

# DEPARTMENT OF THE ARMY

## FY 2002 AMENDED BUDGET SUBMISSION

JULY 2001



## ARMY WORKING CAPITAL FUND

**Army Working Capital Fund  
FY 2002 Amended Budget Submission**

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**ARMY OVERVIEW**

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### **BACKGROUND**

The Department of the Army has historically operated a significant number of its organic commercial and industrial facilities under the revolving fund concept. This encourages these activities to function in a more efficient and cost-effective manner and to provide the additional flexibility needed to properly manage these facilities under changing workload conditions. The support services provided by Army Working Capital Fund (AWCF) activity groups are absolutely essential to the success of the Operating Forces, and the activity groups themselves are an integral part of the defense team.

### **ARMY WORKING CAPITAL FUND ACTIVITY GROUPS**

The Army manages four activity groups within the Army Working Capital Fund:

**Supply Management.** This activity group is a revolving fund based on a buyer-seller-relationship. It buys and maintains assigned stocks of materiel for sale to its customers, primarily Army operating units. The availability of this materiel is linked to equipment and operational readiness and the war fighting readiness and abilities of Army units. The Activity group underwent a major change in FY 2001 as the Single Stock Fund (SSF) initiative was implemented by integrating the wholesale and command retail divisions. The command retail divisions no longer exist. The wholesale division remains subdivided by commodity and is managed by major subordinate commands under the Army Materiel Command. This initiative streamlines the Army's logistics and financial processes by enabling the customer to go directly to the national provider without first going through a retail stock fund "middleman." SSF implementation is phased over three fiscal years. Milestones 1 and 2 encompass the consolidation of the wholesale and retail divisions, and capitalization/incorporation of non-deployable installation, Corps and Theater Operation and Maintenance stocks into the SSF. These milestones were accomplished in FY 2001. Milestone 3 includes all Division Authorized Stockage Levels (ASL) except for authorized Direct Support Repair Program stock that will remain Operation and Maintenance funded and owned. Milestone 3 will be tested in FY 2002 and fully implemented in FY 2003. When Milestone 3 is implemented, SSF will provide total asset visibility of all the Army's inventory at the Division ASL level and above, providing greater flexibility to optimize management of Army-owned assets.

**Depot Maintenance.** This activity group provides the Army an organic industrial capability to repair, overhaul, and upgrade weapons systems end items and depot-level repairables and provides tenant support to Army and other DoD activities. There are currently five major depots in this activity group: Anniston, Corpus Christi, Letterkenny, Red River, and Tobyhanna. The depots are managed by major subordinate commands under the Army Materiel Command (AMC).

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**Ordnance.** This activity group manufactures, renovates, stores, and demilitarizes ordnance materiel for all services within the Department of Defense and foreign military customers. The Soldier Biological and Chemical Command, located at Aberdeen Proving Ground, MD, manages Pine Bluff Arsenal. The Operations Support Command (OSC) located at Rock Island, IL, manages the remaining arsenals, ammunition plants, and ammunition logistics activities. The activity group now consists of three arsenals, two ammunition plants, five ammunition storage depots, and three munitions centers. The arsenals and plants provide depot operations, set assembly, tenant support and national procurement services for thin- and thick-walled cannon. In addition, they are also responsible for ammunition logistics management including follow-on procurement, production, maintenance, engineering, and integrated logistics support management.

On September 30, 2000, under BRAC '95, two of the group's installations, Savanna and Seneca, closed and Sierra Army Depot underwent realignment. Savanna and Seneca are scheduled to complete decapitalization from the AWCF on September 30, 2001. Also, the Defense Non-tactical Generator and Rail Equipment Center (DGRC) mission, located at Tooele Army Depot, Tooele, UT, transferred to the Depot Maintenance Activity Group.

**Information Services.** This activity group consists of four subactivities related to the development and sustainment of automated information and communications systems. The Software Development Centers at Fort Meade (SDC-Washington) and Fort Lee (SDC-Lee) support several Army and DoD information systems with federal employees and contractors. The Integrated Logistics Systems Office (ILSO), co-located in Chambersburg, PA, and St. Louis, MO, consists of a retained government office of 79 federal employees who oversee the work of contractor execution of the Army's Wholesale Logistics Modernization Program (WLMP). Effective June 2000, Computer Science Corporation took over the responsibilities of WLMP and provides support services to the Army's Wholesale Supply and Depot Maintenance systems. The WLMP is a ten-year project that will modernize and sustain the Army's wholesale logistics business practices and supporting information technology to meet current and future military readiness requirements. It will enable the Army Materiel Command to perform Business Process Reengineering (BPR) and system modernization, adopt market-driven business practices, and provide significantly improved services. In addition, it will help the Army to achieve synchronization with Global Combat Support System—Army, a seamless system that will integrate data bases for tactical operations, wholesale and retail integration/operations, and joint integration/operations. The Army Small Computer Program (ASCP) purchases small and medium computers, software, networking infrastructure, and support services for Army and a few other customers. Effective FY 2002, this activity will charge its customers on a cost reimbursable basis for work performed, rather than charge the normal working capital stabilized fund rate for direct labor hours.

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**PERSONNEL**

The AWCF activities continue an overall downward trend as workload decreases and other initiatives streamline the infrastructure. The reduction of civilian Full Time Equivalents (FTEs) in the Information Services Activity from FY 2000 to FY 2001 reflects the transition of WLMP from in-house to contract as described above. Civilian and military end strengths and regular workyears or FTEs by activity group are as follows:

	FY 2000	FY 2001	FY 2002
<b><u>Supply Management</u></b>			
Civilian End Strength	3,070	2,943	2,850
Civilian FTEs	3,070	2,979	2,886
Military End Strength	14	14	14
Military Work Years	14	14	14
<b><u>Depot Maintenance</u></b>			
Civilian End Strength	10,286	10,502	10,195
Civilian FTEs	10,186	10,449	10,209
Military End Strength	24	21	32
Military Work Years	20	21	27
<b><u>Ordnance</u></b>			
Civilian End Strength	5,865	5,854	5,618
Civilian FTEs	5,926	5,878	5,677
Military End Strength	16	20	21
Military Work Years	21	14	16
<b><u>Information Services</u></b>			
Civilian End Strength	299	295	275
Civilian FTEs	586	293	282
Military End Strength	8	21	5
Military Work Years	17	6	6

**COST OF GOODS & SERVICES PRODUCED (EXPENSES)**

Costs are listed below by activity groups (\$ in millions):

	FY 2000	FY 2001	FY 2002
<b>Supply Management</b>	6,456.7	4,781.2	4,438.3
<b>Depot Maintenance</b>	1,235.0	1,365.8	1,449.8
<b>Ordnance</b>	691.7	686.8	647.5
<b>Information Services</b>	136.2	135.0	95.9

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Costs have decreased in the Supply Management activity as the retail and wholesale divisions merged in FY 2001. Reduction of costs in FY 2002 reflects the first full year of execution under SSF. In Depot Maintenance, costs increase due primarily to increased workload between FY 2001 and FY 2002. The Ordnance Activity's costs decrease as a result of the continued reduction in Ordnance workload and the decapitalization of Seneca and Savanna from the AWCF by the end of FY 2001. The Information Services activity FY 2002 costs decrease from FY 2001 commensurate with the implementation of the WLMP and decreased workload at SDC-Lee and SDC-Washington.

**NET AND ACCUMULATED OPERATING RESULTS**

The Army Working Capital Fund activity groups operate on a breakeven basis over the budget cycle. The Army sets annual revenue rates to achieve positive or negative results, in order to bring the Accumulated Operating Result (AOR) to zero in the budget year. The activity group's effectiveness is measured by comparing performance to the Net Operating Result (NOR) goal. Net and accumulated operating results are reflected below (\$ in millions):

	FY 2000	FY 2001	FY 2002
<b><u>Supply Management</u></b>			
Net Operating Results	93.1	7.8	131.9
Accumulated Operating Results	124.1	131.9	0.0
<b><u>Depot Maintenance</u></b>			
Net Operating Results	10.1	15.7	-71.0
Accumulated Operating Results*	55.2	71.0	0
<b><u>Ordnance</u></b>			
Net Operating Results	-54.5	-21.7	-36.7
Accumulated Operating Results*	58.6	36.9	0.1
<b><u>Information Services</u></b>			
Net Operating Results	-1.3	9.7	0.1
Accumulated Operating Results	-9.8	-0.1	0.0

\*Recoverable AOR

**UNIT COSTS**

Unit costing is a methodology established to authorize and control costs. This methodology allows activities to respond to workload changes by setting goals to reduce costs when workload declines and to provide for the additional cost authority necessary to meet increased customer demand. The following displays actual unit costs for FY 2000 and estimated unit cost goals for FYs 2001 and 2002:

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	FY 2000	FY 2001	FY 2002
<b><u>Supply Management</u></b>			
Retail: Cost/\$ Gross Sales	.98	1.00	0.0
Wholesale: Cost/\$ Gross Sales	1.02	1.04	1.04
<b><u>Depot Maintenance</u></b>			
\$ per Direct Labor Hour (DLH)	\$119.30	\$132.98	\$138.83
<b><u>Ordnance</u></b>			
\$ per Direct Labor Hour (DLH)	\$112.74	\$147.49	\$144.18
<b><u>Information Services</u></b>			
Design Activities: \$ per DLH	\$112.95	\$164.56	\$153.82
Small Computer Program: % Sales	1%	1%	1%

The Supply Management wholesale unit cost goals above 1.00 (replacement ratio to sales) reflect Army and DoD efforts to alleviate critically short spare part inventories, especially in problematic aviation spares.

**CUSTOMER RATE CHANGES**

In general, activity group rates are set to recover full costs and adjust for accumulated operating results. Rate changes are expressed as a percentage change from the rate charged in the previous year. Positive operating results in the Supply Management and Ordnance activities in FY 2000 and FY 2001 brought prices down for our customers in FY 2002. Despite positive operating results in Depot Maintenance in FY 2000, higher than anticipated expenses caused the FY 2002 rate to increase, albeit at less of an increase from FY 2001 than from FY 2000 to 2001.

	FY 2000	FY 2001	FY 2002
<b>Supply Management</b>	1.3%	-4.2%	-2.5%
<b>Depot Maintenance</b>	5.93%	7.10%	3.98%
<b>Ordnance</b>	-5.7%	3.6%	-7.9%
<b>Information Services</b>	19.23%	-26.60%	N/A

**CUSTOMER RATES**

In the Depot Maintenance, Ordnance, and Information Services activities, customer rates are set per direct labor hour. The rates recover direct and overhead costs. All Activity's rates are stabilized so that the customer's buying power is protected in the year of execution. Effective FY 2002, stabilized rates in the Information Services activity group are eliminated and customers of the two software development centers

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will be charged on a cost reimbursement basis. The following table shows the direct labor hour/surcharge rates by activity group:

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
<b>Supply Management</b>	25.3%	18.8%	15.1%
<b>Depot Maintenance</b>	\$111.87	\$119.81	\$124.57
<b>Ordnance</b>	\$99.10	\$102.70	\$94.59
<b>Information Services</b>	\$83.38	\$61.19	N/A

**REVENUE**

Revenue in the Supply Management activity decreases from FY 2000-2002. This reflects implementation of Milestones 1 and 2 during FY 2001. The FY 2002 decrease reflects the first full year of SSF execution. The fluctuations in Ordnance revenue are due to the changes in stabilized rates. The decrease in Information Services revenue is due primarily to the transition to the WLMP contract. In the FY 2001 transition year revenue (and costs) included almost half a year's overlap of in-house employees and contract costs. FY 2001 is still high due to \$42 million of carry-over linked to this transition. The following table displays revenue by activity group (\$ in millions):

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
<b>Supply Management (Net Sales)</b>	6,398.1	4,702.3	4,191.4
<b>Depot Maintenance</b>	1,291.8	1,389.3	1,379.0
<b>Ordnance</b>	658.1	678.0	603.9
<b>Information Services</b>	134.9	129.2	96.0

**WORKLOAD**

Generally, workload is slightly increasing in the Supply Management and Depot Maintenance activity groups and declining in the Ordnance and Information Services activities. This submission reflects the end of the practice of treating hours expended on base support in the Depot Maintenance and Ordnance activity groups as DLHs. Additionally, the workload in the Ordnance activity continues to decline along with customer demand. Information Services' workload is accomplished through in-house and contract efforts, with DLHs displayed for in-house work only:

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	FY 2000	FY 2001	FY 2002
<b><u>Supply Management</u></b>			
SMA Line Items Managed (#)	116,895	118,064	119,245
SMA Requisitions Received (\$M)	4,538.2	5,223.2	5,423.2
SMA Requisitions Received (#)	980,576	1,078,634	1,078,635
Receipts (#)	604,505	664,956	678,255
Issues (#)	1,190,618	1,309,680	1,335,873
Contracts Executed (#>\$100K)	3,586	3,945	4,339
<b><u>Depot Maintenance</u></b>			
Direct Labor Hours (DLHs)	10,360	10,211	10,467
<b><u>Ordnance</u></b>			
Direct Labor Hours (DLHs)	6,158	4,718	4,439
<b><u>Information Services</u></b>			
Total Direct Labor Hours (DLHs) (000)	608	254	237
Central Design Activities DLHs (000)	596	236	219
Small Computer Program DLHs (000)	12	18	18

**SUPPLY INVENTORY AND MATERIEL REPLACEMENT**

Supply Management materiel replacement rates remain higher than usage across this budget due to the Army's initiative to improve stock availability. This should result in an improved demand satisfaction rate to operational units, thereby improving the Army's overall readiness. A wholesale unit cost goal (UCG) of 1.04 is being executed in FY 2001 and a UCG of 1.04 is requested for FY 2002 respectively.

**PERFORMANCE INDICATORS**

The Army recognizes the following performance indicators for the Depot Maintenance, Ordnance, and Information Services activity groups:

<b>Indicator</b>	<b>Goal</b>
Net operating results (NOR)	Meet
Schedule conformance	95%
Customer satisfaction	98%
Order Processing Time (Information Services only)	5 Working days or less

For Supply Management, stock availability (fill rate) measures the percentage of requisitions satisfied upon initial processing in the wholesale supply system. The target for stock availability is 85 percent demand satisfaction. Budget requirements are based on the 85 percent target.

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**DEPOT MAINTENANCE / ORDNANCE CARRY-OVER**

The computation the months of carry-over (unfilled orders), applicable to the Depot Maintenance and Ordnance activity groups, is displayed in the following two tables. (The number of months of carry-over is calculated in accordance with OSD policy) Depot maintenance carry-over decreases from 4.2 months in FY 2000 to 3.0 months in FY 2002.

