders from other Fund Business Areas:			
Distribution Depots, Navy	-	-	-
Logistics Support, Navy	-	-	-
	-	-	-
c. Total DoD	5,647.4	5,713.7	5,943.5
d. Other Orders:			
Other Federal Agencies	19.7	19.9	20.8
Trust Fund	-	-	-
Non-Federal Agencies *	116.8	129.3	132.5
Foreign Military Sales (FMS)	81.4	82.3	85.6
	217.9	231.5	239.0
Total New Orders	5,865.2	5,945.2	6,182.5
2. Carry-In Orders	2,311.5	1,986.3	1,803.5
3. Total Gross Orders	8,176.8	7,931.5	7,986.0
4. Carry-Out Orders (-)	1,986.3	1,803.5	1,378.8
5. Gross Sales	6,190.5	6,128.0	6,607.2
Reimbursable Orders (BP 91)	359.8	419.6	423.5
6. Credit (-)	116.2	79.2	84.6
7. Net Sales	6,434.1	6,468.4	6,946.1

* Non-federal agencies line includes cash sales

CAPITAL INVESTMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
March 2014
(DOLLARS IN MILLIONS)

		FY 2013		FY 2014		FY 2015	
Line #	Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	**Non-ADPE and Telecom Equipment >= $.250M**	**0**	**$1.137**	**0**	**$2.200**	**0**	**$2.200**
	- Vehicles	VAR	$0.420	VAR	$1.200	VAR	$1.200
	- Material Handling	VAR	$0.717	VAR	$1.000	VAR	$1.000
	- Installation Security	0	$0.000	0	$0.000	0	$0.000
	- Quality Control/Testing	0	$0.000	0	$0.000	0	$0.000
	- Medical Equipment	0	$0.000	0	$0.000	0	$0.000
	- Machinery	0	$0.000	0	$0.000	0	$0.000
	- Support Equipment	0	$0.000	0	$0.000	0	$0.000
2	**ADPE and Telecom Equipment >= $.250M**	**0**	**$0.852**	**0**	**$0.899**	**0**	**$0.900**
	- Computer Hardware (Production)	VAR	$0.852	VAR	$0.899	VAR	$0.900
	- Computer Hardware (Network)	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
	- Other Support Equipment	0	$0.000	0	$0.000	0	$0.000
3	**Minor Construction (>= $.250M and <= $2.000M)**	**0**	**$0.000**	**0**	**$1.900**	**0**	**$1.900**
	- Replacement Capability	0	$0.000	VAR	$1.900	VAR	$1.900
	- New Construction	0	$0.000	0	$0.000	0	$0.000
	- Environmental Capability	0	$0.000	0	$0.000	0	$0.000
	Grand Total	**0**	**$1.989**	**0**	**$4.999**	**0**	**$5.000**
	Total Capital Outlays		**$5.583**		**$5.560**		**$5.105**
	Total Depreciation Expense		**$12.128**		**$7.599**		**$6.822**

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Base Support	#001 - Non-ADP Equipment						Supply Management - Navy		
	FY 2013			FY 2014			FY 2015		
Non-ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Vehicles	VAR		$420	VAR		$1,200	VAR		$1,200
Material Handling	VAR		$717	VAR		$1,000	VAR		$1,000
Installation Security	0		$0	0		$0	0		$0
Quality Control/ Testing	0		$0	0		$0	0		$0
Medical Equipment	0		$0	0		$0	0		$0
Machinery	0		$0	0		$0	0		$0
Support Equipment	0		$0	0		$0	0		$0
Total	VAR		$1,137	VAR		$2,200	VAR		$2,200

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 Logistics Centers (FLCs) there will always be units eligible for replacement through procurement. Supply readiness and logistical support are dependent upon the availability of reliable MHE. Replacement of non-repairable equipment with new and more efficient models will reduce 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.

Naval Supply Systems Command (NAVSUP) is also responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for fuel depot operations throughout the Navy. This equipment is required 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.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Base Support	#002 - ADP Equipment						Supply Management - Navy		
	FY 2013			FY 2014			FY 2015		
ADP Equipment	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Computer Hardware (Production)	VAR		$852	VAR		$899	VAR		$900
Computer Hardware (Network)	0		$0	0		$0	0		$0
Computer Software (Operating System)	0		$0	0		$0	0		$0
Telecommunications	0		$0	0		$0	0		$0
Other Support Equipment	0		$0	0		$0	0		$0
Total	VAR		$852	VAR		$899	VAR		$900

Justification:

NAVSUP Business Systems Center (BSC) - Funds provide support to the BSC Legacy/Non-Navy/Marine Corps Intranet (NMCI) Network Plan. As part of the plan, NAVSUP BSC is upgrading its NETWARCOM approved legacy network, which will replace obsolete non-NMCI ADP equipment to provide an environment for client/server development. Upgrading and standardizing hardware infrastructure will allow NAVSUP BSC to use the network to deploy the latest legacy/non-NMCI software products. As NAVSUP moves forward with reducing system and Information Technology (IT) costs and improving business processes, a critical area identified is Allowancing. In order to optimize the allowance systems and align with key Enterprise efforts such as Navy ERP and Single Supply Baseline (SSB), NAVSUP will be streamlining current Readiness Suite and Re-Engineering Maritime Allowance Development (ReMAD) systems via merging the associated databases, standardizing data validations rules and leveraging synergies resulting from combining the platforms. This effort will position NAVSUP to respond to future Enterprise integration/transition requirements.

CAPITAL INVESTMENT JUSTIFICATION				FISCAL YEAR (FY) 2015 BUDGET ESTIMATES					
(DOLLARS IN THOUSANDS)				March 2014					
Department of the Navy/ Base Support	#003 - Minor Construction ($250K - $750K)						Supply Management - Navy		
	FY 2013			FY 2014			FY 2015		
Minor Construction	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Replacement	0		$0	VAR		$1,900	VAR		$1,900
New Construction	0		$0	0		$0	0		$0
Environmental Capability	0		$0	0		$0	0		$0
Total	0		$0	VAR		$1,900	VAR		$1,900

Justification:

Minor Construction: NAVSUP is responsible for minor construction portion of Real Property Maintenance (RPM) 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. 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) 2015 BUDGET ESTIMATES
March 2014
(DOLLARS IN MILLIONS)

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2013	**1**	**Non ADP**		**$1.946**	**$1.137**	**$0.809**	
			Vehicles	$0.946	$0.420	-$0.526	1. CRA & sequester required descope of planned work.
			Material Handling	$1.000	$0.717	-$0.283	See Note 1.
			Installation Security	$0.000	$0.000	$0.000	
			Quality Control/Testing	$0.000	$0.000	$0.000	
			Medical Equipment	$0.000	$0.000	$0.000	
			Machinery	$0.000	$0.000	$0.000	
			Support Equipment	$0.000	$0.000	$0.000	
	2	**ADP**		**$0.893**	**$0.852**	**-$0.041**	
			Computer Hardware (Production)	$0.893	$0.852	-$0.041	
			Computer Hardware (Network)	$0.000	$0.000	$0.000	
			Computer Software (Operating)	$0.000	$0.000	$0.000	
			Telecommunications	$0.000	$0.000	$0.000	
			Other Support Equipment	$0.000	$0.000	$0.000	
			Other Computer & Telecom Spt Equip	$0.000	$0.000	$0.000	
	3	**Minor Construction**		**$1.500**	**$0.000**	**-$1.500**	
			Replacement	$1.500	$0.000	-$1.500	See Note 1.
			Productivity	$0.000	$0.000	$0.000	
			New Construction	$0.000	$0.000	$0.000	
			New Mission	$0.000	$0.000	$0.000	
TOTAL FY 2013 CIP Program				**$4.339**	**$1.989**	**$2.350**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2014	**1**	**Non ADP**		**$2.200**	**$2.200**	**$0.000**	
			Vehicles	$1.200	$1.200	$0.000	
			Material Handling	$1.000	$1.000	$0.000	
			Installation Security	$0.000	$0.000	$0.000	
			Quality Control/Testing	$0.000	$0.000	$0.000	
			Medical Equipment	$0.000	$0.000	$0.000	
			Machinery	$0.000	$0.000	$0.000	
			Support Equipment	$0.000	$0.000	$0.000	
	2	**ADP**		**$0.899**	**$0.899**	**$0.000**	
			Computer Hardware (Production)	$0.899	$0.899	$0.000	
			Computer Hardware (Network)	$0.000	$0.000	$0.000	
			Computer Software (Operating)	$0.000	$0.000	$0.000	
			Telecommunications	$0.000	$0.000	$0.000	
			Other Support Equipment	$0.000	$0.000	$0.000	
			Other Computer & Telecom Spt Equip	$0.000	$0.000	$0.000	
	3	**Minor Construction**		**$1.900**	**$1.900**	**$0.000**	
			Replacement	$1.900	$1.900	$0.000	
			Productivity	$0.000	$0.000	$0.000	
			New Construction	$0.000	$0.000	$0.000	
			New Mission	$0.000	$0.000	$0.000	
TOTAL FY 2014 CIP Program				**$4.999**	**$4.999**	**$0.000**	