<b>Depot Maintenance Carryover</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
(\$ in millions)			
<b>New Orders</b>	1,425.6	1,305.8	1,332.8
<b>Carry-in</b>	448.7	582.6	497.9
<b>Gross Orders</b>	1,874.3	1,888.4	1,830.7
<b>Total Revenue</b>	1,291.8	1,389.3	1,379.0
<b>Carry-Over</b>	582.6	499.2	451.7
<b>Less: WIP</b>	19.6	27.7	24.3
<b>Less: BRAC, Non-DoD, FMS</b>			
<b>Intra/Inter DWCF (excluding SMA)</b>	97.2	110.0	70.6
<b>Less: Contract Liabilities</b>	10.0	10.0	10.0
<b>Net Carry-Over</b>	455.7	351.5	346.7
<b>Carry-Over in Months</b>	4.2	3.0	3.0

Ordnance carry-over is projected to decrease from 5.0 months in FY 2000 to 2.1 months in FY 2002. This is mainly due to the decline in new orders as reflected below:

<b>Ordnance Carryover</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
(\$ in millions)			
<b>New Orders</b>	655.6	523.4	519.8
<b>Carry-In</b>	411.1	408.6	254.4
<b>Gross Orders</b>	1,066.7	932.1	773.9
<b>Total Revenue</b>	658.1	678.0	603.9
<b>Carry-Over</b>	408.6	254.1	170.1
<b>Less: WIP</b>	13.7	4.5	9.7
<b>Less: BRAC, Non-DoD FMS</b>	64.4	44.9	26.8
<b>Intra/Inter DWCF (excluding SMA)</b>			
<b>Less: Contract Liabilities</b>	58.8	38.9	25.8
<b>Net Carry-Over</b>	272.1	165.8	107.8
<b>Carry-Over in Months</b>	5.0	2.9	2.1

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**Capital Budget**

The AWCF activities are developing and maintaining operational capabilities through acquisition of production equipment, execution of minor construction projects, and development of software. Equipment is being acquired to replace obsolete and unserviceable equipment, modernize production and maintenance processes, and eliminate environmental hazards. Software is being developed to improve business processes, data access, data utilization, and management decision-making. Four major software initiatives (Wholesale Logistics Modernization Program, Commercial Asset Visibility II, Common Operating Equipment and Single Stock Fund) comprise the Supply Management requirements. The FY 2002 request includes software development requirements for programs, which have already funded up-front requirements in prior years. The following table summarizes capital investments for FYs 2000-2002 (\$ in millions):

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
<b>Supply Management</b>	65.6	63.8	44.9
<b>Depot Maintenance</b>	17.4	19.7	26.9
<b>Ordnance</b>	17.6	29.4	13.0
<b>Information Services</b>	0	0	0
<b>Total</b>	100.6	112.9	84.8

Each AWCF activity's requirements are addressed separately.

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**FUNCTIONAL DESCRIPTION**

This Activity group has undergone major changes in FY 01 as Single Stock Fund (SSF) integrated the wholesale and retail divisions. SSF streamlines the Army's logistics and financial processes by enabling the customer to go directly to the national provider. When SSF is fully implemented in FY 2003, it will provide total asset visibility of the Army's inventory at the Division ASL level and above, providing greater flexibility to optimize management of the Army's Army-owned assets.

**The SMA entities consist of the following:**

<b>Retail Divisions (FY 00-01 only)</b>		<b>Manager</b>
FORSCOM		Headquarters, U.S. Army Forces Command
USAREUR		Headquarters, U.S. Army Europe
TRADOC		Headquarters, U.S. Army Training and Doctrine Command
EUSA		Headquarters, Eighth U.S. Army Korea
USARPAC		Headquarters, U.S. Army Pacific Command
USARSO		Headquarters, U.S. Army Southern Command
AMC-ID		Headquarters, U.S. Army Materiel Command-Installation Division
DSS-W		Defense Supply Service-Washington
<u>Type of Materiel Managed:</u>		
Department of the Army (DA), DLA, and General Services Administration (GSA) items. Includes repair parts; clothing; subsistence; medical supplies; industrial supplies; bulk and packaged Petroleum, Oil, and Lubricants (POL); general supplies; and ground support supplies. DSS-W manages GSA items, administrative office supplies and equipment.		
<b>Wholesale Subdivisions</b>		<b>Materiel Managed</b>
AMCOM	U.S. Army Aviation and Missile Command Huntsville, AL	Aircraft and Aviation ground support items, Missile systems items
CECOM	U.S. Army Communications-Electronics Command, Fort Monmouth, NJ	Communication and electronics items
TACOM-W	U.S. Army Tank and Automotive Command, Warren, MI	Combat, automotive, and construction items
TACOM-RI	U.S. Army Tank and Automotive Command Acquisition and Logistics Activity, Rock Island, IL	Weapons, special weapons and fire control systems
SBCCOM	U.S. Army Soldier and Biological Chemical Command, Natick, MA	Ground support items, and chemical weapons
<b>Prepositioned War Reserves</b>		<b>Materiel Managed</b>
AMC-MOB	Headquarters, U.S. Army Materiel Command, Alexandria, VA	DLA/GSA items: repair parts, clothing, subsistence, medical supplies, industrial supplies; ground forces supplies

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**BUDGET HIGHLIGHTS**

**Sales:**

Supply Management net sales in dollars will decrease significantly in FYs 2001 and 2002 with implementation of SSF. The integration of the Wholesale and Command Retail divisions into one level of management eliminates duplicate sales from the wholesale division to the retail division and the retail division to the customer.

Indicator (\$M)	FY 2000	FY 2001	FY 2002
<b>Gross Sales</b>	9997.7	7173.2	6532.6
<b>Credit and Allowances</b>	3599.6	2470.9	2341.2
<b>Net Sales</b>	6398.1	4702.3	4191.4
<b>Cost of Material Sold from Inventory</b>	5555.4	3944.3	3495.8
<b>Obligations for Materiel (includes depot-level repair of DLRs)</b>	5828.3	4336.0	3349.6
<b>Credit for Returns</b>	3595.3	2470.9	2341.1

**Operating Results:**

The Army Working Capital Fund activity groups operate on a break-even basis over the budget cycle. The Army sets each activity's annual rates to achieve the results; positive or negative, required to bring accumulated operating results to zero in the budget year. The table below reflects net and accumulated operating results (AOR) for SMA:

Indicator (\$M)	FY 2000	FY 2001	FY 2002
<b>Net Operating Results</b>	93.1	7.8	-131.9
<b>Accumulated Operating Results</b>	124.1	131.9	0.0

**Workload and Economic Assumptions:**

Prices for Army-managed items have been adjusted downward an average of 4.2 percent in FY 2001 and will be adjusted downward by 2.5% for FY 2002. Positive

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operating results in FY 2000 and FY 2001 have allowed the Supply Management activity to continue reducing prices to its customers in FY 2002. The following table presents general workload data and economic assumptions for the Wholesale Division:

Indicator	FY 2000	FY 2001	FY 2002
<b>SMA Line Items Managed (#)</b>	116895	118064	119245
<b>SMA Requisitions Received (\$M)</b>	\$4538.2	\$5223.2	\$5423.2
<b>SMA Requisitions Received (#)</b>	980576	1078634	1078635
<b>Receipts (#)</b>	604505	664955.5	678254.6
<b>Issues (#)</b>	1190618	1309679.8	1335873.4
<b>Contracts Executed (# &gt; \$100 K)</b>	3586	3945	4339
<b>Credit Returns (\$M)</b>	\$3595.3	\$2470.9	\$2341.1
<b>Surcharge Rate (Composite)</b>	25.3%	18.8%	15.1%
<b>Customer Price Change (%)</b>	1.3%	-4.2%	-2.5%
<b>SMA Purchases Inflation (%)</b>	1.5%	1.5%	1.6%

**Unit Cost:**

Unit cost is a managerial control. It is measured by dividing gross materiel cost, which is the sum of total obligations and credit, by gross sales. The Retail Division buys and sells at the same price; its ratio therefore remains nearly one for one in FY 2000, but reflects and expected reduction as we actively merge the retail and wholesale divisions in FY 2001. The Wholesale Division remains relatively constant in FY 2000 and 2001 by pursuing inventory reduction methods that permit it to sell materiel without replacement.

Unit Cost Goal	FY 2000	FY 2001	FY 2002
<b>Retail</b>	.98	1.00	0
<b>Wholesale</b>	1.02	1.04	1.04

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**Personnel:**

This activity continues its downsizing efforts as reflected in the Civilian End Strengths and work years (Full Time Equivalents, FTEs) table below. These reductions are being achieved despite the restoration/absorption of civilian spaces in FY 2000 resulting from the retention of selected field level reparables that were originally scheduled for transfer to the Defense Logistics Agency under the Consumable Item Transfer program.

Indicator	FY 2000	FY 2001	FY 2002
<b>Civilian End Strength</b>	3070	2943	2850
<b>Civilian FTEs</b>	3070	2979	2886
<b>Military End Strength</b>	14	14	14
<b>Military Work Years</b>	14	14	14

**Inventory:**

Inventory, revalued for unserviceability and potential disposal, declines through FY 2001 as a result of the Army's improved inventory management under the Total Army Inventory Management program, and efforts to reduce stock requirements by reducing administrative and procurement lead-times. The FY 2002 increase in inventory reflects initiatives to improve stock availability and demand satisfaction rates to operational units, thereby improving the Army's overall readiness.

	FY 2000	FY 2001	FY 2002
<b>Inventory (\$M)</b>	9425.8	8963.2	9427.2

**Supply Management Stock Availability:**

Stock Availability measures the percentage of SMA requisitions satisfied upon initial processing in the wholesale supply system. The SMA target for Stock Availability, 85 percent demand satisfaction, is the basis for budget requirements for FY 2000 through FY 2002. Data provided reflects FY 2000 actual performance. OSD increased the wholesale unit cost during FY 2001, which provides more authority for the wholesale to procure and repair needed items. This should increase stock availability throughout FY 2002. The stock availability rate for the four quarters of FY 2000 is shown on the chart below:

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1Q00	2Q00	3Q00	4Q00
84.4%	82.9%	83.2%	83.9%

**Capital Budget:**

The Supply Management Activity Group continuously seeks to maintain and develop capabilities through equipment and software acquisition that will streamline operations and pass savings and price reductions to its customers. The Capital Investment Program primarily funds development of software to improve managerial decision-making quality and timeliness through efficient access to and use of data.

The FY2002 program supports requirements for four ongoing initiatives: 1) Single Stock Fund, 2) Wholesale Logistics Modernization Program, 3) Commercial Asset Visibility II and 4) Common Operating Equipment. The reduction of the FY 2002 program from FY 2001 reflects the impact of front-end costs that have already been expended in support of these efforts. We anticipate the costs to remain constant or decrease somewhat as development efforts are completed.

Typical costs associated with product (system) development include local area networks, servers, desktop computers, high-speed printers and a variety of software products that enhance program integration streamlining for Materiel Management Centers and acquisition areas of the Inventory Control Points.

The planned capital obligations are:

Category (\$ Millions)	FY 2000	FY 2001	FY 2002
<b>Software</b>	65.6	63.8	44.9
Single Stock Fund	(34.3)	(26.5)	20.8)
Wholesale Logistics Modernization Program	(25.5)	(28.3)	(17.1)
Common Asset Visibility II	(1.0)	(2.8)	(2.1)
Common Operation Environment (COE)	(4.8)	(6.2)	(4.9)
<b>Total</b>	65.6	63.8	44.9

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**Revenue and Expenses  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<b>Revenue</b>			
Gross Sales	9,997.7	7,173.2	6,532.6
Credit and Allowances	3,599.6	2,470.9	2,341.1
Net Sales	6,398.1	4,702.3	4,191.4
Operations	6,315.6	4,652.1	4,152.5
Capital Surcharge	29.8	0.0	0.0
Depreciation exc Maj Const	52.7	50.2	38.9
Total Income:	6,398.1	4,702.3	4,191.4
<b>Expenses</b>			
Cost of Material Sold from Inventory	5,555.4	3,944.3	3,495.8
Salaries and Wages:	205.2	218.0	230.7
Military Personnel Compensation & Benefits	0.3	0.9	0.9
Civilian Personnel Compensation & Benefits	204.9	217.1	229.8
Travel & Transportation of Personnel	3.3	3.2	3.7
Materiel & Supplies (For Internal Operations)	2.5	2.3	2.2
Equipment	4.8	0.8	0.9
Other Purchases from Revolving Funds	172.6	209.0	222.8
Transportation of Things	82.4	70.8	77.9
Depreciation - Capital	52.7	50.2	38.9
Printing and Reproduction	0.4	0.8	0.8
Advisory and Assistance Services	32.2	37.5	32.3
Rent, Communication, Utilities & Misc. Charges	3.4	11.0	11.0
Other Purchased Services	115.6	116.5	158.4
Material Inflation	39.9	39.3	74.5
Loss/Obsolescence Obs (includes condemnation)	49.8	58.1	64.7
Safety of Use/Flight	22.7	19.4	23.7
Total Expenses:	6,342.9	4,781.2	4,438.3

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**Revenue and Expenses  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Operating Result	55.2	(78.9)	(246.9)
Less Capital Surcharge Reservation	29.8	0.0	0.0
Other Changes Affecting NOR/AOR	8.1	86.7	115.0
Net Operating Result	93.1	7.8	(131.9)
Prior Year AOR	31.0	124.1	131.9
Accumulated Operating Result	124.1	131.9	0.0

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**SOURCE OF REVENUE  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	4,343.4	4,179.3	4,638.8
Operations & Maintenance, ARNG	453.8	535.9	824.9
Operations & Maintenance, AR	241.4	118.2	92.7
Subtotal, O&M:	5,038.6	4,833.4	5,556.4
Procurement Appropriations	111.5	120.0	94.8
RDTE	46.3	46.7	46.4
Military Personnel, Army	470.8	127.2	0.0
Other	33.0	43.6	48.6
Subtotal, Department of Army:	5,700.2	5,170.9	5,746.2
Department of Air Force	177.2	184.7	190.8
Department of Navy	75.7	65.1	66.9
US Marines	87.9	77.2	88.6
Department of Defense	533.0	141.7	11.4
Subtotal, Other DoD Services:	873.8	468.7	357.7
b. DWCF:			
Depot Maintenance, Army	371.8	338.8	356.1
Supply Management, Army (Retail)	2,771.9	1,083.2	0.0
Other DWCF:			
Subtotal DWCF:	3,143.7	1,422.0	356.1
c. Total DoD	9,717.7	7,061.6	6,460.0

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management, Army**

**SOURCE OF REVENUE  
(S in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
DLA			
Other Federal Agencies	25.2	9.2	8.7
Foreign Military Sales	282.5	266.6	280.3
Other	4.4	2.5	2.1
Total New Orders:	10,029.8	7,339.9	6,751.1
2. Carry-in Orders	0.0	0.0	0.0
3. Total Gross Orders	10,029.8	7,339.9	6,751.1
4. Change in Backlog	32.1	166.7	218.5
5. Total Gross Sales	9,997.7	7,173.2	6,532.6
6. Less: Returns for Credit	3,595.3	2,470.9	2,341.2
Less: Allowances	4.3	0.0	0.0
Plus: Credit Differential			
7. Net Sales	6,398.1	4,702.3	4,191.4

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**Changes in the Costs of Operation  
(\$ in Millions)**

	<u>Expenses</u>
<b>FY 2000 Actual Cost</b>	6,342.9
<b>FY 2001 Estimate in President's Budget</b>	4,840.5
<b>Pricing Adjustments</b>	3.2
Inflation Adjustment	3.2
<b>Program Changes</b>	(62.5)
Cost of Materiel Sold	(95.5)
Personnel Benefits	3.4
Other Pur from Rev Funds	24.3
Other Purch Services	(25.9)
Advisory&Assistance Serv	24.3
Obsolescence	7.3
Transportation of Things	1.9
Rent, Commo & Utilities	(1.8)
Equipment	(0.5)
<b>FY 2001 Current Estimate</b>	4,781.2
<b>Pricing Adjustments</b>	35.2
Civilian Personnel	
Material Inflation	35.2
<b>Program Changes</b>	(378.1)
Cost of Material Sold	(448.5)
Civilian Personnel	12.7
Advise & Assistance Serv	(5.2)
Transportation	7.1
Loss/Obsolescence	6.6
Other Purchased Services	41.9
Depreciation	(11.3)
Other Purch Revolv Funds	13.8
Travel & Transportation	0.5
Rent Commo & Utilities	-
SOU/SOF	4.3
Equipment	0.1
<b>FY 2002 Estimate</b>	4,438.3

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**Wholesale Only  
Customer Price Change**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
1. Gross Sales at Cost	3,321.4	3,878.1	4,851.7
2. Less Materiel Inflation Adjustment	39.9	38.8	77.6
3. Revised Gross Sales at Cost	3,281.5	3,839.3	4,774.1
4. Surcharge (dollars)	839.0	728.8	732.6
5. Change to Customers:			
a. Previous Years Surcharge (rate)	25.3%	25.3%	18.8%
b. This year's Surcharge(\$) divided by line 3 above (\$)	25.3%	18.8%	15.1%
c. Percent change to customer	1.3%	-4.2%	-2.5%

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**SUMMARY BY DIVISION  
(\$ in Millions)**

		<b>CUSTOMER ORDERS NET</b>	<b>NET SALES</b>	<b>OBLIGATION OPERATING</b>	<b>TARGETS MOB</b>	<b>TOTAL</b>
<b>RETAIL</b>						
<b>FORSCOM</b>						
	FY 2000	1,292.0	1,371.7	1,448.5	0.0	1,448.5
	FY 2001	175.6	248.4	207.1	0.0	207.1
	FY 2002	0.0	0.0	0.0	0.0	0.0
<b>USAREUR</b>						
	FY 2000	760.3	791.7	796.4	0.0	796.4
	FY 2001	751.3	726.3	728.7	0.0	728.7
	FY 2002	0.0	0.0	0.0	0.0	0.0
<b>TRADOC</b>						
	FY 2000	361.4	625.7	549.8	0.0	549.8
	FY 2001	296.6	324.8	325.2	0.0	325.2
	FY 2002	0.0	0.0	0.0	0.0	0.0
<b>USAEIGHT</b>						
	FY 2000	257.8	250.7	237.8	0.0	237.8
	FY 2001	119.3	123.3	123.3	0.0	123.3
	FY 2002	0.0	0.0	0.0	0.0	0.0
<b>USARPAC</b>						
	FY 2000	160.3	185.4	153.7	0.0	153.7
	FY 2001	52.8	62.7	58.3	0.0	58.3
	FY 2002	0.0	0.0	0.0	0.0	0.0
<b>USARSO</b>						
	FY 2000	21.4	22.3	16.6	0.0	16.6
	FY 2001	12.7	10.7	12.6	0.0	0.0
	FY 2002	0.0	0.0	0.0	0.0	0.0
<b>AMC-ID</b>						
	FY 2000	253.7	296.7	245.7	0.0	245.7
	FY 2001	110.3	109.1	104.9	0.0	104.9
	FY 2002	0.0	0.0	0.0	0.0	0.0
<b>DSS-W</b>						
	FY 2000	9.5	10.5	7.5	0.0	7.5
	FY 2001	5.1	5.3	5.1	0.0	5.1
	FY 2002	0.0	0.0	0.0	0.0	0.0
<b>NAMI</b>						
	FY 2000	0.9	0.9	0.3	0.0	0.3
	FY 2001	268.9	265.7	271.2	0.0	271.2
	FY 2002	782.3	787.4	741.4	0.0	741.4
<b>SUB-TOTAL</b>						
	FY 2000	3,117.3	3,555.6	3,456.3	0.0	3,456.3
	FY 2001	1,792.6	1,876.3	1,836.4	0.0	1,552.6
	FY 2002	782.3	787.4	741.4	0.0	741.4

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**SUMMARY BY DIVISION  
(\$ in Millions)**

<b>DIVISION</b>	<b>CUSTOMER</b>	<b>ORDERS NET</b>	<b>SALES</b>	<b>OPERATING</b>	<b>MOB</b>	<b>TOTAL</b>
<b>WHOLESALE-CONSUMABLES</b>						
TACOM-RI						
	FY 2000	93.1	110.2	83.1	0.4	83.5
	FY 2001	87.7	63.4	58.2	0.6	58.8
	FY 2002	80.8	70.3	48.2	0.0	48.2
AMCOM-Air						
	FY 2000	151.8	151.5	178.3	0.5	178.8
	FY 2001	108.3	101.3	98.4	0.5	98.9
	FY 2002	118.8	111.3	70.0	0.0	70.0
CECOM						
	FY 2000	242.4	229.0	165.7	1.2	166.9
	FY 2001	180.8	180.9	109.1	2.6	111.7
	FY 2002	188.5	187.5	97.3	0.0	97.3
AMCOM-Missiles						
	FY 2000	30.6	28.7	21.7	0.0	21.7
	FY 2001	17.3	15.6	18.5	0.0	18.5
	FY 2002	19.3	16.9	13.2	0.0	13.2
SBCCOM						
	FY 2000	69.7	72.9	73.0	14.2	87.2
	FY 2001	67.7	65.7	57.7	22.6	80.3
	FY 2002	67.3	66.2	57.4	41.3	98.7
TACOM-W						
	FY 2000	233.2	233.6	211.8	4.3	216.1
	FY 2001	162.5	152.0	147.5	2.5	150.0
	FY 2002	161.9	151.1	123.3	0.0	123.3
<b>SUB-TOTAL</b>						
	FY 2000	820.8	825.9	733.6	20.6	754.2
	FY 2001	624.3	578.9	489.4	28.8	518.2
	FY 2002	636.6	603.3	409.4	41.3	450.7

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**SUMMARY BY DIVISION  
(\$ in Millions)**

DIVISION		NET		OBLIGATION TARGETS		
		CUSTOMER ORDERS	NET SALES	OPERATING	MOB	TOTAL
<b>WHOLESALE-REPARABLES</b>						
TACOM-RI						
	FY 2000	203.5	165.3	92.0	1.3	93.3
	FY 2001	232.3	190.0	115.8	2.3	118.1
	FY 2002	329.6	280.3	132.8	4.3	137.1
AMCOM-Air						
	FY 2000	1,014.3	755.0	704.0	11.5	715.5
	FY 2001	912.7	795.8	921.5	8.5	930.0
	FY 2002	1,058.8	959.8	981.1	11.0	992.1
CECOM						
	FY 2000	330.5	321.7	214.0	6.0	220.0
	FY 2001	304.4	301.4	278.4	4.1	282.5
	FY 2002	390.3	391.8	284.8	6.7	291.5
AMCOM-Missiles						
	FY 2000	246.5	261.7	172.0	0.2	172.2
	FY 2001	266.8	264.7	228.3	2.0	230.3
	FY 2002	300.4	301.2	242.5	3.0	245.5
SBCCOM						
	FY 2000	18.1	11.1	(8.0)	0.6	(7.4)
	FY 2001	18.4	13.9	16.9	0.0	16.9
	FY 2002	34.7	31.5	14.4	0.0	14.4
TACOM-W						
	FY 2000	551.3	492.0	343.9	2.5	346.4
	FY 2001	694.0	670.8	487.2	7.6	494.8
	FY 2002	848.7	825.6	506.4	12.0	518.4
<b>SUB-TOTAL</b>						
	FY 2000	2,364.2	2,006.8	1,517.9	22.1	1,540.0
	FY 2001	2,428.6	2,236.6	2,048.1	24.5	2,072.6
	FY 2002	2,962.5	2,790.2	2,162.0	37.0	2,199.0

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**SUMMARY BY DIVISION  
(\$ in Millions)**

DIVISION	NET		OBLIGATION TARGETS			
	CUSTOMER ORDERS	NET SALES	OPERATING	MOB	TOTAL	
AMC-MOB						
	FY 2000	8.9	9.9	12.5	18.9	31.4
	FY 2001	10.5	10.5	10.5	9.7	20.2
	FY 2002	10.5	10.5	10.5	10.7	21.2
COST OF OPS						
	FY 2000			622.4	0.0	622.4
	FY 2001			663.6	0.0	663.6
	FY 2002			807.5	0.0	807.5
CAPITAL						
	FY 2000			65.4	0.0	65.4
	FY 2001			63.8	0.0	63.8
	FY 2002			44.9	0.0	44.9
COMMITMENT						
	FY 2000			280.8	0.0	280.8
	FY 2001			477.7	0.0	477.7
	FY 2002			356.1	0.0	356.1
FATIGUE TESTING						
	FY 2000			7.0	0.0	7.0
	FY 2001			6.1	0.0	6.1
	FY 2002			6.1	0.0	6.1
ESI						
	FY 2000			71.1	0.0	71.1
	FY 2001			79.7	0.0	79.7
	FY 2002			58.2	0.0	58.2
MOB OA (Memo)						
	FY 2000			61.6		61.6
	FY 2001			63.0		63.0
	FY 2002			89.0		89.0
TOTAL OA						
	FY 2000	6,311.2	6,398.1	6,767.0	61.6	6,828.6
	FY 2001	4,856.0	4,702.3	5,675.3	63.0	5,738.3
	FY 2002	4,391.9	4,191.4	4,596.1	89.0	4,685.1

**Army Working Capital Fund  
 FY 2002 Amended Budget Submission  
 Supply Management**

**SUMMARY BY DIVISION  
 (\$ in Millions)**

Budget Authority	<b>NET CUSTOMER ORDERS</b>	<b>NET SALES</b>	<b>OBLIGATION OPERATING</b>	<b>TARGETS MOB</b>	<b>TOTAL</b>
War Reserve Materiel FY2002	0.0	0.0	0.0	63.0	63.0
Inventory Augmentation FY2002	0.0	0.0	100.0	0.0	100.0
Energy FY2002	0.0	0.0	1.0	0.0	1.0
<b>TOTAL BA FY2002</b>	<b>0.0</b>	<b>0.0</b>	<b>101.0</b>	<b>63.0</b>	<b>164.0</b>

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**Operating Requirement  
By Weapon System/Category  
(\$ in Millions)**

<b>WEAPON SYSTEM/CATEGORY</b>	<b><u>FY 2000</u></b>	<b><u>FY 2001</u></b>	<b><u>FY 2002</u></b>
Chemical Defense Equipment	44.0	46.0	46.5
Other Armament, Munitions and	58.9	65.2	64.0
AH-64	306.5	435.4	441.0
UH-60	245.1	248.7	267.1
OH-58D	90.0	116.9	111.3
CH-47D	114.5	129.2	125.9
T701C Engines	32.3	40.9	44.7
Air Delivery/Aviation/Troop Equip	162.6	146.4	138.1
MSE	25.3	25.4	23.5
Night Vision Equipment	21.4	20.7	16.4
Batteries	36.7	32.5	26.3
Other Communications/Electroni	282.4	255.0	251.4
MLRS	9.5	30.2	32.1
PATRIOT	80.5	81.1	81.4
Other Missile Systems	66.0	54.9	85.6
M1 Series Tank	245.9	274.1	257.4
M88 Recovery Vehicle	61.4	59.1	58.0
M109 Howitzer	21.0	18.2	17.7
M198 Howitzer	7.3	5.4	5.6
M113 FOV	25.3	34.6	32.2
Bradley Fighting Vehicle	87.0	121.2	106.4
HMMWV	29.0	63.5	65.2
Tires	70.5	26.9	34.3
Other Tank & Automotive	128.4	206.0	199.3
TOTAL	2,251.5	2,537.5	2,531.4

**Army Working Capital Fund  
FY 2002 Amended President's Budget  
Supply Management  
MATERIAL INVENTORY DATA  
FISCAL YEAR 2000  
(\$ in Millions)**

	<u>Total</u>	---- Peacetime ----		
		<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. Materiel Inventory BOP at Standard	15,715.4	2,046.7	6,803.3	6,865.4
2. Materiel Inventory BOP (revalued-memo)	9,565.6	1,804.5	4,536.2	3,224.9
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	(55.2)	250.1	(194.9)
b. Price Changes (memo)	79.7	43.7	48.0	(12.0)
c. Inventory Reclassified and Repriced	15,795.1	2,035.2	7,101.4	6,658.5
4. Receipts at Standard	6,197.6	10.6	6,186.1	0.0
5. Gross Sales	9,995.9	3.5	9,992.4	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	43.8	3.4	214.9	(174.5)
b. Returns from Customers for Credit	5,109.0	0.0	3,163.7	1,945.3
c. Returns from Customers without Credit	2,896.8	3.6		2,893.2
d. Returns to suppliers (-)	(2,385.4)	0.0		(2,385.4)
e. Transfers to Property Disposal (-)	(1,547.2)	0.0		(1,547.2)
f. Issues/Receipts w/o Reimbursement + OR (-)	0.0			
g. Other	662.2	138.0	0.0	524.2
h. Total Adjustments	4,779.2	145.0	3,378.6	1,255.6
7. Materiel Inventory EOP	16,775.1	2,187.3	6,673.7	7,914.1
8. Materiel Inventory EOP (revalued-memo)	9,425.8	1,979.6	4,337.8	3,108.4
a. Economic Retention (memo)	2,348.1			2,348.1
b. Policy Retention (memo)	450.2			450.2
c. Potential Excess (memo)	310.1			310.1
9. Materiel Inventory on Order EOP (memo)	3,116.8	51.0	3,065.8	0.0

**Army Working Capital Fund  
FY 2002 Budget Estimates  
Supply Management, Army  
MATERIAL INVENTORY DATA  
FISCAL YEAR 2001  
(\$ in Millions)**

	<u>Total</u>	---- Peacetime ----		
		<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. Materiel Inventory BOP at Standard	16,775.1	2,187.3	6,673.7	7,914.1
2. Materiel Inventory BOP (revalued-memo)	9,425.8	1,979.6	4,337.8	3,108.4
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	471.2	1,507.2	(1,978.4)
b. Price Changes (memo)	(314.8)	(23.7)	(167.0)	(124.1)
c. Inventory Reclassified and Repriced	16,460.3	2,634.8	8,013.9	5,811.6
4. Receipts at Standard	3,334.4	59.0	3,275.4	0.0
5. Gross Sales	7,173.2	0.0	7,173.2	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(215.7)	(21.3)	(300.4)	106.0
b. Returns from Customers for Credit	3,229.6	0.0	2654.2	575.4
c. Returns from Customers without Credit	2,178.4	0.0	2.3	2,176.1
d. Returns to suppliers (-)	(527.7)	(3.0)	(4.2)	(520.5)
e. Transfers to Property Disposal (-)	(1,479.5)	0.0	0.0	(1,479.5)
f. Issues/Receipts w/o Reimbursement + OR (-)	(24.6)	0.0	0.0	(24.6)
g. Other	(319.3)	66.1	(120.0)	(265.4)
h. Total Adjustments	2,841.2	41.8	2,231.9	567.5
7. Materiel Inventory EOP	15,462.7	2,735.6	6,348.0	6,379.1
8. Materiel Inventory EOP (revalued-memo)	8,963.2	1,701.4	4,710.2	2,551.6
a. Economic Retention (memo)	1,851.5			1,851.5
b. Policy Retention (memo)	420.0			420.0
c. Potential Excess (memo)	280.1			280.1
9. Materiel Inventory on Order EOP (memo)	2,434.0	66.2	2,367.8	0.0