FY	Line Item	Category	Capability/Project	Initial Request	Current Proj Cost	Approved Change	Explanation
2015	**1**	**Non ADP**		**$2.200**	**$2.200**	**$0.000**	
			Vehicles	$1.200	$1.200	$0.000	
			Material Handling	$1.000	$1.000	$0.000	
			Installation Security	$0.000	$0.000	$0.000	
			Quality Control/Testing	$0.000	$0.000	$0.000	
			Medical Equipment	$0.000	$0.000	$0.000	
			Machinery	$0.000	$0.000	$0.000	
			Support Equipment	$0.000	$0.000	$0.000	
	2	**ADP**		**$0.900**	**$0.900**	**$0.000**	
			Computer Hardware (Production)	$0.900	$0.900	$0.000	
			Computer Hardware (Network)	$0.000	$0.000	$0.000	
			Computer Software (Operating)	$0.000	$0.000	$0.000	
			Telecommunications	$0.000	$0.000	$0.000	
			Other Support Equipment	$0.000	$0.000	$0.000	
			Other Computer & Telecom Spt Equip	$0.000	$0.000	$0.000	
	3	**Minor Construction**		**$1.900**	**$1.900**	**$0.000**	
			Replacement	$1.900	$1.900	$0.000	
			Productivity	$0.000	$0.000	$0.000	
			New Construction	$0.000	$0.000	$0.000	
			New Mission	$0.000	$0.000	$0.000	
TOTAL FY 2015 CIP Program				**$5.000**	**$5.000**	**$0.000**	

SUPPLY MANAGEMENT SUMMARY
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP 21										
Approved	14.8	67.3	67.3	68.0	0.0	68.0	0.0	68.0	0.0	0.0
Request	11.7	54.5	54.5	59.9	0.0	59.9	0.0	59.9	0.0	0.0
Delta	(3.1)	(12.8)	(12.8)	(8.1)	0.0	(8.1)	0.0	(8.1)	0.0	0.0
BP 28										
Approved	1,442.6	1,005.1	1,005.1	1,005.1	0.0	1,005.1	0.0	1,005.1	0.0	4.9
Request	1,442.6	939.9	939.9	912.5	0.0	912.5	0.0	912.5	0.0	0.0
Delta	0.0	(65.2)	(65.2)	(92.7)	0.0	(92.7)	0.0	(92.7)	0.0	(4.9)
BP 34										
Approved	737.0	325.6	326.3	242.4	0.0	242.4	31.9	274.3	0.0	0.6
Request	765.4	362.5	357.6	188.6	0.0	188.6	0.0	220.5	0.0	1.1
Delta	28.4	36.9	31.3	(53.8)	0.0	(53.8)	(31.9)	(53.8)	0.0	0.5
BP 81										
Approved	10,194.1	919.2	935.1	900.4	0.0	900.4	72.2	972.6	0.0	10.0
Request	11,251.7	1,073.4	1,016.3	1,031.2	0.0	1,031.2	0.0	1,103.4	0.0	9.0
Delta	1,057.6	154.2	81.2	130.8	0.0	130.8	(72.2)	130.8	0.0	(1.0)
			*** REPAIR->*	386.0						
BP85										
Approved	46,797.9	3,798.4	3,784.3	3,399.0	0.0	3,399.0	339.3	3,738.2	0.0	8.2
Request	42,639.2	3,529.5	3,705.9	3,394.6	0.0	3,394.6	0.0	3,733.9	0.0	106.1
Delta	(4,158.7)	(268.9)	(78.4)	(4.3)	0.0	(4.3)	(339.3)	(4.3)	0.0	97.9
			*** REPAIR->*	2,458.6						
BP 91										
Approved	0.0	0.0	428.3	1,318.9	0.0	1,318.9	0.0	1,318.9	4.3	0.0
Request	0.0	0.0	359.8	1,188.1	0.0	1,188.1	0.0	1,188.1	1.9	0.0
Delta	0.0	0.0	(68.4)	(130.8)	0.0	(130.8)	0.0	(130.8)	(2.4)	0.0
TOTAL										
Approved	59,186.4	6,115.6	6,546.3	6,933.9	0.0	6,933.9	443.3	7,377.2	4.3	23.7
Request	56,110.6	5,959.8	6,434.1	6,775.0	0.0	6,775.0	0.0	7,218.3	1.9	116.2
Delta	(3,075.8)	(155.7)	(112.2)	(158.9)	0.0	(158.9)	(443.3)	(158.9)	(2.4)	92.5

SUPPLY MANAGEMENT SUMMARY

DEPARTMENT OF THE NAVY

SUPPLY MANAGEMENT - NAVY

FISCAL YEAR (FY) 2015 BUDGET ESTIMATES

MARCH 2014

(DOLLARS IN MILLIONS)

FY 2014

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP 21										
Approved	15.0	67.8	67.8	68.5	0.0	68.5	0.0	68.5	0.0	0.0
Request	15.0	67.8	67.8	68.5	0.0	68.5	0.0	68.5	0.0	0.0
Delta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28										
Approved	1,471.1	1,031.4	1,031.4	1,031.4	0.0	1,031.4	0.0	1,031.4	0.0	4.9
Request	1,468.8	971.4	971.4	971.4	0.0	971.4	0.0	971.4	0.0	4.9
Delta	(2.3)	(60.0)	(60.0)	(60.0)	0.0	(60.0)	0.0	(60.0)	0.0	0.0
BP 34										
Approved	728.6	301.0	304.9	220.7	0.0	220.7	31.9	252.6	0.0	0.6
Request	313.6	224.1	219.7	175.8	0.0	175.8	31.9	207.7	0.0	0.6
Delta	(414.9)	(76.9)	(85.3)	(45.0)	0.0	(45.0)	0.0	(45.0)	0.0	0.0
BP 81										
Approved	10,269.7	969.7	969.7	762.1	0.0	762.1	72.2	834.3	0.0	10.0
Request	11,389.4	983.2	1,033.4	903.0	0.0	903.0	72.2	975.2	0.0	10.0
Delta	1,119.7	13.5	63.7	140.9	0.0	140.9	0.0	140.9	0.0	0.0
			*** REPAIR->*	400.8						
BP85										
Approved	47,722.6	3,731.5	3,819.2	3,159.0	0.0	3,159.0	339.3	3,498.3	0.0	8.2
Request	43,619.1	3,619.6	3,756.6	3,469.2	0.0	3,469.2	339.3	3,808.5	0.0	63.7
Delta	(4,103.5)	(111.9)	(62.6)	310.2	0.0	310.2	0.0	310.2	0.0	55.5
			*** REPAIR->*	2,511.4						
BP 91										
Approved	0.0	0.0	434.8	1,322.5	0.0	1,322.5	0.0	1,322.5	5.0	0.0
Request	0.0	0.0	419.6	1,297.9	0.0	1,297.9	0.0	1,297.9	5.0	0.0
Delta	0.0	0.0	(15.2)	(24.6)	0.0	0.0	0.0	(24.6)	0.0	0.0
TOTAL										
Approved	60,206.9	6,101.4	6,627.7	6,564.2	0.0	6,564.2	443.3	7,007.5	5.0	23.7
Request	56,805.8	5,866.1	6,468.4	6,885.8	0.0	6,885.8	443.3	7,329.1	5.0	79.2
Delta	(3,401.0)	(235.4)	(159.3)	321.6	0.0	321.6	0.0	321.6	0.0	55.5

SUPPLY MANAGEMENT SUMMARY

DEPARTMENT OF THE NAVY

SUPPLY MANAGEMENT - NAVY

FISCAL YEAR (FY) 2015 BUDGET ESTIMATES

MARCH 2014

(DOLLARS IN MILLIONS)

FY 2015

DIVISION	PEACETIME INVENTORY	NET CUSTOMER ORDERS	NET SALES	OPERATING	MOBILIZATION	TOTAL OBLIGATIONS	VARIABILITY TARGET	TARGET TOTAL	CAPITAL IMPROVEMENT PROGRAM	CREDIT SALES
BP 21										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	14.6	66.4	66.4	67.1	0.0	67.1	0.0	67.1	0.0	0.0
Delta	14.6	66.4	66.4	67.1	0.0	67.1	0.0	67.1	0.0	0.0
BP 28										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	1,485.7	990.8	990.8	990.8	0.0	990.8	0.0	990.8	0.0	4.9
Delta	1,485.7	990.8	990.8	990.8	0.0	990.8	0.0	990.8	0.0	4.9
BP 34										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	349.4	235.2	236.5	159.3	0.0	159.3	31.9	191.1	0.0	0.6
Delta	349.4	235.2	236.5	159.3	0.0	159.3	31.9	191.1	0.0	0.6
BP 81										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	11,493.6	1,077.1	1,077.1	811.3	0.0	811.3	72.2	883.4	0.0	10.0
Delta	11,493.6	1,077.1	1,077.1	811.3	0.0	811.3	72.2	883.4	0.0	10.0
			*** REPAIR->*	393.3						
BP85										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	44,050.1	3,730.1	4,151.9	3,160.0	0.0	3,160.0	339.3	3,499.2	0.0	69.1
Delta	44,050.1	3,730.1	4,151.9	3,160.0	0.0	3,160.0	339.3	3,499.2	0.0	69.1
			*** REPAIR->*	2,555.4						
BP 91										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	0.0	0.0	423.5	1,325.8	0.0	1,325.8	0.0	1,325.8	5.0	0.0
Delta	0.0	0.0	423.5	1,325.8	0.0	1,325.8	0.0	1,325.8	5.0	0.0
TOTAL										
Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Request	57,393.3	6,099.6	6,946.1	6,514.2	0.0	6,514.2	443.3	6,957.5	5.0	84.6
Delta	57,393.3	6,099.6	6,946.1	6,514.2	0.0	6,514.2	443.3	6,957.5	5.0	84.6