**Army Working Capital Fund  
FY 2002 Budget Estimates  
Supply Management, Army  
MATERIAL INVENTORY DATA  
FISCAL YEAR 2002  
(\$ in Millions)**

	--- Peacetime ----			
	<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>
1. Materiel Inventory BOP at Standard	15,462.7	2,735.6	6,348.0	6,379.1
2. Materiel Inventory BOP (revalued-memo)	8,963.2	1,701.4	4,710.2	2,551.6
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	(80.6)	1,172.9	(1,092.3)
b. Price Changes (memo)	(341.2)	(15.2)	(130.4)	(195.6)
c. Inventory Reclassified and Repriced	15,121.5	2,639.8	7,390.5	5,091.2
4. Receipts at Standard	2,510.3	62.1	2,448.2	0.0
5. Gross Sales	6,540.5	8.0	6,532.5	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	453.8	0.0	308.7	145.1
b. Returns from Customers for Credit	3,114.8	0.0	2,534.8	580.0
c. Returns from Customers without Credit	2,164.4	0.0	2.2	2,162.2
d. Returns to suppliers (-)	(5.1)	0.0	0.0	(5.1)
e. Transfers to Property Disposal (-)	(1,205.1)	0.0	0.0	(1,205.1)
f. Issues/Receipts w/o Reimbursement + OR (-)	(17.1)	0.0	0.0	(17.1)
g. Other	(93.4)	42.3	(64.6)	(71.1)
h. Total Adjustments	4,412.3	42.3	2,781.1	1,588.9
7. Materiel Inventory EOP	15,503.6	2,736.2	6,087.3	6,680.1
8. Materiel Inventory EOP (revalued-memo)	9,427.2	2,532.4	4,126.2	2,768.5
a. Economic Retention (memo)	2,246.6			2,246.6
b. Policy Retention (memo)	381.9			381.9
c. Potential Excess (memo)	140.0			140.0
9. Materiel Inventory on Order EOP (memo)	2,250.2	53.2	2,197.0	0.0
9. Materiel Inventory on Order EOP (memo)	2,250.2	53.2	2,197.0	0.0

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management  
Fuel Data  
(\$ in Millions)**

Product	Procured From DFSC			Procured by Service		
	Barrels (millions)	Cost Per Barrel (\$)	Extended Price (\$ M)	Barrels (millions)	Cost Per Barrel (\$)	Extended Price (\$ M)
<b>FY 2000</b>						
AVGAS	0.000	102.06	0.0	0.000	102.06	0.0
MOGAS (L)	0.000	34.02	0.0	0.000	34.02	0.0
MOGAS (U)	0.266	28.56	7.6	0.102	28.56	6.6
JP-4	0.018	33.60	0.6	0.057	33.60	3.0
JP-5	0.431	26.46	11.4	0.000	26.46	0.0
DISTILLATES	0.250	25.20	6.3	0.472	25.20	12.7
RESIDUALS	0.138	15.96	2.2	0.232	15.96	3.7
GASOHOL	0.000	28.98	0.0	0.000	28.98	0.0
JP-8	1.932	26.04	28.6	0.346	26.04	1.1
TOTAL	3.035	18.68	56.7	1.209	22.42	27.1
<b>FY 2001</b>						
AVGAS	0.000	102.06	0.0	0.000	157.92	0.0
MOGAS (L)	0.000	34.02	0.0	0.000	53.34	0.0
MOGAS (U)	0.138	28.56	13.7	0.170	45.78	0.8
JET FUEL (wide cut)	0.022	33.60	1.1	0.010	50.82	0.5
JP-5	0.151	26.46	18.2	0.000	43.26	0.0
DISTILLATES	0.015	25.20	6.2	0.061	41.16	2.5
RESIDUALS	0.015	46.20	0.4	0.033	27.30	0.9
GASOHOL	0.000	28.98	0.0	0.000	46.20	0.0
JP-8	0.172	26.04	7.3	0.035	42.42	1.5
TOTAL	0.513	91.42	46.9	0.309	20.05	6.2

**In FY 2002, fuel sales will be from DLA to the customer. Fuel sales/expenses will not be reflected in the AWCF Supply Management Activity Group.**

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Supply Management**

**Material Inventory Data  
Fiscal Year 2002  
(\$ in Millions)**

<b>STOCKPILE STATUS</b>	Total	WRM Protectec	WRM Other
1. Inventory BOP @ std.	2735.6	2654.0	81.6
2. Price Change	(15.2)	(14.2)	(1.0)
3. Reclassification	0.0	80.6	(80.6)
Inventory Changes	93.9	93.9	0.0
a. Receipts @ std.	62.1	62.1	0.0
(1) Purchases	62.1	62.1	0.0
(2) Returns from customers	0.0	0.0	0.0
b. Issues @ std.	(10.5)	(10.5)	0.0
(1) Sales	(10.5)	(10.5)	0.0
(2) Returns to suppliers	0.0		0.0
(3) Disposals	0.0		0.0
c. Adjustments @ std.	42.3	42.3	0.0
(1) Capitalizations	0.0		0.0
(2) Gains and Losses	0.0		0.0
(3) Other	42.3	42.3	0.0
Inventory EOP	2814.3	2814.3	0.0

**STOCKPILE COSTS**

1. Storage	18.8
2. Management	0.0
3. Maintenance/Other	0.0
Total Cost	18.8

**WRM BUDGET REQUEST**

1. Obligations @ cost	
a. Additional WRM	89.0
b. Replen. WRM	10.5
c. Repair WRM	0.0
d. Assemble/Disassemble	0.0
e. Other	0.0
Total Request	99.5

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance**

**Functional Description**

The Depot Maintenance activity group provides the Army an organic industrial capability to repair, overhaul, and upgrade weapon systems and equipment and provide tenant support to Army and other DoD activities. Depot Maintenance activities both compete and partner with private industry to deliver goods and services efficiently and effectively.

**Activity Group Composition**

The Depot Maintenance activity group is currently composed of the following depots and depot activities:

**Anniston Army Depot, Anniston, AL (ANAD)** - maintains, overhauls, and repairs heavy tracked combat vehicles and artillery and provides base support to tenants.

**Corpus Christi Army Depot, Corpus Christi, TX (CCAD)** - maintains, repairs, overhauls, and upgrades rotary wing aircraft, engines, and components. This depot is a tenant on a Navy installation.

**Letterkenny Army Depot, Chambersburg, PA (LEAD)** - maintains, repairs, and overhauls tactical missile systems and provides base support to tenants.

**Red River Army Depot, Texarkana, TX (RRAD)** - maintains and repairs light armored vehicles and select missile systems and provides base support to tenants.

**Tobyhanna Army Depot, Tobyhanna, PA (TYAD)** - manufactures, maintains, tests, and fields communications-electronics systems and equipment and missile guidance and control systems and equipment. Provides base support to tenants.

**Budget Highlights**

Civilian and military End Strengths and Full Time Equivalent (FTEs) are as follows:

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY2002</b>
<b>Civilian End Strength</b>	10,286	10,502	10,195
<b>Civilian FTEs</b>	10,186	10,449	10,209
<b>Military End strength</b>	24	21	32
<b>Military Workyears</b>	20	21	27

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance**

**Personnel:**

Civilian manpower is driven by funded workload captured in the Army Workload and Performance System (AWPS). An increase in FY 2001 workload obviated the need for planned FY 2000 reshaping actions at CCAD and LEAD. Subsequent FY 2002 workload increases offset further planned reductions. Military end strength increases in FY 2002 to accommodate the communications security (COMSEC) mission at Tobyhanna Army Depot.

**Costs, Operating Results, and Rates:**

	FY 2000	FY 2001	FY 2002
<b>Cost of Goods &amp; Services Produced (\$M)</b>	1,235.0	1,365.8	1,449.8
<b>Cost of Goods &amp; Services Sold (\$M)</b>	1,236.0	1,357.8	1,453.1
<b>Net Operating Results (\$M)</b>	10.1	15.7	-71.0
<b>Accumulated Operating Results (\$M)</b>	55.2	71.0	0.0
<b>Customer Revenue Rate per DLH</b>	\$111.87	\$119.81	\$124.57
<b>Percent Change from Prior Year</b>	5.93%	7.10%	3.98%
<b>Unit Costs (\$/DLH)</b>	\$119.30	\$132.98	\$138.83
<b>DLH (000)</b>	10,360	10,211	10,467

**Costs:**

The FY 2001 and FY 2002 cost increases are directly related to the execution of additional maintenance and repair workload. Cost growth is concentrated in labor, materials, and utilities.

**Unit Costs:**

Unit costs are calculated by dividing the Cost of Goods Sold by Direct Labor Hours (DLHs). Since this submission reflects the end of the practice of treating hours expended on base support as DLHs, resultant unit costs for FY 2001 and FY 2002 increase accordingly. The goal of eliminating the base support hours from DLH totals allows the Army to more accurately measure performance and productivity in the primary mission area. Unit costs rose 11.5% (\$13.68) from FY 2000 to FY 2001, and are expected to rise 4.4% (\$5.85) from FY 2001 to FY 2002.

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance**

**Operating Results and Rates:**

The FY 2000 Net Operating Result (NOR) of \$10.1 million exceeded the budgeted NOR of -\$26.7 million. This was partially due to the addition of unplanned safety of flight work at Corpus Christi that resulted in revenues significantly higher than anticipated. The FY 2001 NOR is now projected to be a profit of \$15.7 million. The FY 2002 rates were set to achieve a NOR of -\$71.0 million to offset a projected Accumulated Operating Result (AOR) of \$71.0 million at the end of 2001. Despite positive operating results in Depot Maintenance in FY 2000, higher than anticipated expenses caused the FY 2002 rate to increase, albeit at less of an increase from FY 2001 than from FY 2000 to 2001.

**Carry-Over:**

Carry-over was higher than plan at the end of FY 2000 due to changes in workload prioritization. The unplanned safety of flight work at Corpus Christi preempted the completion of prior programmed workload. This resulted in an unplanned workload increase for FY 2001. In order to keep carry-over constant at the 3 month level, the Department cancelled previously planned personnel reductions for FY 2001. The depots will continue to work at keeping carry-over at or below the 3 month standard.

(\$ in millions)	FY 2000	FY 2001	FY 2002
<b>New Orders</b>	1,425.6	1,305.8	1,332.8
<b>Carry-in</b>	448.7	582.6	497.9
<b>Gross Orders</b>	1,874.3	1,888.4	1,830.7
<b>Total revenue</b>	1,291.8	1,389.3	1,379.0
<b>Carry-over</b>	582.6	499.2	451.7
<b>Less: WIP</b>	19.6	27.7	24.3
<b>Less: BRAC, Non-DOD, FMS, Intra/Inter         DWCF (Excluding SMA)</b>	97.2	110.0	70.6
<b>Less: Contract Liabilities</b>	10.0	10.0	10.0
<b>Net Carry-over</b>	455.7	351.5	346.7
<b>Carry-over in Months</b>	4.2	3.0	3.0

**Performance Indicators:**

Performance indicators for the Depot Maintenance activity are: Net Operating Result (NOR) Variance (financial); Schedule Conformance (timeliness), Quality Deficiency Report (QDR); and Customer Satisfaction (customer surveys). Actual FY 2000 performance resulted in a NOR of \$10.1 million (against a -\$26.7 million program);

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance**

80% Schedule Conformance (against a plan of 90% units on schedule); 90% processing of all QDRs submitted (against a plan of 100%); and a 98% Customer Satisfaction rate (against a plan of 95%). For FY 2001, a new measuring tool was added to measure Productivity (DLH productive yield). The FY 2001 and FY 2002 goals are 1545 and 1562 regular DLHs per FTE, respectively.

**Capital Budget:**

The Capital Investment Program (CIP) for Depot Maintenance includes the purchase of equipment to improve productivity such as plasma spray equipment at Red River Army Depot to enable worn Bradley Fighting Vehicle parts to be reclaimed and test stands for transmissions and hydro mechanical units at Anniston and Corpus Christi Army Depots to improve the reparability of equipment and the speed of repairs. The CIP software budget includes the cost of fielding the Army Workload and Performance System to improve management processes, as well as contractor support for the Wholesale Logistics Modernization Program to improve the logistics process. Various minor construction projects will be implemented at each of the depots to improve safety, reliability, productivity and capacity. A summary of the program follows:

(\$ in millions)	FY 2000	FY 2001	FY 2002
<b>Equipment</b>	4.5	3.6	7.1
<b>ADPE &amp; Telecommunications</b>	0.8		
<b>Minor Construction</b>	1.9	1.9	2.2
<b>Software</b>	10.2	14.2	17.6
<b>TOTAL</b>	17.4	19.7	26.9

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance**

**Revenue and Expenses  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<b>Revenue</b>			
Gross Sales:	1,291.8	1,389.3	1,379.0
Operations	1,212.5	1,338.0	1,343.5
Surcharges	45.6	15.7	0.5
Depreciation excluding Major Construction	33.6	35.5	35.0
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
 Total Income:	 1,291.8	 1,389.3	 1,379.0
<b>Expenses</b>			
Salaries and Wages:	538.8	574.8	619.5
Military Personnel Compensation & Benefits	1.6	1.8	2.1
Civilian Personnel Compensation & Benefits	537.2	573.0	617.5
Travel & Transportation of Personnel	12.0	14.7	14.8
Materials & Supplies (For Internal Operations)	423.3	482.8	516.9
Equipment	10.2	19.6	20.3
Other Purchases from Revolving Funds	57.6	60.1	63.2
Transportation of Things	1.7	1.3	1.2
Depreciation - Capital	33.6	35.5	35.0
Printing and Reproduction	1.2	1.0	0.9
Advisory and Assistance Services	2.2	3.8	3.8
Rent, Communication, Utilities, & Misc. Charges	25.0	30.8	35.2
Other Purchased Services	129.3	141.4	139.0
 Total Expenses:	 1,235.0	 1,365.8	 1,449.8
 Operating Result	 56.7	 23.4	 (70.7)
 Less Surcharge Reservations	 45.6	 15.7	 0.5
JLSC			
Cash	45.6	15.7	0.5
Capital			
Plus Appropriations Affecting NOR/AOR			3.7
Other Changes Affecting NOR:	(1.0)	8.0	(3.4)
Other Inventory Adjustments			
Net Change in WIP	1.0	(8.0)	3.4

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance**

**Revenue and Expenses  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Recoverable Net Operating Result	10.1	15.7	(71.0)
Prior Year Adjustments	18.4		
Prior Year Recoverable AOR	26.7	55.2	71.0
Recoverable Accumulated Operating Result	55.2	71.0	(0.0)

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance**

**Source of Revenue  
(\$ in Millions)**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	442.8	372.3	516.3
Operations & Maintenance, ARNG	33.3	37.5	20.8
Operations & Maintenance, AR	15.7	7.1	17.2
Subtotal, O&M:	491.8	416.9	554.2
Aircraft Procurement	17.0	7.5	7.1
Missile Procurement	22.0	7.6	20.6
Weapons & Tracked Combat Vehicles	43.9	61.9	39.1
Procurement of Ammunition	0.0	0.0	0.0
Other Procurement	37.9	36.8	36.5
Subtotal, Procurement:	120.7	113.8	103.3
RDTE	4.5	1.0	1.0
BRAC	12.1	2.6	0.2
Family Housing	0.5	0.4	0.4
Military Construction	0.1	0.0	0.0
Other	1.9	4.4	4.5
Subtotal, Department of Army:	631.5	539.1	663.7
Department of Air Force O&M	10.0	15.1	9.5
Department of Air Force Investment	0.0	0.0	0.0
Department of Navy O&M	44.7	56.8	44.0
Department of Navy Investment	0.0	0.0	0.0
US Marines O&M	7.0	6.6	1.6
Department of Defense O&M	0.0	0.0	0.0
Subtotal, Other DoD Services:	61.7	78.5	55.1
Other DoD Agencies:	16.3	15.1	16.5
Other DoD Agencies	16.3	15.1	16.5
CAWCF	0.0	0.0	0.0

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance**

**Source of Revenue  
(\$ in Millions)**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
b. DWCF:			
Depot Maintenance, Army	5.2	2.3	2.7
Ordnance, Army	6.5	17.6	17.9
Supply Management, Army	489.8	418.2	380.4
DECA	0.2	0.2	0.2
DFAS	1.5	1.9	1.9
DISA	3.3	1.8	2.0
DLA	17.8	14.6	15.2
JLSC	0.0	0.0	0.0
TRANSCOM	0.0	0.0	0.0
Other	145.9	140.6	126.9
Subtotal, DWCF:	670.2	597.2	547.3
c. Total DoD	1,379.7	1,229.9	1,282.5
d. Other Orders:	45.9	76.0	50.3
Other Federal Agencies	3.9	0.8	0.5
Foreign Military Sales	37.6	56.7	17.7
Trust Fund	0.0	0.0	0.0
Nonappropriated	2.3	0.5	0.6
Non-Federal Agencies	2.2	18.0	31.5
Total New Orders:	1,425.6	1,305.8	1,332.8
2. Carry-in Orders	448.7	582.6	497.9
3. Total Gross Orders	1,874.3	1,888.4	1,830.7
4. Funded Carry-over	582.6	499.2	451.7
5. Total Gross Sales	1,291.8	1,389.3	1,379.0
6. Number of Months of Carry-Over	4.2	3.0	3.0

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance, Army**

**Changes in the Costs of Operations  
(\$ in Millions)**

		<u>Expenses</u>
<u>FY 2000</u>	<u>Actual Cost</u>	<u>1,235.040</u>
<u>FY 2001</u>	<u>Estimate in President's Budget</u>	<u>1,172.173</u>
<b>Estimated Impact in FY 2001 of Actual FY 2000 Actions</b>		32.046
	Termination of CCAD and LEAD RIF actions (Civ pay)	32.046
<b>Pricing Adjustments</b>		(4.057)
<b>Program Changes (less pricing adjustments)</b>		165.680
	Civilian Compensation (other than RIF related)	19.667
	Materials and Supplies	76.902
	Other Intrafund Purchases	(14.470)
	Other Intra-governmental Purchases	21.468
	Purchased Utilities (non-fund)	11.225
	Equipment Maintenance by Contract	10.238
	Travel	3.613
	Methods + Standards Contract Teams at all Depots	1.000
	Facility Maintenance by Contract	(3.774)
	Other Contracts	5.433
	Other miscellaneous and minor program changes (net)	(3.422)
	Revised Method for cost/revenue recognition	37.800
	Utilities increase	
<u>FY 2001</u>	<u>Current Estimate</u>	<u>1,365.842</u>

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Depot Maintenance, Army**

**Changes in the Costs of Operations  
(\$ in Millions)**

<u>FY 2001</u>	<u>Current Estimate</u>	<u>Expenses</u>
		<u>1,365.842</u>
<b>Pricing Adjustments</b>		36.011
Annualization of Prior Year Pay Raises		5.141
FY 2000 Pay Raise		15.489
Civilian Personnel	15.422	
Military Personnel	0.066	
Fund Price Changes		11.827
General Purchase Inflation		3.555
<b>Productivity Initiatives and Other Efficiencies</b>		(4.124)
Execute delayed QDR	(4.124)	
<b>Program Changes</b>		52.038
Civilian Compensation	23.858	
Materials and Supplies	22.968	
Military Compensation	0.202	
LOGMOD Sustainment Cost	3.815	
Increase in Methods and Standards function expense	2.000	
Other miscellaneous and minor program changes,	(4.405)	
Utilities increase	3.600	
<u>FY 2002</u>	<u>Estimated Cost</u>	<u>1,449.767</u>

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Ordnance**

**Functional Description**

The Ordnance Activity Group supports production of armaments and munitions; manufacture, renovation, and demilitarization of material; and ammunition stockpile management for all services within the Department of Defense and for foreign military customers. Two Major Subordinate Commands of the Army Materiel Command manage the business area. The Soldier Biological and Chemical Command, located at Aberdeen Proving Ground, MD, manages Pine Bluff Arsenal. The remaining installations: two arsenals, two ammunition plants, five ammunition storage depots, and three munitions centers are managed by the Operations Support Command, located at Rock Island, IL.

The Ordnance group's facilities provide the organic industrial capability to manufacture and sell quality munitions and large caliber weapons that are critical to the Army's capability to execute its warfighting mission. A number of these facilities also provide the full range of ammunition maintenance for modern weapons. Primary customers include the Army, the other U.S. Military Services, and Foreign Military Sales (FMS) for our allies. The activity group is also responsible for logistics management, including follow-on procurement, production, maintenance, engineering, and integrated logistics support management of ordnance for all U.S. Military Services. Additionally, seven of the ten activities provide base support for tenants on the installations they manage.

As a result of Base Realignment and Closure, 1995 (BRAC '95), two of the group's installations, Savanna and Seneca Depot Activities, closed in FY 2000 and are currently in an inactive, limited care and preservation status. In addition, Sierra Army Depot's strategic ammunition storage mission was eliminated. Savanna and Seneca are scheduled to complete decapitalization from the AWCF on September 30, 2001. Also, the Defense Non-tactical Generator and Rail Equipment Center (DGRC) mission at Tooele Army Depot, Tooele, UT, transferred to the Depot Maintenance Activity Group on September 30, 2000.

**Activity Group Composition**

**Pine Bluff Arsenal (PBA)**

Primary manufacturing capabilities include conventional ammunition and Chemical and Biological Defense Items to include: white phosphorous and red phosphorous munitions fill; signaling and obscuring smokes; incendiaries; irritants; and production and rebuild of decontaminating kits, large filters, masks and defensive chemical test equipment. PBA also provides base support to tenants.

**Pine Bluff, AR**

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Ordnance**

**Rock Island Arsenal (RIA)**

**Rock Island, IL**

Primary materiel and industrial capabilities include aircraft weapons, infantry weapons, air defense weapons and artillery; armament for tanks, artillery, personnel and cargo carriers; and special tools and tool sets. Major in-house programs include: Maintenance Truck, Heavy; spare parts for M119 and M198 Towed Howitzers; Explosive Ordnance Disposal vehicles; and 120MM Gun Mount for Abrams Main Battle Tank. Provides base support for approximately 40 tenants: Headquarters Operations Support Command (OSC), Tank and Automotive Command (TACOM), U.S. Army Industrial Engineering Activity, Army Health Clinic, DFAS-Operating Location, and about 35 other tenants.

**Watervliet Arsenal (WVA)**

**Watervliet, NY**

Primary materiel and industrial responsibilities include mortars, recoilless rifles, cannon for tanks and towed and self-propelled artillery, special tool sets, and training devices and simulators. Major in-house programs include: M256 Gun Tube, M284/M109A6 Howitzer, and XM297 Howitzer. Provides base support to tenants including: Army Health Clinic, Benet Laboratories, USMC Recruiting Command, and N.Y. Army National Guard.

**Crane Army Ammunition Activity (CAAA)**

**Crane, IN**

Primary materiel and industrial responsibilities include manufacturing; load and assembly; supply depot operations; and renovation, maintenance, and demilitarization of conventional ammunition and ammunition-related components. CAAA is a tenant on Crane Division, Naval Surface Warfare Center.

**McAlester Army Ammunition Activity (McAAP)**

**McAlester, OK**

Primary materiel and industrial responsibilities include rapid outload, maintenance, and demilitarization of conventional ammunition and missiles, and ammunition manufacturing. McAAP is the premier bomb loading facility for DoD. Provides base support to tenants including: Defense Ammunition Center; Naval Surface Warfare Center, Indian Head Division; U.S. Army Test, Measurement, and Diagnostic Equipment Support Center; and Army Health Clinic.

**Sierra Army Depot (SIAD)**

**Herlong, CA**

Primary materiel and industrial responsibilities include receipt, storage, Care of Supplies in Storage (COSIS), repair, assembly, disassembly, and shipment of major and secondary items for operational project stocks. Provides base support to tenants including: Occupational Health Clinic, Army Corps of Engineers, Defense Reutilization and Marketing Office, and Defense Commissary Agency.

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Ordnance**

**Tooele Army Depot (TEAD)**

**Tooele, UT**

Primary materiel and industrial responsibilities include design and development of Ammunition Peculiar Equipment. Stores, maintains, distributes, and demilitarizes conventional ammunition. Provides base support to tenants including: Army Health Clinic, Utah National Guard, DoD Printing Service, and 62<sup>nd</sup> Ordnance Company Provisional.

**Blue Grass Army Depot (BGAD)**

**Richmond, KY**

Primary materiel and industrial responsibilities include receipt, issue, storage, testing, and minor repair of Chemical Defense Equipment. Stores, maintains, distributes, and demilitarizes conventional ammunition. Provides base support to tenants including: Blue Grass Chemical Activity, Army Health Clinic, Army Corps of Engineers, and Raytheon (E-Systems).

**Savanna Army Depot Activity (SVDA)**

**Savanna, IL**

Closed in FY 2000 and scheduled for decapitalization in FY 2001 under BRAC '95.

**Seneca Army Depot Activity (SEDA)**

**Romulus, NY**

Closed in FY 2000 and scheduled for decapitalization in FY 2001 under BRAC '95.

**Red River Munitions Center (RRMC)**

**Texarkana, TX**

Stores, maintains, distributes, and demilitarizes conventional ammunition.

**Letterkenny Munitions Center (LEMC)**

**Chambersburg, PA**

Stores, maintains, distributes, and demilitarizes conventional ammunition.

**Anniston Munitions Center (ANMC)**

**Anniston, AL**

Stores, maintains, distributes, and demilitarizes conventional ammunition.

**Budget Highlights**

**Personnel:**

This budget submission reflects FY 2002 civilian manpower reductions resulting from declining workload. The majority of these reductions will occur at Rock Island and Watervliet Arsenals. Other reasons for the reductions are Base Support Outsourcing, the reengineering of functions associated with the final implementation of the FY 1997 Quadrennial Defense Review (QDR), and the decapitalization of Seneca and Savanna Depot Activities initiated by BRAC 95.

**Army Working Capital Fund  
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Ordnance**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY2002</b>
<b>Civilian End Strength</b>	5,865	5,854	5,618
<b>Civilian FTEs</b>	5,926	5,878	5677
<b>Military End strength</b>	16	20	21
<b>Military Workyears</b>	21	14	16

**Cost, Operating Results, and Rates:**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
<b>Cost of Goods &amp; Services Produced (\$M)</b>	691.7	686.8	647.5
<b>Cost of Goods &amp; Services Sold (\$M)</b>	694.3	695.9	642.3
<b>Net Operating Results (\$M)</b>	-54.5	-21.7	-36.7
<b>Accumulated Operating Results (\$M)</b>	58.6	36.9	0.1
<b>Customer Revenue Rate per DLH</b>	\$99.10	\$102.70	\$94.59
<b>Percent Change from Prior Year</b>	-5.7%	3.6%	-7.89%
<b>Unit Costs (\$/DLH)</b>	\$112.74	\$147.5	\$144.7
<b>DLH (000)</b>	6,158	4,718	4,439

**Costs:**

Costs decrease in FY 2002 primarily as a result of declining workload consistent with declines in weapon system modernization programs that represent a significant portion of this activity's business. Also, the delay of the USMC Lightweight-155MM Howitzer workload to FY 2003 contributed to lower expenses.

**Unit Costs:**

The unit cost is calculated by dividing Cost of Goods Sold by Direct Labor Hours (DLHs). Beginning in FY 2001, the Ordnance Business Activity ended the practice of classifying hours expended on base support operations as DLHs. As a result, DLH totals in FY 2001 are significantly lower than FY 2000. This results in the large increase in unit costs from FY 2000 to FY 2001.

**Operating Results and Rates:**

The FY 2000 Net Operating Result (NOR) of \$-54.5 million was above the budgeted NOR of \$-72.0 million largely due to an administrative error in the financial records. An FY 2000 expense of \$16.8 million was not recorded in the accounting system. This expense has been recorded in FY 2001 and is part of the reason the FY 2001 NOR

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declines from a projected \$13.9 million to \$-21.7 million. The other major causes of additional losses are increases in material and supplies, and utilities costs. The FY 2002 NOR is projected to be \$-36.7 million with customer rates set to achieve a near zero Accumulated Operating Result (AOR)

**Carry-over:**

The carry-over from FY 2000 was greater than projected in the FY 2001 President's Budget due to production slippages. Decreases in workload enable the business activity to reduce carryover below the three month threshold in FY 2001 and FY 2002.

(\$ in millions)	FY 2000	FY 2001	FY 2002
<b>New Orders</b>	655.6	523.4	519.8
<b>Carry-in</b>	411.1	408.6	254.1
<b>Gross Orders</b>	1,066.7	932.0	773.9
<b>Total revenue</b>	658.1	678.0	603.9
<b>Carry-over</b>	408.6	254.0	170.0
<b>Less: WIP</b>	13.7	4.5	9.7
<b>Less: BRAC, Non-DOD, FMS, Intra/Inter         DWCF (Excluding SMA)</b>	64.4	44.9	26.8
<b>Less: Contract Liabilities</b>	58.5	38.9	25.8
<b>Net Carry-over</b>	272.0	165.7	107.7
<b>Carry-over in Months</b>	5.0	2.9	2.1

**Performance Indicators:**

Performance indicators for the Ordnance activity are NOR (financial), Schedule Conformance and Shipping (timeliness), Scrap/Rework Costs (quality), and fill rate (customer satisfaction). In FY 2000, the NOR was 24 percent above budget projections (-\$54.5 million versus -\$72.0 million). This is due to the administrative error in not including the loss for equipment divesture (\$16.8 million) at Watervliet Arsenal in their expenses for FY 2000. Also in FY 2000, both Schedule Conformance and Shipping failed to meet prescribed standard primarily due to technical data problems at Crane and McAlester Army Ammunition Activities, and workload slippages caused by test failures, manufacturing delays, and contract disputes at Pine Bluff Arsenal.