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 34
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Total
F/A-18 / EA-18G	8.5 / 10.0	19.8	0.0	14.5	34.2
AV-8B / T-45	8.8 / 4.3	0.9	0.0	0.0	0.9
EA-6B	6.8	0.9	0.0	2.1	3.1
V-22	10.5	4.6	0.0	22.6	27.3
C-130	6.5	0.0	0.0	0.0	0.0
P-3	5.9	0.2	0.0	1.0	1.2
E-2 / C-2	8.7 / 7.1	0.2	0.0	0.6	0.8
Common Systems	n/a	1.5	0.0	4.9	6.4
Aircraft Engines	n/a	0.0	13.2	9.0	22.2
Aviation Support Systems	n/a	0.0	0.0	27.9	27.9
H-1	11.6	7.2	0.0	13.1	20.4
H-46	6.8	0.0	0.0	0.3	0.3
H-53	12.5	0.0	0.0	0.9	0.9
H-60	5.1	5.4	0.0	6.4	11.8
VTUAV	n/a	1.5	0.0	0.2	1.7
Multi-application	n/a	0.0	0.0	12.5	12.5
Efficiencies		0.0	0.0	(1.0)	(1.0)
Anticipated Special Programs		0.0	0.0	0.0	0.0
Full PBL		0.0	0.0	21.5	21.5
ERP Inventory Reduction		0.0	0.0	(3.8)	(3.8)
LECP		0.0	0.0	0.4	0.4
Total		42.1	13.2	133.3	188.6

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 34
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2014

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Total
F/A-18 / EA-18G	8.5 / 10.0	18.1	0.0	12.5	30.5
AV-8B / T-45	8.8 / 4.3	0.6	0.0	0.0	0.6
EA-6B	6.8	0.0	0.0	1.4	1.4
V-22	10.5	5.7	0.0	13.9	19.6
P-8	2.8	0.0	0.0	3.8	3.8
C-130	6.5	0.0	0.0	0.0	0.0
P-3	5.9	9.4	0.0	0.7	10.1
E-2 / C-2	8.7 / 7.1	5.7	0.0	1.5	7.1
Common Systems	n/a	2.6	0.0	3.0	5.6
Aircraft Engines	n/a	0.0	0.0	5.9	5.9
Aviation Support Systems	n/a	0.0	0.0	18.4	18.4
H-1	11.6	6.9	0.0	9.9	16.9
H-46	6.8	0.0	0.0	0.2	0.2
H-53	12.5	0.0	0.0	0.6	0.6
H-60	5.1	9.0	0.0	5.4	14.3
VTUAV	n/a	3.1	0.0	0.6	3.7
Multi-application		0.0	0.0	10.1	10.1
Efficiencies		0.0	0.0	(1.7)	(1.7)
Anticipated Special Programs		0.0	15.0	0.0	15.0
Full PBL		0.0	0.0	17.3	17.3
ERP Inventory Reduction		0.0	0.0	(3.8)	(3.8)
Total		61.1	15.0	99.7	175.8

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 34
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2015

Weapon System	NMCS Rates[1]	Buy-in Outfitting	Special Programs	Basic Replen	Total
F/A-18 / EA-18G	8.5 / 10.0	3.7	0.0	11.1	14.9
AV-8B / T-45	8.8 / 4.3	0.6	0.0	0.0	0.6
EA-6B	6.8	0.0	0.0	1.6	1.6
V-22	10.5	7.8	0.0	15.8	23.6
P-8	2.8	0.0	0.0	0.0	0.0
C-130	6.5	0.0	0.0	0.0	0.0
P-3	5.9	6.9	0.0	2.8	9.7
E-2 / C-2	8.7 / 7.1	3.2	0.0	1.1	4.2
Common Systems	n/a	1.7	0.0	4.0	5.8
Aircraft Engines	n/a	0.0	0.0	6.9	6.9
Aviation Support Systems	n/a	0.0	0.0	21.4	21.4
H-1	11.6	5.4	0.0	11.1	16.5
H-46	6.8	0.0	0.0	0.3	0.3
H-53	12.5	0.0	0.0	0.7	0.7
H-60	5.1	16.5	0.0	5.4	21.9
VTUAV	n/a	2.6	0.0	0.5	3.0
Multi-application		0.0	0.0	10.3	10.3
Efficiencies		0.0	0.0	(1.2)	(1.2)
Anticipated Special Programs		0.0	15.0	0.0	15.0
Full PBL		0.0	0.0	7.8	7.8
ERP Inventory Reduction		0.0	0.0	(3.8)	(3.8)
Total		48.4	15.0	95.8	159.3

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 81
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

Weapon System Name	Basic Replen	Outfitting	Special Programs	Rework	Total
AIR TRAFFIC CONTROL	15.3	4.9	7.3	17.8	45.2
NUCLEAR	112.5	9.0	10.6	8.9	141.0
SUBSAFE LI/ASDS/DSSP	61.3	0.0	21.7	15.4	98.4
HM&E	101.6	2.7	31.6	54.0	189.9
CARPER	4.3	0.0	0.0	7.9	12.2
MSC	3.2	0.0	0.0	1.4	4.6
GPETE	12.2	0.0	19.7	0.4	32.3
FIRE CONTROL/DET	22.8	8.7	65.3	81.9	178.8
INTEGRATED SELF-DEFENSE	1.7	20.9	29.7	55.1	107.3
COMMUNICATION/SURVEILLANCE	29.2	13.1	19.9	39.4	101.6
FULL PBL	29.8	0.0	0.0	103.8	133.6
ERP INV SAVINGS	(13.7)	0.0	0.0	0.0	(13.7)
Gross Requirement	380.1	59.3	205.8	386.0	1,031.2

Platform	FY13 POTF *
AIRCRAFT CARRIERS	70%
AMPHIBIOUS WARFARE	58%
COMBAT LOGISTICS SHIPS	50%
MINE WARFARE SHIPS	25%
SUBMARINES	96%
SURFACE COMBATANTS	52%
MISCELLANEOUS	59%
ACROSS ALL PLATFORMS	64%

* 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 is based on 4th quarter Actuals.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 81
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2014

Weapon System Name	Basic Replen	Outfitting	Special Programs	Rework	Total
AIR TRAFFIC CONTROL	12.4	6.9	2.1	27.0	48.4
NUCLEAR	84.1	9.0	11.3	5.7	110.2
SUBSAFE LI/ASDS/DSSP	37.4	0.1	30.4	23.7	91.7
HM&E	24.5	5.2	35.4	70.5	135.6
CARPER	4.0	0.0	0.0	7.3	11.3
MSC	3.1	0.0	0.0	1.7	4.8
GPETE	7.1	0.0	19.3	1.2	27.6
FIRE CONTROL/DET	30.5	19.7	16.1	85.3	151.6
INTEGRATED SELF-DEFENSE	14.4	23.5	22.3	40.4	100.6
COMMUNICATION/SURVEILLANCE	22.4	34.1	17.3	40.6	114.4
FULL PBL	23.2	0.0	0.0	97.4	120.6
ERP INVENTORY SAVINGS	(13.7)				(13.7)
Gross Requirement	249.4	98.6	154.2	400.8	903.0

Platform	FY14 POTF *
AIRCRAFT CARRIERS	70%
AMPHIBIOUS WARFARE	58%
COMBAT LOGISTICS SHIPS	50%
MINE WARFARE SHIPS	25%
SUBMARINES	96%
SURFACE COMBATANTS	52%
MISCELLANEOUS	59%
ACROSS ALL PLATFORMS	64%

* 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 FY13.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 81
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2015

Weapon System Name	Basic Replen	Outfitting	Special Programs	Rework	Total
AIR TRAFFIC CONTROL	4.1	11.8	1.5	26.8	44.2
NUCLEAR	85.1	9.8	9.6	5.7	110.2
SUBSAFE LI/ASDS/DSSP	39.5	0.0	28.5	23.7	91.7
HM&E	4.9	6.1	30.5	70.1	111.6
CARPER	4.0	0.0	0.0	7.3	11.3
MSC	3.1	0.0	0.0	1.7	4.8
GPETE	7.1	0.0	17.5	1.2	25.8
FIRE CONTROL/DET	18.0	12.5	14.3	84.7	129.5
INTEGRATED SELF-DEFENSE	2.9	21.5	23.5	40.1	88.0
COMMUNICATION/SURVEILLANCE	10.7	31.0	12.4	40.3	94.4
FULL PBLS	21.7	0.0	0.0	91.8	113.5
ERP INVENTORY SAVINGS	(13.7)				(13.7)
Gross Requirement	187.4	92.7	137.8	393.3	811.3

Platform	FY15 POTF *
AIRCRAFT CARRIERS	70%
AMPHIBIOUS WARFARE	58%
COMBAT LOGISTICS SHIPS	50%
MINE WARFARE SHIPS	25%
SUBMARINES	96%
SURFACE COMBATANTS	52%
MISCELLANEOUS	59%
ACROSS ALL PLATFORMS	64%

* 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.

FY15 POTF projections are carried forward from FY13.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 85
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18 / EA-18G	8.5 / 10.0	199.86	0.00	53.88	342.14	595.88
AV-8B / T-45	8.8 / 4.3	7.11	0.00	0.95	15.22	23.29
EA-6B	6.8	7.76	0.00	6.54	41.58	55.88
VTUAV	n/a	11.90	0.00	1.45	0.00	13.35
V-22	10.5	117.13	0.00	17.42	119.05	253.60
S-3	11.9	0.00	0.00	12.28	0.20	12.48
C-130	6.5	0.00	0.00	1.74	4.74	6.48
P-3	5.9	1.33	0.00	5.04	41.98	48.35
E-2/C-2	8.7 / 7.1	1.74	70.77	8.58	39.75	120.83
Common Systems	n/a	11.87	0.00	8.71	52.92	73.49
Aircraft Engines	n/a	0.00	0.00	16.39	129.45	145.84
Aviation Support Systems	n/a	0.00	0.00	1.44	24.23	25.67
H-1	11.6	114.96	0.00	31.60	53.25	199.81
H-46	6.8	0.00	0.00	1.83	26.66	28.49
H-53	12.5	8.12	0.00	13.50	108.92	130.55
H-60	5.1	182.63	11.47	3.64	79.12	276.85
Multi-application		0.00	0.00	61.39	315.36	376.75
Efficiencies		(94.64)	0.49	0.00	22.50	(71.65)
Anticipated Special Programs		0.00	0.00	0.00	0.00	0.00
Carcass Losses		0.00	0.00	18.00	0.00	18.00
Full PBL		0.00	0.00	70.82	1051.77	1122.60
LECP Investment/Savings		0.00	0.00	6.86	(10.25)	(3.39)
ERP Inventory Reduction		0.00	0.00	(58.51)	0.00	(58.51)
Total		569.77	82.73	283.57	2,458.58	3,394.65

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 85
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2014

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18 / EA-18G	8.5 / 10.0	166.8	58.5	50.9	335.9	612.1
AV-8B/T-45	8.8 / 4.3	4.4	2.8	0.5	15.0	22.7
EA-6B	6.8	0.0	0.0	5.3	41.1	46.3
VTUAV	n/a	22.6	0.0	3.8	4.4	30.8
V-22	10.5	60.8	0.0	16.3	126.1	203.2
S-3	11.9	0.0	0.0	0.0	0.2	0.2
C-130	6.5	0.0	0.0	1.2	4.7	5.9
P-3	5.9	1.9	0.0	4.9	41.4	48.2
P-8A	2.8	67.1	0.0	24.9	0.0	92.0
E-2/C-2	8.7 / 7.1	41.4	42.7	12.5	39.2	135.8
Common Systems	n/a	19.2	0.0	3.6	55.0	77.8
Aircraft Engines	n/a	0.0	0.0	13.8	127.8	141.6
Aviation Support Systems	n/a	0.0	0.0	1.8	26.8	28.5
H-1	11.6	57.1	4.7	31.7	56.6	150.1
H-46	6.8	0.0	0.0	1.5	14.5	16.0
H-53	12.5	1.9	0.0	11.0	107.5	120.5
H-60	5.1	237.4	0.0	13.7	78.1	329.1
Multi-application		0.0	0.0	48.9	291.9	340.8
Efficiencies		(143.4)	0.0	0.0	0.0	(143.4)
Anticipated Special Programs		0.0	25.0		20.0	45.0
Carcass Losses		0.0	0.0	18.0	0.0	18.0
Full PBL		0.0	0.0	74.6	1136.0	1210.6
LECP Investment/Savings		0.0	0.0	6.6	(10.7)	(4.1)
ERP Inventory Reduction		0.0	0.0	(58.5)	0.0	(58.5)
Total		537.1	133.6	287.0	2,511.4	3,469.2

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

OPERATING REQUIREMENTS BY WEAPON SYSTEM
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT 85
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2015

Weapon System	NMCS Rates[1]	Buy-In Outfitting	Special Programs	Basic Replen	Repair	Total
F/A-18 / EA-18G	8.5 / 10.0	31.1	19.1	47.6	349.2	446.9
AV-8B/T-45	8.8 / 4.3	5.1	0.0	0.7	15.8	21.6
EA-6B	6.8	0.0	0.0	8.0	42.7	50.7
VTUAV	n/a	21.3	0.0	3.3	7.8	32.3
V-22	10.5	64.9	0.0	19.0	131.2	215.1
S-3	11.9	0.0	0.0	0.0	0.2	0.2
C-130	6.5	0.0	0.0	15.3	4.9	20.2
P-3	5.9	0.8	0.0	7.4	43.0	51.1
P-8A	2.8	57.1	0.0	0.0	0.1	57.2
E-2/C-2	8.7 / 7.1	26.5	42.7	15.8	40.8	125.9
Common Systems	n/a	14.6	0.0	7.8	57.1	79.4
Aircraft Engines	n/a	0.0	0.0	20.9	132.8	153.8
Aviation Support Systems	n/a	0.0	0.0	2.7	27.8	30.5
H-1	11.6	45.1	0.0	36.3	58.8	140.2
H-46	6.8	0.0	0.0	2.2	11.2	13.4
H-53	12.5	0.0	0.0	16.7	111.8	128.5
H-60	5.1	137.2	0.0	18.0	81.2	236.3
Multi-application		0.0	0.0	75.8	292.1	368.0
Efficiencies		(235.7)	0.0	0.0	0.0	(235.7)
Anticipated Special Programs		0.0	25.0	0.0	20.0	45.0
Carcass Losses		0.0	0.0	18.0	0.0	18.0
Full PBL		0.0	0.0	79.2	1143.5	1222.7
LECP Investment/Savings		0.0	0.0	13.7	(16.5)	(2.8)
ERP Inventory Reduction		0.0	0.0	(58.5)	0.0	(58.5)
Total		167.9	86.8	349.9	2,555.4	3,160.0

[1]Not Mission Capable Supply (NMCS) - Percentage of time aircraft are Not Mission Capable due to a supply shortage. Used in conjunction with Not Mission Capable Maintenance (NMCM) to determine total Not Mission Capable rate (inverse of MC). NMCS is computed only for weapon systems. NMCS is not computed for weapon system parts, such as engines.

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2015 BUDGET SUBMISSION
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	57,162.4	0.0	29,532.7	27,629.7
2. BOP INVENTORY ADJUSTMENTS	1,613.3	0.0	5,219.5	(3,606.2)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	4,271.8	(4,271.8)
B. PRICE CHANGE AMOUNT (memo)	1,613.3	0.0	947.7	665.6
C. INVENTORY RECLASSIFIED AND REPRICED	58,775.7	0.0	34,752.2	24,023.5
3. RECEIPTS AT STANDARD	3,654.5	0.0	3,635.9	18.6
4. SALES AT STANDARD	6,190.5	0.0	6,190.5	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	1,773.3	0.0	1,668.9	104.4
B. RETURNS FROM CUSTOMERS FOR CREDIT	116.2	0.0	102.5	13.7
C. RETURNS FROM CUSTOMERS, NO CREDIT	15,906.9	0.0	7,480.7	8,426.2
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(4,216.1)	0.0	0.0	(4,216.1)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(293.5)	0.0	(152.7)	(140.9)
G. OTHER (listed in Section 9)	(15,079.4)	0.0	(12,736.5)	(2,342.9)
H. TOTAL ADJUSTMENTS	(129.2)	0.0	(3,637.2)	3,508.0
6. INVENTORY EOP	56,110.6	0.0	28,560.4	27,550.2
7. INVENTORY EOP (REVALUED)	29,716.7	0.0	17,381.0	12,335.7
A. APPROVED ACQUISITION OBJECTIVE (memo)				7,974.2
B. ECONOMIC RETENTION (memo)				2,660.0
C. CONTINGENCY RETENTION (memo)				1,616.3
D. POTENTIAL DOD REUTILIZATION (memo)				85.2
8. INVENTORY ON ORDER EOP (memo)	2,145.4	0.0	2,143.2	2.1

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	(2,959.0)	0.0	(2,979.9)	20.9
Strata Transfers	0.0	0.0	2,363.8	(2,363.8)
Net/Standard Difference	(12,120.4)	0.0	(12,120.4)	0.0
Total	(15,079.4)	0.0	(12,736.5)	(2,342.9)