**Capital Budget:**

The Ordnance Capital Investment Program (CIP) is outlined in the table below. In FY 2001, a 4 Axis Machining Center at Rock Island Arsenal and the physical security alarm

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system at Crane Army Ammunition Activity's will be replaced. In addition, a Trunked Radio System at Blue Grass Army Depot will be procured to be in compliance with the National Telecommunications and Information Administration mandates. Minor construction projects will be undertaken to replace or upgrade installation facilities that contribute to production deficiencies, use excessive resources, lack energy conservation, or do not comply with regulatory requirements addressing health, safety, environment and security concerns. Funding continues for the Army Workload and Performance System (AWPS), a congressionally mandated project that employs state of the art software technology to better manage complex workload and personnel strategies for depot maintenance, ammunition, base operations, logistics and manufacturing workload. In FY 2002, only critical modernization equipment purchases are programmed. The FY 2002 budget does however include software funding for the continued development and deployment of AWPS. In FY 2002, a laser punch will be replaced at Rock Island Arsenal in addition to other equipment items at several sites that have outlived their useful lives, become uneconomical to repair, or become unsafe to operate. In addition, funding is provided for information management projects that will replace obsolete and unrepairable equipment at Rock Island and Watervliet Arsenals, and at Tooele Army Depot. This state-of-the-art equipment will improve productivity, reduce maintenance costs, and improve security by lessening the threat of access by unauthorized sources.

<b>(\$ in millions)</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>
<b>Equipment</b>	7.0	11.9	4.8
<b>ADPE &amp; Telecommunications</b>	2.8	5.0	2.5
<b>Minor Construction</b>	3.4	7.8	1.0
<b>Software</b>	8.7	4.7	4.7
<b>TOTAL Army Working Capital Fund</b>	21.9	29.4	13.0

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**Revenue and Expenses  
(\$ in Millions)**

	FY 2000	FY 2001	FY 2002
<b>Revenue</b>			
Gross Sales:	658.1	678.0	603.9
Operations	620.8	659.7	588.0
Surcharges	18.3	5.5	2.0
Depreciation excluding Major Construction	19.0	12.8	13.9
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
 Total Income:	 658.1	 678.0	 603.9
<b>Expenses</b>			
Salaries and Wages:	347.5	345.5	336.8
Military Personnel Compensation & Benefits	1.9	1.8	1.5
Civilian Personnel Compensation & Benefits	345.6	343.7	335.3
Travel & Transportation of Personnel	3.6	6.3	6.1
Materials & Supplies (For Internal Operations)	116.9	98.9	91.4
Equipment	12.0	13.6	11.5
Other Purchases from Revolving Funds	44.6	24.0	24.5
Transportation of Things	5.4	3.0	2.2
Depreciation - Capital	19.0	12.8	13.9
Printing and Reproduction	0.6	0.8	0.8
Advisory and Assistance Services	6.7	3.4	3.1
Rent, Communication, Utilities, & Misc. Charges	21.1	34.3	34.9
Other Purchased Services	114.3	144.4	122.5
 Total Expenses:	 691.7	 686.8	 647.5
 Operating Result	 -33.7	 -8.8	 -43.6

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**Revenue and Expenses  
(\$ in Millions)**

	FY 2000	FY 2001	FY 2002
Less Surcharge Reservations	18.3	5.5	2.0
Plus Appropriations Affecting NOR/AOR (Utilities)			2.3
Other Changes Affecting NOR:	-2.6	-7.4	6.6
Other Inventory Adjustments			
Net Change in Work in Process	2.6	9.2	-5.2
Excess Equipment Divestiture		-1.7	-1.4
Net Operating Result	-54.5	-21.7	-36.7
Prior Period Adjustments	41.3		
Prior Year Accumulated Operating Result	55.1	58.6	36.9
Accumulated Operating Result	41.9	36.9	0.1
Non-Recoverable Amounts	16.8		
Prior Year Non-Recoverable			
One-Time Extraordinary Write-off	16.8		
Recoverable Accumulated Operating Result	58.6	36.9	0.1
Memo:			
Beginning Work in Process	16.2	13.7	4.5
Ending Work in Process	13.7	4.5	9.7
Cost of Goods Sold:	694.3	695.9	642.3

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**Source of Revenue  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	269.8	258.1	248.4
Operations & Maintenance, ARNG	0.3	0.4	0.4
Operations & Maintenance, AR	1.0	0.1	
Subtotal, O&M:	271.1	258.6	248.8
Aircraft Procurement	2.9		
Missile Procurement	3.9	3.2	2.4
Weapons & Tracked Combat Vehicles	34.5	39.9	29.7
Procurement of Ammunition	102.9	72.4	98.7
Other Procurement	28.4	6.6	5.5
Subtotal, Procurement:	172.7	122.0	136.4
RDTE	9.2	9.5	9.1
BRAC	5.0	0.8	0.2
Family Housing	1.2	1.7	1.7
Military Construction	1.8		
Other	4.3	1.1	10.0
Subtotal, Department of Army:	465.2	393.8	406.3
Department of Air Force O&M	6.6	3.4	2.5
Department of Air Force Investment		1.6	2.5
Department of Navy O&M	8.9	0.6	1.5
Department of Navy Investment		7.4	6.3
US Marines O&M	6.1	7.3	7.3
US Marines Investment		3.5	
Department of Defense O&M	0.5	0.0	0.0
Department of Defense Investment			
Subtotal, Other DoD Services:	22.2	23.8	20.2
Other DoD Agencies:	21.7	10.9	8.8
Other DoD Agencies	15.6	10.9	8.8
CAWCF	6.1		

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**Source of Revenue  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
b. DWCF:			
Depot Maintenance, Army	5.0	28.7	18.1
Ordnance, Army	0.1	3.2	1.8
Supply Management, Army	65.9	18.2	23.7
DECA	0.0	0.1	0.1
DFAS	0.6	2.7	2.0
DISA		1.2	0.8
DLA	0.9	0.1	0.1
Other	14.6	6.4	6.0
Subtotal, DWCF:	87.2	60.5	52.5
Congressional add for rate reduction-offset		-11.5	
c. Total DoD	596.3	477.6	487.8
d. Other Orders:	59.3	45.8	32.0
Other Federal Agencies	2.4	6.7	7.2
Foreign Military Sales	38.7	22.2	14.6
Nonappropriated	12.9	0.4	0.3
Non-Federal Agencies	5.3	16.4	9.9
Total New Orders:	655.6	523.4	519.8
2. Carry-in Orders	411.1	408.6	254.1
3. Total Gross Orders	1066.7	932.1	773.9
4. Funded Carry-over	408.6	254.1	170.1
5. Total Gross Sales	658.1	678.0	603.9
6. Number of Months of Carry-Over	5.0	2.9	2.1

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**Changes in Cost of Operation  
(\$ in Millions)**

	<u>Expenses</u>
<b>FY 2000 Actual Cost</b>	691.7
<b>FY 2001 Estimate in President's Budget</b>	655.0
<b>Estimated Impact in FY 2001 of Actual FY 2000 Actions</b>	3.4
Increased inflation	1.0
Additional VSIP/RIF requirements	2.4
PBD 407 Depreciation	0.0
<b>Pricing Adjustments</b>	
<b>Program Changes</b>	28.3
Mtls/Supplies	8.8
Facility Repair/Maintenance	3.5
Equipment Divestiture	18.7
Depreciation	-2.7
Other Purchased Services	4.0
Civilian Pay	-4.0
<b>FY 2001 Current Estimate</b>	686.8

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**Changes in Cost of Operation  
(\$ in Millions)**

	<u>Expenses</u>
<b>FY 2001 Current Estimate</b>	686.8
<b>Pricing Adjustments</b>	18.1
Annualization of Prior Year Pay Raises	3.0
FY 2000 Pay Raise	9.1
Civilian Personnel	9.0
Military Personnel	0.1
Fund Price Changes	2.7
General Purchase Inflation	3.3
<b>Program Changes</b>	-57.4
Military Pay	-0.4
Civilian Pay	-20.5
General Inflation	0.2
Facility/Depreciation	-0.5
Equipment Divestiture	1.4
DLA Supply Rate	-0.2
Materials/Supplies	-10.1
Fuel Inflation	0.5
Navy ISA	-14.0
HQ Mgmt	-3.0
Other Contracts	-0.3
Equipment Purchases	-2.2
Other Purchased Services	-10.5
Purchase Utilities (non-fund) Increase	2.3
 <b>FY 2002 Estimated Cost</b>	 647.5

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Information Services**

**Functional Description**

The primary mission of the Information Services Activity Group is to provide for the development and sustainment of automated information and communications systems. This activity provides a multitude of services including requirements analysis and definition, system design, development testing, integration, implementation support, and documentation of services in support of the Department of Defense and Foreign Military Sales customers.

The Information Services Activity Group is comprised of two Central Design Activities (CSAs), an Integrated Logistics Systems Office, and a Small Computer Program. The CDAs are Software Development Centers (SDC), Lee and Washington, which provide support for Personnel and Retail Logistics Systems. The Integrated Logistics Systems Offices (ILSO), located in Chambersburg, PA, and St. Louis, MO, provide subject matter expertise and government oversight of the Wholesale Logistics Modernization Program (WLMP) contractor. The WLMP will provide the Army an integrated logistics management capability that enables total asset visibility, velocity management, enhanced decision support capability, and improved forecasting accuracy. This will better enable the Army to deliver needed supplies to the operating forces while at the same time reducing inventories. The Army Small Computer Program (ASCP), provides customers with fully-competed commercial sources of small and medium computers, software, networking infrastructure, and support services. The U.S. Army Communications and Electronics Command (CECOM), located at Fort Monmouth, NJ, exercises management control over the activity group.

Effective FY 2002 stabilized rates in this activity group are eliminated and all customers will pay for services through direct reimbursement.

**Activity Group Composition**

This activity group consists of the following activities:

1. Software Development Centers:
  - a. Software Development Center-Washington (SDC-Washington), Fort Meade, MD  
Systems Supported:
    - Inspector General Network (IGNET)
    - Housing Operations Management System (HOMES)
    - Installation Support Modules (ISM)
    - Financial Management Information System
    - Cold War Recognition System (CWRS)
    - Atlanta Systems (Central Issue Facility) [Management of clothing and equipment

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at installation level.]

Acquisition Reporting Integrated Executive System  
Defense Travel System (DTS)

- A BRAC '95 decision mandated relocation of SDC-Washington from their leased facility in Fairfax, VA, to Fort Meade, MD. The move was completed in June 2000.

- b. Software Development Center-Lee (SDC-Lee), Fort. Lee, VA  
Systems Supported:

Integrated Facilities Systems (IFS)

Army Food Management Information System (AFMIS)

Standard Army Retail System (SARSS)

Transportation Coordinator Automated Command and Control Information System (TCACCIS)

Standard Property Book System-Redesign (SPBS-R)

Automated Systems Criminal Investigations - Criminal Investigation Command (ASCI-CIDC)

Global Combat Service Support Control System (GCSSCS-Army)

2. Integrated Logistics Systems Office (ILSO), Chambersburg, PA, and St. Louis, MO Effective 1 July 2000, the software maintenance and sustainment missions of the Industrial Logistics Systems Center (ILSC) in Chambersburg, and the Logistics Systems Support Center (LSSC) in St. Louis were outsourced to the Computer Science Corporation with the implementation of the Army's Wholesale Logistics Modernization Program (WLMP). All mission-related work at these centers was privatized and is now performed by the Computer Science Corporation. ILSO has a Retained Government Office of 79 government personnel formerly of ILSC and LSSC. This organization provides subject matter expertise and government oversight of the WLMP contract.
3. U.S. Army Information Systems Management Activity Small Computer Program (SCP), Fort Monmouth, N.J.  
Purchases from commercial sources small and medium computers, software, network infrastructure, and support services for Army, DoD and Government customers.

**Budget Highlights**

Civilian and military End Strengths and Full Time Equivalent (FTEs) are as follows:

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	FY 2000	FY 2001	FY 2002
<b>Civilian End Strength</b>	299	295	275
<b>Civilian FTEs</b>	586	293	282
<b>Military End Strength</b>	8	21	5
<b>Military Workyears</b>	17	6	6

**Personnel:**

The significant decrease in civilian Full Time Equivalent (FTE) from FY 2000 to FY 2001, and the mismatch between FY 2000 end strength and FTE is primarily the result of the implementation of the Wholesale Logistics Modernization Program (WLMP) in June of FY 2000. The higher FY 2000 FTE number is because the government employees worked for most of the year before leaving the payroll. End Strength decreases another 20 spaces from FY 2001 to FY 2002 because of continuing workload decreases projected at SDC-Lee and SDC-Wash.

**Costs, Operating Results, and Rates:**

	FY 2000	FY 2001	FY 2002
<b>Costs of Goods &amp; Services Produced (Expenses) (\$M)</b>	136.2	135.0	95.9
<b>Costs of Goods and Services Sold (\$M)</b>	136.2	135.0	95.9
<b>Net Operating Results (\$M)</b>	-1.3	9.7	0.1
<b>Recoverable Accumulated Operating Results (\$M)</b>	-9.7	-0.1	0.0
<b>Customer Revenue Rate per DLH</b>	\$83.38	\$61.19	N/A
<b>Percent Rate Change from Prior Year</b>	19.23%	-26.60%	N/A
<b>Unit Costs (\$/DLH)</b>	\$112.95	\$164.56	\$153.82
<b>DLH (000)</b>	608	254	237

**Costs:**

Costs in FY 2001 are inflated for high carry-over from FY 2000 for the transition to the Wholesale Logistics Modernization Program (WLMP) and the loss of productivity at SDC-Washington due to its BRAC '95 mandated relocation from Fairfax, VA, to Fort Meade, MD. In addition, there is a decrease to FY 2002 costs due to the loss of workload at both SDC-Lee and SDC-Washington, and the outsourcing of some non-WLMP work at the two ILSOs.

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**Unit Costs:**

The Unit Costs for FY 2001 and FY 2002 are the total costs minus contractor costs at SDC-Lee, SDC-Washington, and ILSO, divided by the number of billable hours performed by federal employees at these activities. Since ILSO does not have any billable hours performed by federal employees starting in FY 2001, the unit costs in FY 2001 and FY 2002 are skewed upward. This is due to the costs of the Retained Government Organization at ILSO, as well as the costs at SDC-Lee and SDC-Washington being compared to the federal employee workload at SDC-Lee and SDC-Washington alone.