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2015 BUDGET SUBMISSION
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2014

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	56,110.6	0.0	28,560.4	27,550.2
2. BOP INVENTORY ADJUSTMENTS	106.9	0.0	4,201.9	(4,095.0)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	4,272.8	(4,272.8)
B. PRICE CHANGE AMOUNT (memo)	106.9	0.0	(70.8)	177.8
C. INVENTORY RECLASSIFIED AND REPRICED	56,217.5	0.0	32,762.3	23,455.2
3. RECEIPTS AT STANDARD	3,474.5	0.0	3,465.8	8.7
4. SALES AT STANDARD	6,128.0	0.0	6,128.0	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	10.6	0.0	19.4	(8.8)
B. RETURNS FROM CUSTOMERS FOR CREDIT	79.2	0.0	9.4	69.8
C. RETURNS FROM CUSTOMERS, NO CREDIT	18,458.3	0.0	9,669.4	8,788.9
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,263.8)	0.0	0.0	(3,263.8)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(519.0)	0.0	(257.0)	(262.1)
G. OTHER (listed in Section 9)	(11,523.3)	0.0	(10,036.2)	(1,487.2)
H. TOTAL ADJUSTMENTS	3,241.9	0.0	(594.9)	3,836.9
6. INVENTORY EOP	56,805.8	0.0	29,505.2	27,300.7
7. INVENTORY EOP (REVALUED)	32,800.9	0.0	19,482.7	13,318.2
A. APPROVED ACQUISITION OBJECTIVE (memo)				8,901.5
B. ECONOMIC RETENTION (memo)				2,636.6
C. CONTINGENCY RETENTION (memo)				1,693.4
D. POTENTIAL DOD REUTILIZATION (memo)				86.7
8. INVENTORY ON ORDER EOP (memo)	2,123.5	0.0	2,121.5	2.0

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	516.1	0.0	352.1	164.0
Strata Transfers	0.0	0.0	1,651.2	(1,651.2)
Net/Standard Difference	(12,039.5)	0.0	(12,039.5)	0.0
Total	(11,523.3)	0.0	(10,036.2)	(1,487.2)

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - NAVY
BUDGET PROJECT SUMMARY
FISCAL YEAR (FY) 2015 BUDGET SUBMISSION
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2015

	Total	Mobilization	---Peacetime--- Operating	Other
1. INVENTORY BOP	56,805.8	0.0	29,505.2	27,300.7
2. BOP INVENTORY ADJUSTMENTS	668.3	0.0	4,821.9	(4,153.6)
A. RECLASSIFICATION CHANGE (memo)	0.0	0.0	4,202.3	(4,202.3)
B. PRICE CHANGE AMOUNT (memo)	668.3	0.0	619.6	48.7
C. INVENTORY RECLASSIFIED AND REPRICED	57,474.2	0.0	34,327.1	23,147.1
3. RECEIPTS AT STANDARD	3,505.2	0.0	3,502.2	3.1
4. SALES AT STANDARD	6,607.2	0.0	6,607.2	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	10.8	0.0	19.7	(9.0)
B. RETURNS FROM CUSTOMERS FOR CREDIT	84.6	0.0	111.0	(26.4)
C. RETURNS FROM CUSTOMERS, NO CREDIT	18,765.5	0.0	10,093.8	8,671.7
D. RETURNS TO SUPPLIERS (-)	0.0	0.0	0.0	0.0
E. TRANSFERS TO PROP. DISPOSAL (-)	(3,265.1)	0.0	0.0	(3,265.1)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(234.6)	0.0	(234.6)	0.0
G. OTHER (listed in Section 9)	(12,340.0)	0.0	(11,290.3)	(1,049.7)
H. TOTAL ADJUSTMENTS	3,021.1	0.0	(1,300.4)	4,321.5
6. INVENTORY EOP	57,393.3	0.0	29,921.6	27,471.6
7. INVENTORY EOP (REVALUED)	32,445.8	0.0	19,332.3	13,113.5
A. APPROVED ACQUISITION OBJECTIVE (memo)				8,820.0
B. ECONOMIC RETENTION (memo)				2,555.5
C. CONTINGENCY RETENTION (memo)				1,653.6
D. POTENTIAL DOD REUTILIZATION (memo)				84.4
8. INVENTORY ON ORDER EOP (memo)	1,884.6	0.0	1,882.0	2.5

9. NARRATIVE:

Other adjustments (Total posted to line 5g):

Other Gains/Losses	227.3	0.0	194.1	33.2
Strata Transfers	0.0	0.0	1,082.9	(1,082.9)
Net/Standard Difference	(12,567.3)	0.0	(12,567.3)	0.0
Total	(12,340.0)	0.0	(11,290.3)	(1,049.7)

TAB 12 - Marine Corps Supply

Back of Tab

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

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 (DSSC), 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 2014 President's Budget:

MC SMAG Wholesale and Retail operations are expected to trend downward in FY 2014 and FY 2015 for Gross Sales and Obligations, based on current operating tempo resulting in a reduced demand and sales forecast provided by the stratification process and customer feedback. The General Services Administration (GSA) Garrison Retail Supply Chain (GRSC) Initiative transformed the DSSC Serv Mart Stores/Shop Stores into a single GRSC, leveraging the enterprise wide buying power of the Marine Corps. GSA/4th-party logistics (4PL) will assume control of all Government Managed Inventory (GMI); these products are vendor-owned resulting in a direct savings for the Marine Corps. The transition is projected to be implemented by the end of FY 2014.

Budget Highlights ($Millions)

Operating Results

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

	FY 2013	FY 2014	FY 2015
Revenue/Expense/NOR/AOR ($Millions):			
Net Revenue	116.7	107.5	99.0
Expenses	120.2	111.8	94.1
Net Operating Results	-3.6	-4.3	4.9
Prior Year AOR	3.0	-0.6	-4.9
Accumulated Operating Result (AOR)	-0.6	-4.9	0.0

Note: Amounts may not add due to rounding

Revenue and Expenses: Annual revenue and expense decrease across the budget years in relation to sales and obligations. Both revenue and expenses did not reach projected levels for FY 2013 due to lower sales, reductions in the cost of goods sold and reduced supply operations. Major expense drivers include cost of goods sold, labor, and materiel consumed. Overhead expenses decrease from projected levels in FY 2013 as a result of efficiency review and reduced rates for Defense Logistics Agency (DLA) services such as disposition services, receipt and issue, and storage. Revenue and expenses are projected to decrease year to year from FY 2014 to FY 2015 due to the divestiture to GSA inventory management, reduced support required from DLA, and the deferment of costs for implementing the Automated Information System (AIS).

Operating Results: Net Operating Result fluctuates 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 2015.

Obligations

Obligations ($Millions)	FY 2013	FY 2014	FY 2015
Wholesale	67.1	86.3	86.2
Less Customer Returns	1.7	2.2	2.2
Provisioning	-0.1	0.3	0.3
Retail	36.4	21.6	8.0
Less Customer Returns	0.0	0.0	0.0
Provisioning	0.3	0.0	0.0
Total	103.7	108.2	94.4

Note: Amounts may not add due to rounding

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Wholesale: Obligation authority increased in FY 2014 and remains stable in FY 2015. The increase is the result of additional requirements for parts to support the repair and replenishment of inventory for major weapon systems such as Amphibious Assault Vehicle (AAV), Light Armored Vehicle (LAV), and Radars.

Retail: MC SMAG is continuing efforts to decrease retail sales by reducing inactive inventory, disposing of dormant stock, and reducing replenishment below sales. MC SMAG continues to reduce obligations by $13.7M in FY 2015 primarily due to Camp Pendleton transitioning inventory management to GSA.

Cash Management

Collections/Disbursement/Outlays ($Millions)	FY 2013	FY 2014	FY 2015
Collections	109.2	105.3	96.3
Disbursements	120.6	101.7	88.8
Outlays	11.4	-3.6	-7.6

Note: Amounts may not add due to rounding

Collections: FY 2014 and FY 2015 collections decreased over FY 2013 levels, primarily due to divestiture of inventory management to GSA for retail operations.

Disbursements: In FY 2013 disbursements reflect actual execution based on customer requirements from the operating forces as well as reduction in DLA transportation cost, systems sustainment, and travel costs. Disbursements in FY 2014 and FY 2015 decline as a result of transitioning inventory management to GSA.

Sales

Gross Sales ($Milions)	FY 2013	FY 2014	FY 2015
Wholesale	77.4	87.8	92.7
Retail	38.8	21.6	8.2
Provisioning	2.1	0.3	0.3
Total (less Provisioning)	116.2	109.4	100.9

Note: Amounts may not add due to rounding

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Wholesale: Gross sales are increasing across the budget years due to higher labor costs coupled with recouping prior year losses, and a reduction in projected sales.

Retail: MC SMAG Retail operations are expected to decrease in FY 2014 and FY 2015 based on current operating tempo resulting in a reduced demand and sales forecast provided by the stratification process, customer feedback, and the General Services Administration (GSA) Garrison Retail Supply Chain (GRSC) Initiative.

Metrics: Metrics provide information on the scope of work performed by Supply Management.

Metrics (Units)	FY 2013	FY 2014	FY 2015
Items Managed	4,450	4,790	4,790
Requisitions Received	3,521	3,503	3,503
Receipts	1,322	1,314	1,314
Issues	4,663	4,607	4,607
Contracts Executed	76	83	83

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

	FY 2013	FY 2014	FY 2015
Undelivered Orders ($Millions)	102.2	121.9	121.4

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 obligation authority is anticipated during this budget cycle.

Performance Indicators: In addition to core metrics such as net and accumulated operating results, Supply Chain Channel Performance measures the capacity of the supply chain to respond to customer demand.

	FY 2013	FY 2014	FY 2015
Supply Chain Channel Performance	75%	85%	91%
Report of Discrepancy	0%	0%	0%
Report of Discrepancy Processing Time	24	24	24

NARRATIVE
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT – MARINE CORPS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014

Unit Cost: Unit Cost provides cost per unit sold based on total cost and the total anticipated number of sales. Unit cost can change in the year of execution.

	FY 2013	FY 2014	FY 2015
Wholesale	0.888	1.008	0.953
Retail	0.944	1.000	0.973

Composite Rates	FY 2013	FY 2014	FY 2015
Annual Price Change	-4.38%	-2.91%	5.34%
Composite Cost Recovery Rate (CRR)	22.36%	15.59%	21.91%

The cost categories within the CRR include civilian pay, distribution depot costs, transportation costs, other Department of Defense bills associated with supply operations, and costs of replacing inventory losses. The FY 2015 CRR increases due to higher labor and supply costs coupled with reduced demand for Marine Corps managed assets. This budget includes a new method to calculate the Annual Price Change, which is derived by utilizing actual overhead and pricing elements rather than a percentage change from the rate in the previous year.

Staffing

Civilian/Military End Strength & Work Years	FY 2013	FY 2014	FY 2015
Civilian End Strength (ES)	26	26	26
Civilian Work years (WY)	26	26	26
Military End Strength	0	0	0
Military Work years	0	0	0

Civilian staffing remains stable throughout the submission in order to provide continuous support.

Capital Investment Program (CIP) Budget Authority
The MC SMAG does not have a CIP budget.

REVENUE AND EXPENSES
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

	FY2013	FY2014	FY2015
Revenue			
Operations (Gross Sales)	116.2	109.4	100.9
Capital Surcharge	0.0	0.0	0.0
Depreciation except Maj Const	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0
Other Income *(Revenue from War Reserve)*	2.1	0.3	0.3
Refunds/Discounts	(1.7)	(2.2)	(2.2)
Total Income:	116.7	107.5	99.0
Expenses			
Cost of Materiel Sold from Inventory	107.0	100.0	82.3
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel & Compensation & Benefi	1.9	2.3	2.3
Travel & Transportation of Personnel	0.0	0.1	0.1
Materials & Supplies (For internal Operations)	0.0	0.0	0.0
Equipment	0.0	0.0	0.0
Other Purchases from Revolving Funds	9.7	7.9	7.8
Transportation of Things	0.1	0.1	0.1
Depreciation - Capital	0.0	0.0	0.0
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Communication, Utilities, & Misc. Charges	0.0	0.0	0.0
Other Purchased Services	1.5	1.4	1.4
Total Expenses:	120.2	111.8	94.1
Operating Result:	(3.6)	(4.3)	4.9
Less Capital Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR - *WRM*	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0
Navy Cash Recovery	0.0	0.0	0.0
Net Operating Result:	(3.6)	(4.3)	4.9
Other Changes Affecting AOR	0.0	0.0	0.0
Prior Year AOR	3.0	(0.6)	(4.9)
AOR Redistribution	0.0	0.0	0.0
Cash Factor	0.0	0.0	0.0
Accumulated Operating Result:	(0.6)	(4.9)	0.0

SOURCES OF REVENUE
DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
FEBRUARY 2014
(DOLLARS IN MILLIONS)

Marine Corps/Supply Management

	FY2013	FY2014	FY2015
1. New Orders			
1a. Orders from DoD Components:			
Own Component			
Military Personnel, M.C.	0.0	0.0	0.0
O & M, M.C.	80.0	76.9	72.4
O & M, M.C. Reserve	0.0	0.0	0.0
Reserve Personnel, M.C.	0.0	0.0	0.0
Procurement, M.C.	2.1	0.3	0.3
Other Services (O&M)			
Army	8.2	6.3	6.2
Air Force	0.2	0.2	0.2
Navy	6.1	4.8	4.4
All Other DOD	5.0	0.0	0.0
Subtotal	101.6	88.5	83.4
1b. Orders from other Fund Business Areas:			
Navy Supply Management	0.0	0.0	0.0
M.C. Depot Maintenance	14.2	13.7	12.5
Subtotal	14.2	13.8	12.5
1c. Total DoD	115.7	102.2	95.9
1d. Other Orders:			
Other Federal Agencies	0.3	0.3	0.3
Foreign Military Sales	0.8	0.8	0.8
Non Federal Agencies	0.0	0.0	0.0
Subtotal	1.1	1.1	1.1
1. Total New Orders	116.9	103.4	97.0
2. Carry-In Orders	22.8	21.4	15.1
3. Total Gross Orders:	139.7	124.7	112.1
4. Funded Carry-over:	21.4	15.1	11.0
5. Total Gross Sales:	118.3	109.6	101.1

INTENTIONALLY
BLANK

FUEL DATA
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

1 BARREL = 42 GALLONS

		----- PROCURED FROM DESC -----			----- PROCURED BY SERVICE -----			STABILIZED
FY	**PRODUCT**	**BARRELS**	**U/P**	**EXT COST**	**BARRELS**	**U/P**	**EXT COST**	**PRICE**
2013	Jet Fuel: JP-8	0.001	156.66	0.157	0.000	0.00	0.000	156.66
	Propane	0.000	0.00	0.000	0.002	80.51	0.124	
	Natural Gas (CNG)	0.000	15.08	0.002	0.000	63.00	0.000	
	TOTAL	0.001		0.158	0.002		0.124	
2014	Jet Fuel: JP-8	0.002	152.04	0.306	0.000	0.00	0.000	152.04
	Kerosene (KS1)	0.000	149.94	0.003	0.000	0.00	0.000	149.94
	Propane	0.000	0.00	0.000	0.003	80.51	0.260	
	Natural Gas (CNG)	0.003	15.08	0.040	0.000	78.08	0.000	
	TOTAL	0.005		0.348	0.003		0.2604	
2015	Kerosene (KS1)	0.000	134.40	0.006	0.000	0.00	0.000	134.4
	Propane	0.000	0.00	0.000	0.003	80.51	0.261	
	Natural Gas (CNG)	0.002	15.08	0.036	0.000	78.08	0.000	
	TOTAL	0.002		0.042	0.003		0.261	

DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)

		Obligation Targets							
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
FY2013									
Request	115.2	116.7	103.7	0.0	0.0	103.7	0.0	65.5	169.3
FY2014									
Request	101.2	107.5	108.2	0.0	0.0	108.2	0.0	48.9	157.1
FY2015									
Request	94.9	99.0	94.4	0.0	0.0	94.4	0.0	38.3	132.7

SM-1 Supply Management Summary

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

			Obligation Targets						
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
BP 21									
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28									
Request	39.2	39.3	36.3	0.0	0.0	36.3	0.0	21.1	57.5
BP 38									
Request	1.1	1.1	0.3	0.0	0.0	0.3	0.0	0.0	0.3
BP 84									
Request	75.0	76.3	53.9	0.0	0.0	53.9	0.0	42.8	96.7
BP 91									
Request	0.0	0.0	13.2	0.0	0.0	13.2	0.0	1.6	14.8
TOTAL									
Request	115.2	116.7	103.7	0.0	0.0	103.7	0.0	65.5	169.3

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2014

			Obligation Targets						
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
BP 21									
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28									
Request	21.1	21.2	21.0	0.0	0.0	21.0	0.0	20.0	41.0
BP 38									
Request	0.4	0.4	0.6	0.0	0.0	0.6	0.0	0.0	0.6
BP 84									
Request	79.7	85.9	74.7	0.0	0.0	74.7	0.0	24.3	99.0
BP 91									
Request	0.0	0.0	11.8	0.0	0.0	11.8	0.0	4.6	16.4
TOTAL									
Request	101.2	107.5	108.2	0.0	0.0	108.2	0.0	48.9	157.1

SUPPLY MANAGEMENT SUMMARY BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2015

			Obligation Targets						
Business Division	Net Customer Orders	Net Sales	Operating	Mobilization	Direct Appn	Total Operating Obligations	Total Capital Obligations	Variability Target	Target Total
BP 21									
Request	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BP 28									
Request	7.9	7.9	7.7	0.0	0.0	7.7	0.0	20.0	27.7
BP 38									
Request	0.3	0.3	0.3	0.0	0.0	0.3	0.0	0.0	0.3
BP 84									
Request	86.7	90.8	74.7	0.0	0.0	74.7	0.0	18.3	93.0
BP 91									
Request	0.0	0.0	11.7	0.0	0.0	11.7	0.0	0.0	11.7
TOTAL									
Request	94.9	99.0	94.4	0.0	0.0	94.4	0.0	38.3	132.7