**Operating Results and Rates:**

The decrease in revenue and expenses in FY 2002 reflects the latest customer workload projections. Given the past rate fluctuation associated with the small size of this business and the accumulated losses due to continuous workload reductions, we have moved away from a stabilized rate to a customer reimbursable program starting in FY 2002. Further substantiating this plan is that the bulk of this business finances contracts via a "pass-through" of appropriated funds, representing a trend towards increased commercialization and away from organic government support. The net result of this plan is an FY 2002 Net Operating Result of \$0.1 million and an Accumulated Operating Result of zero.

**Carry-Over:**

There is no net "carry-over" for this activity group since all "carry-over" is contractor related.

	FY 2000	FY 2001	FY 2002
<b>New Orders (\$ in millions)</b>	140.2	93.1	93.8
<b>Carry-In</b>	36.9	42.2	6.1
<b>Gross Orders</b>	177.1	135.3	99.9
<b>Total Revenue</b>	134.5	129.2	96.0
<b>Carry-Over</b>	42.2	6.0	3.9
<b>Less: WIP</b>	0	0	0
<b>Less: BRAC, Non-DoD, FMS</b>	8.9	0	0
<b>Intra/Inter DWCF (excluding SMA)</b>	0	0	0
<b>Less: Contract Liabilities</b>	33.3	6.0	3.9
<b>Net Carry-Over</b>	0	0	0
<b>Carry-Over in Months</b>	0	0	0

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**Performance Indicators:**

The Information Services Activity Group has performance goals of achieving the budgeted Net Operating Result (NOR) and Direct Labor Hours (DLH's). The performance indicators for the Small Computer Program are customer satisfaction and timeliness of customer receipt of products. This activity group did not meet its planned NOR target for FY 2000 primarily due to unplanned civilian separation costs at SDC-Lee. This activity failed to meet its budgeted DLH's by 7.5 percent due to loss of workload at both Software Development Centers.

**Capital Budget:**

There are no capital projects required for the Information Services Working Capital Fund.

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**Revenue and Expenses  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
<b>Revenue</b>			
Gross Sales:	134.9	129.3	96.0
Operations	134.8	129.2	95.9
Surcharges			
Depreciation excluding Major Construction	0.1	0.1	0.1
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
 Total Income:	 134.9	 129.3	 96.0
 <b>Expenses</b>			
Salaries and Wages:	47.8	22.4	20.2
Military Personnel Compensation & Benefits	1.2	1.6	0.6
Civilian Personnel Compensation & Benefits	46.5	20.9	19.6
Travel & Transportation of Personnel	1.0	0.6	0.6
Materials & Supplies (For Internal Operations)	0.6	0.2	0.2
Equipment	3.1	0.5	0.5
Other Purchases from Revolving Funds	5.3	1.4	1.1
Transportation of Things	0.0	0.0	0.0
Depreciation - Capital	0.1	0.1	0.1
Printing and Reproduction	0.0	0.0	0.0
Advisory and Assistance Services	4.9	4.0	2.5
Rent, Communication, Utilities, & Misc. Charges	1.6	0.8	0.8
Other Purchased Services	72.0	104.8	69.8
HQDA Proposed Changes			
Total Expenses:	136.2	135.0	95.9
 Operating Result	 -1.3	 -5.7	 0.1
 Less Cash Transfers		 15.4	
Cash		15.4	
 Plus Appropriations Affecting NOR/AOR			 0.0
Net Operating Result (Recoverable)	-1.3	9.7	0.1

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**Revenue and Expenses  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Prior Period Adjustments	-0.7		
Prior Year Accumulated Operating Result	-7.4	-9.8	-0.1
Accumulated Operating Result	-9.5	-0.1	0.0
Non-Recoverable Amounts	-0.3		
Recoverable Accumulated Operating Result	-9.8		

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**Source of Revenue  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	60.7	43.7	43.6
Operations & Maintenance, ARNG	0.0	0.1	0.1
Operations & Maintenance, AR	0.0		
Subtotal, O&M:	60.7	43.8	43.7
Aircraft Procurement	0.0		
Missile Procurement	0.0		
Weapons & Tracked Combat Vehicles			
Procurement of Ammunition			
Other Procurement	4.3	0.3	0.3
Subtotal, Procurement:	4.3	0.3	0.3
RDTE	0.9	0.0	0.0
BRAC			
Family Housing	3.2	1.9	3.1
Military Construction			
Other			
Subtotal, Department of Army:	69.1	46.0	47.1
Department of Air Force O&M			
Department of Air Force Investment			
Department of Navy O&M		0.4	0.4
Department of Navy Investment			
US Marines O&M			
US Marines Investment			
Department of Defense O&M		0.1	0.1
Department of Defense Investment			
Subtotal, Other DoD Services:		0.5	0.5

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**Source of Revenue  
(\$ in Millions)**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Other DoD Agencies:	2.2	0.8	0.0
Other DoD Agencies CAWCF	2.2	0.8	0.0
b. DWCF:			
Depot Maintenance, Army	11.8	9.9	10.0
Information Services, Army		0.1	0.1
Ordnance, Army			
Supply Management, Army	46.6	28.4	28.4
DECA			
DFAS	4.4	2.8	3.1
DISA		0.0	0.0
DLA	1.9	3.5	3.5
JLSC			
TRANSCOM		0.0	0.0
Other	0.0	0.0	0.0
Subtotal, DWCF:	64.7	44.7	45.2
c. Total DoD	136.0	92.1	92.8
d. Other Orders:	4.2	1.0	1.1
Other Federal Agencies		0.5	0.5
Foreign Military Sales		0.6	0.6
Trust Fund			
Nonappropriated		0.0	0.0
Non-Federal Agencies	4.2		
Total New Orders:	140.2	93.1	93.8
2. Carry-in Orders	36.9	42.2	6.1
3. Total Gross Orders	177.1	135.3	99.9
4. Funded Carry-over	42.2	6.0	3.9
5. Total Gross Sales	134.9	129.3	96.0
6. Number of Months of Carry-Over		0.0	0.0

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Information Services**

**Changes in the Costs of Operations  
(\$ in Millions)**

	<u><b>Expenses</b></u>
<b>FY 2000 Actual Cost</b>	136.218
<b>FY 2001 Estimate in President's Budget</b>	105.944
<b>Estimated Impact in FY 2001 of Actual FY 2000 Actions</b>	
<b>Program and Pricing Changes</b>	29.027
Military Personnel Compensation	(0.020)
Civilian Personnel Compensation	(4.602)
Travel and Transportation of Personnel	(0.607)
Materials and Supplies	(0.181)
Equipment	(1.174)
Other Purchases from Revolving Funds	(1.617)
Printing and Reproduction	0.003
Advisory and Assistance Services	1.001
Rent, Communications Utilities and Miscellaneous Charges	(4.590)
Other Purchased Services	40.813
<b>FY 2001 Current Estimate</b>	134.971

**Army Working Capital Fund  
FY 2002 Amended Budget Submission  
Information Services**

**Changes in the Costs of Operations  
(\$ in Millions)**

		<u><b>Expenses</b></u>
<b>Pricing Adjustments</b>		2.633
Annualization of Prior Year Pay Raises		0.193
FY 2000 Pay Raise		0.830
Civilian Personnel	0.772	
Military Personnel	0.058	
Fund Price Changes		0.131
General Purchase Inflation		1.469
Additional Utilities Charges for Pricing Changes (June 2001)		0.010
<b>Program Changes</b>		(41.674)
Military Personnel Compensation	(1.024)	
Civilian Personnel Compensation	(2.090)	
Travel and Transportation of People	(0.004)	
Materials and Supplies	(0.006)	
Equipment	(0.003)	
Other Purchases from Revolving Funds	(0.377)	
Printing and Reproduction	(0.001)	
Advisory and Assistance Services	(1.489)	
Other Purchased Services	(36.680)	
 <b>FY 2002 Estimated Cost</b>		 95.930

**Activity Group Capital Investment Summary  
Supply Management**

(\$ in Millions)

Line No.	Description	FY 00		FY01		FY 02	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	<b>SOFTWARE</b>						
00-2	Wholesale Log Modernization Program	1	25.567	1	28.318	1	17.093
99-4	Commercial Asset Visibility II (CAVII)	3	1.000	28	2.770	23	2.147
98-14	Common Operating Environment (COE)	1	4.841	1	6.240	1	4.900
97-6	Single Stock Fund (SSF)	2	34.347	2	26.495	2	20.748
	<b>SOFTWARE TOTAL</b>	7	65.755	32	63.823	27	44.888
	<b>Activity TOTAL</b>	7	65.755	32	63.823	27	44.888

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)										A. Budget Submission FY2002 Amended Budget Submission		
B. Component, Activity Group, Date Supply Management, Army 5-Feb-01				C. Line No 00-2		Item Description Wholesale Log Modernization Program				D. Activity Identification Comm. & Electronics Command		
Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Contractor Support	1	25,567.000	25,567.000	1	28,318.000	28,318.000	1	17,093.000	17,093.000			
TOTAL	1		25,567.000	1		28,318.000	1		17,093.000			
Narrative Justification:												
<p><b>a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> The current Army standard logistics systems are based on 25-year-old computer technology and depend on large layered inventory levels to support a forward deployed force against the Cold War enemy. The current process is characterized by a lack of flexibility, has resulted in separate wholesale and retail systems, and suffers from long shipping times and limited visibility of the supply pipe-line. The Army must reengineer its logistics processes to provide the flexibility to support today's CONUS-based power projection scenarios and utilize modern information technology enablers that will provide real time visibility of the entire logistics supply chain and support the Revolution in Military Logistics.</p> <p><b>b. ANTICIPATED BENEFITS:</b> The Wholesale Logistics Modernization Program is a ten-year project to correct the noted deficiencies. It will enable the Army to take advantage of commercial expertise, experience, and investments in process improvement and information technology. The Army Materiel Command (AMC) will be able to perform business process reengineering (BPR), adopt market-driven business practices, and provide significantly improved services. The new process will help us achieve synchronization with Global Combat Support System - Army. The Army will retain Intellectual Property Rights to all documentation with regard to BPR reports, system description and implementation plans. The Supply Management portion of the ten-year investment will total about \$129 M, part of a \$171M program, which also includes the Depot Maintenance business area.</p> <p><b>c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> AMC will be forced to maintain inefficient and unduly expensive wholesale logistics processes due to the limitations of the current automated system, the Commodity Command Standard System. The system contains processes that are outdated, expensive to maintain, and technically vulnerable. The COBOL 74 compiler supporting the system is no longer supported by the manufacturer. These deficiencies will preclude the Army from providing an agile logistics support capability as required by the Revolution in Military Logistics.</p> <p><b>d. ECONOMIC ANALYSIS PERFORMED?</b> A comparative cost analysis was performed in lieu of an EA by the Cost Analysis Division, Directorate for Resource Management, CECOM, Ft. Monmouth, N.J</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$112,001	Net Present Value of Benefits:		N/A	Benefit to Investment Ratio:		N/A	Payback Period:		N/A		

<b>SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)</b>	A. Budget Submission FY2002 Amended Budget Submission
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B. Component, Activity Group, Date Supply Management, Army                      5-Feb-01	C. Line No 99-4	Item Description Commercial Asset Visibility II (CAVII)	D. Activity Identification Army Materiel Command
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Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost									
LABOR	1	650.000	650.000	1	1,430,000	1,430,000	1	324.000	324.000			
TRAVEL	1	100.000	100.000	1	300,000	300,000	1	83.000	83.000			
*CONTRACT AWARDS	1	250.000	250.000	26	40,000	1,040,000	20	26.000	520.000			
CSC/NAVY-FMSO-TECH SPT							1	1,220.0	1,220.00			
TOTAL	3		1,000.000	28		2,770.000	23		2,147.000			

**Narrative Justification:**

**a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Under the current asset management system, the Inventory Control Points (ICPs) have limited visibility over assets being repaired at commercial contractors sites. There is no automated link to CCSS for accountability reporting and shipment notification. There is no method for identifying and correcting financial or inventory imbalances. Physical inventories done at 29 contractor sites showed major discrepancies between government and contractor records. CCSS had an overall accuracy rate of only 42.8%. Assets totaling \$203M were unaccounted for at the ICPs and assets totaling \$12M were unaccounted for at the contractor sites.

**b. ANTICIPATED BENEFITS:** CAV II provides better asset visibility at contractor maintenance sites by facilitating the reporting to CCSS of receipts, inductions, completions, shipments, disposals, and other asset transactions. CAV II improves shipping procedures, measures repair turn-around time, and monitors contractor performance. Continued deployments will correct financial and inventory imbalances between CCSS and contractor accountable records. Accurate databases will reduce unnecessary procurements and optimize stock availability. CAV II will also interface with the Wholesale Logistics Modernization Program, when the modernized system is developed. The requested funds will upgrade the system from DOS-based to web capabilities at the sites where it is already deployed and fund the initial deployments at other sites.

**c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Financial and inventory imbalances in CCSS and the contractors' records will continue to escalate. The initial deployments and web-based enhancements will not be accomplished. A material weakness recognized by the Department of the Army (DA) will not be corrected, that of the lack of accurate visibility over components repaired under National Maintenance Contracts. DA direction that CAV II implementation be expedited at all Army ICPs will not be complied with.

**d. ECONOMIC ANALYSIS PERFORMED?** Yes.

<b>ECONOMIC INDICATORS:</b>					
Total Cost of the Project	\$8,197	Net Present Value of Benefits:	45,800	Benefit to Investment Ratio:	6.59
				Payback Period:	1.52

<b>SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)</b>	A. Budget Submission FY2002 Amended Budget Submission
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B. Component, Activity Group, Date Supply Management, Army                      5-Feb-01	C. Line No 98-14	Item Description Common Operating Environment (COE)	D. Activity Identification Army Materiel Command
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Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software	1	4,841.000	4,841.000	1	6,240.000	6,240.000	1	4,899.656	4,899.656			
<b>TOTAL</b>	<b>1</b>		<b>4,841.000</b>	<b>1</b>		<b>6,240.000</b>	<b>1</b>		<b>4,899.656</b>			

Narrative Justification:

**a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** There are currently about 8,940 disparate non-standard and bridge systems at the various Major Subordinate Commands (MSC) and Separate Reporting Activities (SRA) of AMC, of which roughly 60% support supply management activities. The obsolete design characteristics of these systems impede technology insertions and limit user access. They also hamper efforts to introduce business process improvements and cause logistics costs to rise with each system change. This combination of archaic structure, lack of documentation, and outdated technology makes it extremely difficult to respond to rapidly changing business requirements which demand modern technology.

**b. ANTICIPATED BENEFITS:** This effort will provide a Windows-based common technology architecture for the various wholesale logistics processes, designed around a client-server model. The COE will allow the users of logistics systems to perform all business functions from a single workstation. Using a Graphical User Interface (GUI) they will be able to integrate data from the various separate logistics systems, thus reducing the time and effort of analyzing the currently fragmented data, which resides on numerous non-standard applications. It will implement an open architecture, that prescribes the rules whereby applications can share data. The numerous current systems will be consolidated and linked to make business process reengineering possible. A standard technical architecture will be in place to allow new command-unique systems to be included. The common operating environment will also give the users an interface with the modernized Wholesale Logistics Modernization Program (WLMP) system, when it is developed.