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 84 - WHOLESALE
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	PERCENT
BASIC REPLEN/BASIC REWORK	7.5	0.0	7.5	0.0	(0.0)	7.4	5.0%
TOTAL ORDNANCE TANK AUTOMOTIVE	7.5	0.0	7.5	0.0	(0.0)	7.4	5.0%
BASIC REPLEN/BASIC REWORK	(1.2)	0.0	(1.2)	0.0	0.0	(1.2)	5.0%
TOTAL GUIDED MISSILES AND EQUIPMENT	(1.2)	0.0	(1.2)	0.0	0.0	(1.2)	5.0%
REPAIR REPLEN/BASIC REWORK	10.8	0.0	10.8	(0.0)	20.6	31.4	5.0%
BASIC REPLEN/BASIC REWORK	0.0	0.0	0.0	0.0	0.0	0.0	5.0%
TOTAL COMMUNICATION AND ELECTRONICS	10.8	0.0	10.8	(0.0)	20.6	31.4	10.0%
BASIC REPLEN/BASIC REWORK	12.5	0.0	12.5	0.0	0.0	12.5	5.0%
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	12.5	0.0	12.5	0.0	0.0	12.5	5.0%
BASIC REPLEN/BASIC REWORK	3.7	0.0	3.7	0.0	0.0	3.7	5.0%
TOTAL GENERAL PROPERTY	3.7	0.0	3.7	0.0	0.0	3.7	5.0%
TOTAL PROCUREMENT	33.3	0.0	33.3	(0.0)	20.6	53.9	5.0%
WAR RESERVE	(0.0)	0.0	(0.0)	0.0	0.0	(0.0)	0.0%
TOTAL COST	33.3	0.0	33.3	(0.0)	20.6	53.9	5.0%

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 84 - WHOLESALE
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2014

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	PERCENT
BASIC REPLEN/BASIC REWORK	5.5	0.0	5.5	0.0	1.4	6.9	5.0%
TOTAL ORDNANCE TANK AUTOMOTIVE	5.5	0.0	5.5	0.0	1.4	6.9	5.0%
BASIC REPLEN/BASIC REWORK	4.0	0.0	4.0	0.3	1.5	5.8	5.0%
TOTAL GUIDED MISSILES AND EQUIPMENT	4.0	0.0	4.0	0.3	1.5	5.8	5.0%
REPAIR REPLEN/BASIC REWORK	3.0	0.0	3.0	0.0	14.0	17.0	5.0%
BASIC REPLEN/BASIC REWORK	0.0	0.0	0.0	0.0	0.0	0.0	5.0%
TOTAL COMMUNICATION AND ELECTRONICS	3.0	0.0	3.0	0.0	14.0	17.0	10.0%
BASIC REPLEN/BASIC REWORK	2.0	0.0	2.0	0.0	0.5	2.5	5.0%
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	2.0	0.0	2.0	0.0	0.5	2.5	5.0%
BASIC REPLEN/BASIC REWORK	5.2	0.0	5.2	0.0	0.0	5.2	5.0%
TOTAL GENERAL PROPERTY	5.2	0.0	5.2	0.0	0.0	5.2	5.0%
TOTAL PROCUREMENT	19.7	0.0	19.7	0.3	17.4	74.7	5.0%
WAR RESERVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL COST	19.7	0.0	19.7	0.3	17.4	74.7	5.0%

OPERATING REQUIREMENT BY WEAPON SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 84 - WHOLESALE
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2015

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	PERCENT
BASIC REPLEN/BASIC REWORK	5.5	0.0	5.5	0.0	1.4	6.9	5.0%
TOTAL ORDNANCE TANK AUTOMOTIVE	5.5	0.0	5.5	0.0	1.4	6.9	5.0%
BASIC REPLEN/BASIC REWORK	4.0	0.0	4.0	0.3	1.5	5.8	5.0%
TOTAL GUIDED MISSILES AND EQUIPMENT	4.0	0.0	4.0	0.3	1.5	5.8	5.0%
REPAIR REPLEN/BASIC REWORK	3.0	0.0	3.0	0.0	14.0	17.0	5.0%
BASIC REPLEN/BASIC REWORK	0.0	0.0	0.0	0.0	0.0	0.0	5.0%
TOTAL COMMUNICATION AND ELECTRONICS	3.0	0.0	3.0	0.0	14.0	17.0	10.0%
BASIC REPLEN/BASIC REWORK	2.0	0.0	2.0	0.0	0.5	2.5	5.0%
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	2.0	0.0	2.0	0.0	0.5	2.5	5.0%
BASIC REPLEN/BASIC REWORK	5.2	0.0	5.2	0.0	0.0	5.2	5.0%
TOTAL GENERAL PROPERTY	5.2	0.0	5.2	0.0	0.0	5.2	5.0%
TOTAL PROCUREMENT	19.7	0.0	19.7	0.3	17.4	74.7	5.0%
WAR RESERVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL COST	19.7	0.0	19.7	0.3	17.4	74.7	5.0%

OPERATING REQUIREMENT BY WEAPONS SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 28 - RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	PERCENT
BASIC REPLEN/BASIC REWORK	0.0	(0.6)	(0.6)	0.3	0.0	(0.3)	0.0%
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	(0.6)	(0.6)	0.3	0.0	(0.3)	0.0%
BASIC REPLEN/BASIC REWORK	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)	0.0%
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)	0.0%
BASIC REPLEN/BASIC REWORK	0.0	(0.1)	(0.1)	0.0	0.0	(0.1)	0.0%
TOTAL COMMUNICATION AND ELECTRONICS	0.0	(0.1)	(0.1)	0.0	0.0	(0.1)	0.0%
BASIC REPLEN/BASIC REWORK	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)	0.0%
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)	0.0%
BASIC REPLEN/BASIC REWORK	0.0	0.2	0.2	0.0	0.0	0.2	0.0%
TOTAL GENERAL PROPERTY	0.0	0.2	0.2	0.0	0.0	0.2	0.0%
TOTAL PROCUREMENT	0.0	(0.5)	(0.5)	0.3	0.0	(0.2)	0.0%
WAR RESERVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL COST	0.0	(0.5)	(0.5)	0.3	0.0	(0.2)	0.000

OPERATING REQUIREMENT BY WEAPONS SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 28 - RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2014

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	PERCENT
BASIC REPLEN/BASIC REWORK	0.0	0.9	0.9	0.0	0.0	0.9	0.0%
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	0.9	0.9	0.0	0.0	0.9	0.0%
BASIC REPLEN/BASIC REWORK	0.0	0.5	0.5	0.0	0.0	0.5	0.0%
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.5	0.5	0.0	0.0	0.5	0.0%
BASIC REPLEN/BASIC REWORK	0.0	0.1	0.1	0.0	0.0	0.1	0.0%
TOTAL COMMUNICATION AND ELECTRONICS	0.0	0.1	0.1	0.0	0.0	0.1	0.0%
BASIC REPLEN/BASIC REWORK	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
BASIC REPLEN/BASIC REWORK	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL PROCUREMENT	0.0	1.4	1.4	0.0	0.0	1.4	0.0%
WAR RESERVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL COST	0.0	1.4	1.4	0.0	0.0	1.4	0.000

OPERATING REQUIREMENT BY WEAPONS SYSTEM BY DIVISION
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
BP 28 - RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2015

WEAPON SYSTEM	BASIC REPLENISHMENT REPARABLES	BASIC REPLENISHMENT CONSUMABLES	TOTAL REPLEN	INITIAL SPARES	BASIC REWORK/ REPAIR	TOTAL	PERCENT
BASIC REPLEN/BASIC REWORK	0.0	0.9	0.9	0.0	0.0	0.9	0.0%
TOTAL ORDNANCE TANK AUTOMOTIVE	0.0	0.9	0.9	0.0	0.0	0.9	0.0%
BASIC REPLEN/BASIC REWORK	0.0	0.5	0.5	0.0	0.0	0.5	0.0%
TOTAL GUIDED MISSILES AND EQUIPMENT	0.0	0.5	0.5	0.0	0.0	0.5	0.0%
BASIC REPLEN/BASIC REWORK	0.0	0.1	0.1	0.0	0.0	0.1	0.0%
TOTAL COMMUNICATION AND ELECTRONICS	0.0	0.1	0.1	0.0	0.0	0.1	0.0%
BASIC REPLEN/BASIC REWORK	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL ENGINEER SUPPORT AND CONSTRUCTION	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
BASIC REPLEN/BASIC REWORK	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL GENERAL PROPERTY	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL PROCUREMENT	0.0	1.4	1.4	0.0	0.0	1.4	0.0%
WAR RESERVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
TOTAL COST	0.0	1.4	1.4	0.0	0.0	1.4	0.000

INTENTIONALLY
BLANK

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

	Total	Mobilization	Demand Based	Non-Demand Based
1. INVENTORY BOP	1,483.6	65.5	767.8	650.2
2. BOP INVENTORY ADJUSTMENTS	(13.2)	0.0	5.7	(19.0)
A. RECLASSIFICATION CHANGE (memo)	11.0	1.0	9.9	0.1
B. PRICE CHANGE AMOUNT (memo)	(24.2)	(0.9)	(4.2)	(19.1)
C. INVENTORY RECLASSIFIED AND REPRICED	1,470.4	65.5	773.6	631.3
3. RECEIPTS AT STANDARD	92.8	0.0	92.6	0.2
4. SALES AT STANDARD	118.3	0.0	116.2	2.1
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	(3.3)	(0.1)	(3.3)	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT +	1.7	0.0	1.7	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	559.0	0.0	558.8	0.1
D. RETURNS TO SUPPLIERS (-)	(44.0)	0.0	5.7	(49.7)
E. TRANSFERS TO PROP. DISPOSAL (-)	(387.8)	(0.0)	(387.8)	0.0
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(68.8)	8.3	(78.0)	1.0
G. OTHER (list/explain)	(176.2)	(19.9)	185.5	(341.7)
H. TOTAL ADJUSTMENTS	(119.5)	(11.7)	282.6	(390.4)
6. INVENTORY EOP	1,325.3	53.8	1,032.5	239.0
7. INVENTORY EOP, REVALUED	1,127.3	50.3	881.4	195.5
A. ECONOMIC RETENTION (memo)				18.7
B. CONTINGENCY RETENTION (memo)				155.3
C. POTENTIAL DOD EXCESS (memo)				21.5
8. INVENTORY ON ORDER EOP (memo)	102.2	0.0	98.9	3.3

9. NARRATIVE:

Other adjustments (line 5g):

	Total	Mobilization	Demand Based	Non-Demand Based
Other Gains/Losses	(176.1)	(19.9)	185.6	(341.7)
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(176.1)	(19.9)	185.6	(341.7)

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2014

	Total	Mobilization	Demand Based	Non-Demand Based
1. INVENTORY BOP	1,325.3	53.8	1,032.5	239.0
2. BOP INVENTORY ADJUSTMENTS	38.5	0.9	40.3	(2.7)
A. RECLASSIFICATION CHANGE (memo)	0.4	0.0	0.3	0.0
B. PRICE CHANGE AMOUNT (memo)	38.1	0.9	39.9	(2.7)
C. INVENTORY RECLASSIFIED AND REPRICED	1,363.8	54.7	1,072.8	236.3
3. RECEIPTS AT STANDARD	85.9	0.0	85.9	0.0
4. SALES AT STANDARD	109.6	0.0	109.6	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	3.4	0.0	3.4	0.0
B. RETURNS FROM CUSTOMERS FOR CREDIT +	2.2	0.0	2.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	273.9	0.0	273.9	0.0
D. RETURNS TO SUPPLIERS (-)	(8.6)	0.0	(2.0)	(6.6)
E. TRANSFERS TO PROP. DISPOSAL (-)	(84.7)	0.0	(6.3)	(78.3)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(276.7)	0.0	(136.2)	(140.5)
G. OTHER (list/explain)	(24.9)	(0.7)	(225.3)	201.0
H. TOTAL ADJUSTMENTS	(115.3)	(0.7)	(90.3)	(24.4)
6. INVENTORY EOP	1,224.7	54.0	958.8	211.9
7. INVENTORY EOP, REVALUED	1,085.9	51.6	849.5	184.8
A. ECONOMIC RETENTION (memo)				17.6
B. CONTINGENCY RETENTION (memo)				146.9
C. POTENTIAL DOD EXCESS (memo)				20.3
8. INVENTORY ON ORDER EOP (memo)	121.9	0.0	117.9	4.0

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Demand Based	Non-Demand Based
Other Gains/Losses	(24.9)	(0.7)	(225.3)	201.0
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(24.9)	(0.7)	(225.3)	201.0

INVENTORY STATUS
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
SUMMARY OF WHOLESALE AND RETAIL
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2015

	Total	Mobilization	Demand Based	Non-Demand Based
1. INVENTORY BOP	1,224.7	54.0	958.8	211.9
2. BOP INVENTORY ADJUSTMENTS	44.9	1.5	22.1	21.3
A. RECLASSIFICATION CHANGE (memo)	0.3	0.0	0.2	0.0
B. PRICE CHANGE AMOUNT (memo)	44.6	1.4	21.9	21.3
C. INVENTORY RECLASSIFIED AND REPRICED	1,269.6	55.5	980.9	233.2
3. RECEIPTS AT STANDARD	72.3	0.0	72.3	0.0
4. SALES AT STANDARD	100.3	0.0	100.3	0.0
5. INVENTORY ADJUSTMENTS				
A. CAPITALIZATIONS + or (-)	4.2	0.0	10.2	(6.0)
B. RETURNS FROM CUSTOMERS FOR CREDIT +	2.2	0.0	2.2	0.0
C. RETURNS FROM CUSTOMERS W/O CREDIT	276.2	0.0	276.2	0.0
D. RETURNS TO SUPPLIERS (-)	(7.6)	0.0	(1.0)	(6.6)
E. TRANSFERS TO PROP. DISPOSAL (-)	(86.6)	0.0	(9.3)	(77.3)
F. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)	(123.6)	0.0	(74.1)	(49.5)
G. OTHER (list/explain)	(116.2)	(0.0)	(213.9)	97.8
H. TOTAL ADJUSTMENTS	(51.4)	(0.0)	(9.7)	(41.6)
6. INVENTORY EOP	1,190.2	55.4	943.2	191.6
7. INVENTORY EOP, REVALUED	1,000.9	51.7	791.9	157.3
A. ECONOMIC RETENTION (memo)				15.0
B. CONTINGENCY RETENTION (memo)				125.0
C. POTENTIAL DOD EXCESS (memo)				17.3
8. INVENTORY ON ORDER EOP (memo)	121.4	0.0	117.4	4.0

9. NARRATIVE:

Other adjustments (line 5f):

	Total	Mobilization	Demand Based	Non-Demand Based
Other Gains/Losses	(116.2)	(0.0)	(213.9)	97.8
K3 Adjust	0.0	0.0	0.0	0.0
SIT Change	0.0	0.0	0.0	0.0
Strata Transfers	0.0	0.0	0.0	0.0
Total	(116.2)	(0.0)	(213.9)	97.8

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2013

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	65.480	65.480	0.000
2. Price Change	0.034	0.034	0.000
3. Reclassification	65.514	65.514	0.000
Inventory Changes			
a. Receipts @ std	0.010	0.010	0.000
(1). Purchases	0.010	0.010	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	-11.747	-11.747	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and losses	0.000	0.000	0.000
(3). Other	-11.747	-11.747	0.000
Inventory EOP	53.777	53.777	0.000
Stockpile Costs			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	0.000	0.000	0.000
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replen./Repair WRM Reinvest.	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	0.000	0.000	0.000

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2014

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	58.701	58.701	0.000
2. Price Change	0.888	0.888	0.000
3. Reclassification	59.589	59.589	0.000
Inventory Changes			
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments @ std	-0.660	-0.660	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and losses	0.000	0.000	0.000
(3). Other	-0.660	-0.660	0.000
Inventory EOP	58.929	58.929	0.000
Stockpile Costs			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	0.000	0.000	0.000
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replen./Repair WRM Reinvest.	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	0.000	0.000	0.000

WAR RESERVE MATERIAL
DEPARTMENT OF THE NAVY
SUPPLY MANAGEMENT - MARINE CORPS
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(DOLLARS IN MILLIONS)
FY 2015

Stockpile Status			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ std	58.929	58.929	0.000
2. Price Change	1.462	1.462	0.000
3. Reclassification	60.391	60.391	0.000
Inventory Changes			
a. Receipts @ std	0.000	0.000	0.000
(1). Purchases	0.000	0.000	0.000
(2). Returns from customers	0.000	0.000	0.000
b. Issues @ std	0.000	0.000	0.000
(1). Sales	0.000	0.000	0.000
(2). Returns to suppliers	0.000	0.000	0.000
(3). Disposals	0.000	0.000	0.000
c. Adjustments @ std	-0.031	-0.031	0.000
(1). Capitalizations	0.000	0.000	0.000
(2). Gains and losses	0.000	0.000	0.000
(3). Other	-0.031	-0.031	0.000
Inventory EOP	60.360	60.360	0.000
Stockpile Costs			
1. Storage	0.000	0.000	0.000
2. Management	0.000	0.000	0.000
3. Maintenance/Other	0.000	0.000	0.000
Total Cost	0.000	0.000	0.000
WRM Budget Request			
1. Obligations @ cost			
a. Additional WRM Investment	0.000	0.000	0.000
b. Replen./Repair WRM Reinvest.	0.000	0.000	0.000
c. Stock Rotation/Obsolescence	0.000	0.000	0.000
d. Assemble/Disassemble	0.000	0.000	0.000
e. Other	0.000	0.000	0.000
Total Request	0.000	0.000	0.000