**c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The Army's wholesale supply systems will remain inefficient and costly, even with significant upgrades, such as the WLMP. This effort will complement WLMP by providing a common technology architecture to all wholesale logistics processes and by reducing support costs and infrastructure needs.

**d. ECONOMIC ANALYSIS PERFORMED?** No. Directed by DoD in Joint Vision 2010 (Joint Chiefs of Staff Implementation Policy, CJCSI 3010.01), the Defense Planning Guidance (DPG) for FY 1999-2003, and the Quadrennial Defense Review (QDR) of May 1997. Economic Analyses will be completed, where cost savings are quantifiable, for individual efforts within this initiative.

<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$44,129	Net Present Value of Benefits:	NA	Benefit to Investment Ratio:	NA	Payback Period:	NA					

<b>SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)</b>	A. Budget Submission FY2002 Amended Budget Submission
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B. Component, Activity Group, Date Supply Management, Army                      5-Feb-01	C. Line No                      Item Description 97-6                              Single Stock Fund (SSF)	D. Activity Identification Army Materiel Command
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Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Travel	1	200.000	200.000	1	200.000	200.000	1	200.000	200.000			
Contracts/CDAs	1	34,147.000	34,147.000	1	26,295.000	26,295.000	1	20,548.000	20,548.000			
<b>TOTAL</b>	<b>2</b>		<b>34,347.000</b>	<b>2</b>		<b>26,495.000</b>	<b>2</b>		<b>20,748.000</b>			

Narrative Justification:

**a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The Army Stock Fund has a horizontal management structure (with two points of sale) because supply and financial operations were decentralized to Army Materiel Command (AMC) for the wholesale level and to other Major Commands (MACOMs) for the retail level. The MACOMs have further decentralized retail operations to their installations. Decentralized stock record accounting generates redundant supply inventories and allows retail managers to order supplies the Army doesn't need.

**b. ANTICIPATED BENEFITS:** The SSF concept integrates retail and wholesale inventory, management, and financial accounting functions to produce business process improvements and inventory efficiencies. A vertical stock fund for Army managed items will eliminate one point of sale between AMC and the installations. Eliminating this point of sale will end duplication in logistical and financial processing. It will also support velocity management by reducing order-ship-time while providing greater excess asset visibility for redistribution and procurement offsets. Global asset visibility and ownership of installation inventories will prevent buying what the Army already owns and disposal of what the Army needs, thereby increasing overall Army readiness. With SSF, the wholesale level will gain ownership and visibility over Army installation assets and thus be able to respond more rapidly than the installation to high priority Non-Mission Capable Supply (NMCS) requisitions. SSF is a re-engineering of Army logistical and financial processes in a legacy system environment. The Army's information technology modernization initiatives, such as the Wholesale Logistics Modernization Program (WLMP) and the Global Combat Support System-Army (GCSS-A), will incorporate these re-engineering changes.

Continued on next page

<b>ECONOMIC INDICATORS:</b>											
Total Cost of the Project	\$110,931	Net Present Value of Benefits:	\$480,180	Benefit to Investment Ratio:	5.33	Payback Period:	1.88				

<b>SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION</b> <b>SOFTWARE</b> <b>(\$ in Thousands)</b>	A. Budget Submission FY2002 Amended Budget Submission
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B. Component, Activity Group, Date Supply Management, Army                      5-Feb-01	C. Line No                      Item Description 97-6                              Single Stock Fund (SSF)	D. Activity Identification Army Materiel Command
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Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost									
TOTAL												

Narrative Justification:

**c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The business rule changes being developed in the SSF are part of the foundation for the development of the WLMP objective system and of the GCSS-A. If funding is not approved, the Army Stock Fund will continue to process in an inefficient horizontal structure, which may jeopardize readiness. As downsizing minimizes funding and resources, the redundancies of processing wholesale and retail systems must be minimized. Also, efficiencies must be gained in the redistribution of assets. FY01 total cost reflects the approved program plus an unfinanced requirement of \$3.370M. Execution year (FY01) reprogramming and or additional resources must be pursued or ability to meet CSA directive to implement the program will be at risk.

**d. ECONOMIC ANALYSIS PERFORMED?** Yes. The initial EA was performed in FY1995. A subsequent Cost Benefit analysis (CBA) was performed in 1997. The latest CBA was performed in 1999 and validated by CEAC and AAA. The SSF was directed under Defense Resource Management Directives (DRMD) 901 and 927J, November 1989.

<b>ECONOMIC INDICATORS:</b>			
Total Cost of the Project	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

**Exhibit Fund 9d Capital Budget Execution  
 Department of Army  
 Supply Management  
 5-Feb-01  
 (\$ in Millions)**

FY 2000

**PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET**

<u>FY</u>	<u>Project Title</u>	<u>Approved Project Amount</u>	<u>Approved Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/Deficiency</u>	<u>Explanation</u>
<b><u>EQUIPMENT</u></b>							
<b><u>AUTOMATED DATA PROCESSING</u></b>							
<b><u>MINOR CONSTRUCTION</u></b>							
<b><u>SOFTWARE</u></b>							
FY 00	Wholesale	25.087	0.480	25.567	25.567		Reprogrammed In from Single Stock Fund
FY 00	Commercial	1.000	0.000	1.000	1.000		
FY 00	Common C	4.287	0.554	4.841	4.841		\$342K Reprogrammed In from CCSS CDC, \$42K from SSF, and \$170K from DM
FY 00	CCSS Cen	0.342	(0.342)	0.000	0.000		Reprogrammed Out to COE
FY 00	Single Stoc	34.869	(0.522)	34.347	34.347		\$480K Reprogrammed Out to WLMP \$42K Reprogrammed Out to COE
	Total	65.585	0.170	65.755	65.755	0.000	

Exhibit Fund 9d Capital Budget Execution  
 Department of Army  
 Supply Management  
 5-Feb-01  
 (\$ in Millions)

FY 2001

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<b><u>EQUIPMENT</u></b>							
<b><u>AUTOMATED DATA PROCESSING</u></b>							
<b><u>MINOR CONSTRUCTION</u></b>							
<b><u>SOFTWARE</u></b>							
FY 01	Wholesale Log Modernization Program	28.318		28.318	28.318		
FY 01	Commercial Asset Visibility II (CAVII)	2.770		2.770	2.770		
FY 01	Common Operating Environment (COE)	6.240		6.240	6.240		
FY 01	Single Stock Fund (SSF)	23.125		23.125	26.495	(3.370)	Unfinanced Requirement (\$3.370M)
	<b>Total</b>	60.453		60.453	63.823		

Activity Group Capital Investment Summary							
Depot Maintenance							
(\$ in Millions)							
Line No.	Description	FY 00		FY01		FY 02	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	<b>EQUIPMENT-Replacement</b>						
99-01	Various Capital Equipment (<500K)	4	0.722	4	2.246	10	3.135
02-01	ASRS Mini-Load Vehicle Positioning System					1	0.605
02-02	Electron Beam Welder					1	2.631
01-01	ASRS Manager System Upgrade			1	0.754		
	SUBTOTAL	4	0.722	5	3.000	12	6.371
	<b>EQUIPMENT- Productivity</b>						
01-02	Plasma Spray Equipment			1	0.580		
02-04	Hydro-Mechanical Unit (HMU) Test Stand	1	0.600			1	0.700
	SUBTOTAL	1	0.600	1	0.580	1	0.700
	<b>EQUIPMENT- Environmental</b>						
	<b>EQUIPMENT- New Mission</b>						
	<b>EQUIPMENT TOTAL</b>	5	1.322	6	3.580	13	7.071

Activity Group Capital Investment Summary							
Depot Maintenance							
(\$ in Millions)							
Line No.	Description	FY 00		FY01		FY 02	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	<b>AUTOMATED DATA PROCESSING</b>						
	<b>MINOR CONSTRUCTION</b>						
99-07	Various Minor Construction	8	1.889	5	1.918	4	2.191
	MINOR CONSTRUCTION TOTAL	8	1.889	5	1.918	4	2.191
	<b>SOFTWARE</b>						
99-08	Army Workload and Performance System	1	2.713	1	3.599	1	2.943
99-10	SDS Common Operating Environment (COE)			1	1.000	1	8.800
00-06	Wholesale Logistics Modernization Program	1	6.913	1	9.600	1	5.867
	SOFTWARE TOTAL	2	9.626	3	14.199	3	17.610
	<b>Activity TOTAL</b>	15	12.837	14	19.697	20	26.872

**DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION**  
**EQUIPMENT- Replacement**  
**(\$ in Thousands)**

A. Budget Submission  
FY 2002 Amended  
Budget Submission

B. Component, Activity Group, Date  
Depot Maintenance

5-Feb-01

C. Line No  
99-01

Item Description  
Various Capital Equipment (<500K)

D. Activity Identification  
All Depots

Element of Cost	FY 00			FY 01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Unit Cost
Various Other Equip (<\$500K)	4	180.500	722.000	4	561.500	2,246.000	10	313.500	3,135.000			
TOTAL	4		722.000	4	561.500	2,246.000	10	313.500	3,135.000			

**Narrative Justification:**

**a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Various depot equipment items have outlived their useful lives, become uneconomical to repair, or become unsafe to operate. Other equipment is technologically obsolete and its continued use reduces productivity. Some equipment investments are needed to meet environmental requirements.

**b. ANTICIPATED BENEFITS:** The "Heat Exchanger Test Stand" at Corpus Christi Army Depot (CCAD) and the "Air Conditioner Upgrade" project at Letterkenny Army Depot (LEAD) will replace aged equipment, which has outlived its useful life and has become expensive to repair. The "Engine Test Data Feedback to Shop" at CCAD will increase productivity by implementing artificial intelligence to identify the causes of engine failures. The "Volatile Organic Compound (VOC)" project at LEAD is needed to comply with environmental directives and enable the depot to continue painting operations. The "Fiber Optics" project at Anniston Army Depot (ANAD) will provide the Local Area Network with sufficient data transmission bandwidth to support production and office automation systems. Also at ANAD the "Universal Hydraulic Test Stand", the "M1 Abrams Turret Distribution Valve Test Stand", and the "Ultrasonic Inspection System" will increase the efficiency of the depot's M1 overhaul program and the quality of reclaimed parts

**c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Depot Maintenance equipment will not adequately support the depots' mission, needed capabilities will be deferred, the ability to handle the present and future workloads will be compromised, man-hour expenditures, including overtime, will be increased due to the excessive downtime of current equipment, and the accuracy and dependability of the output products will be diminished.

**d. ECONOMIC ANALYSIS PERFORMED?** Yes.

**ECONOMIC INDICATORS:**

Total Cost of the Project      \$6,103      Net Present Value of Benefits:      N/A      Benefit to Investment Ratio:      N/A      Payback Period:      N/A

**DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION**  
**EQUIPMENT- Replacement**  
**(\$ in Thousands)**

A. Budget Submission  
FY 2002 Amended  
Budget Submission

B. Component, Activity Group, Date  
Depot Maintenance

5-Feb-01

C. Line No  
02-01

Item Description  
ASRS Mini-Load Vehicle Positioning System

D. Activity Identification  
Tobyhanna Army Depot (TYAD)

Element of Cost	FY 00			FY 01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost									
ASRS Vehicle							1	605.000	605.000			
TOTAL							1		605.000			

**Narrative Justification:**

**a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The depot's Automated Storage and Retrieval System (ASRS) stores small parts and assemblies in metal bins located in high rack assemblies, which are separated by long narrow aisles. Six unmanned mini-load vehicles navigate the aisles to perform the physical storage and retrieval actions. The system's automated positioning system uses photo-optic and bar code technology for navigation and position identification. Vehicle positioning errors cause the system to be shut down while the errors are rectified. These errors occur at an average rate of seven per day and take from 15 minutes to 3 hours to correct. System shutdowns due to positioning errors cause lost productivity in the maintenance shops. The positioning system is 15 yrs old and repair parts are increasingly difficult to obtain.

**b. ANTICIPATED BENEFITS:** Replacing the current photo-optic/bar code positioning system with laser technology would make the system more accurate and eliminate the shutdowns that cause lost productivity. The vehicle controls would also have to be replaced, since the existing controls would be incompatible with the new positioning technology. New optical modems would improve the communications between the vehicles and the ASRS main computer control system. A reliable storage and retrieval system would maintain the flow of stock to the production shops.

**c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The existing system fails nearly seven times daily. The system supports the entire production workload with its material delivery system. When the vehicles fail and needed mission stock is not promptly delivered to the shops, the production personnel are forced to shift to other jobs, which have available bench stock on hand. Based on an analysis of lost productivity caused by delays in parts delivery, it was determined that the system shutdowns were causing a 0.3% productivity loss, which cost \$195,561 per year in lost direct labor productivity.

**d. ECONOMIC ANALYSIS PERFORMED?** Yes.

**ECONOMIC INDICATORS:**

Total Cost of the Project      \$605      Net Present Value of Benefits:      \$1,049      Benefit to Investment Ratio:      2.7      Payback Period:      3.6

**DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION**  
**EQUIPMENT- Replacement**  
**(\$ in Thousands)**

A. Budget Submission  
FY 2002 Amended  
Budget Submission

B. Component, Activity Group, Date  
Depot Maintenance 5-Feb-01

C. Line No Item Description  
02-02 Electron Beam Welder

D. Activity Identification  
Anniston Army Depot (ANAD)

Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost									
Electron Beam Welder							1	2631.000	2,631.000			
TOTAL							1	2631.000	2,631.000			

Narrative Justification:

**a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The electron beam welder is used to reclaim critical parts for the Advanced Gas Turbine (AGT) 1500 Turbine Engine, including the boltless rotor, the collector, the number 6 seal, and the number 5 diaphragm assembly. It also supports all other maintenance programs that require electron beam welding for the fabrication of parts. Electron beam welding is the only process by which these parts can be fabricated or reclaimed and ANAD is the only known source for one critical part, the number 5 diaphragm. It is very difficult to obtain parts to keep the current welder operational, because it was manufactured in 1986. During the last 12 months the machine has had 504 hours of down time. Using the existing welder, the depot can only reclaim 50% of the diaphragm assemblies and 75% of the boltless rotors, which are potentially reclaimable with a more state-of-the-art welder.

**b. ANTICIPATED BENEFITS:** The new electron beam welder would permit ANAD to reclaim a much higher portion of currently reclaimable parts for the AGT 1500 Turbine Engine. The new welder would also extend the range of reclaimable parts for the engine, because of its ability to weld larger parts and parts requiring filler metal additions. The reclaimed parts would be of higher quality and would be produced more efficiently, thus reducing their cost. The Army's extreme vulnerability to the turbine engine parts supply system would be significantly reduced. ANAD's ability to respond to national emergencies would be enhanced.

**c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** If this electron beam welder is not acquired, the depot will totally lose the capability to repair components of the AGT 1500 Turbine Engine. ANAD would be forced to cease AGT 1500 engine production, if the existing welder were to go down for an extended period. Ongoing research and development of reclamation procedures will continue to increase the workload for the electron beam welder. Without the electron beam welder ANAD cannot perform the in-house welding tasks that are required for the AGT 1500 Turbine Engine program and other modification, repair, and overhaul programs. MAJOR WEAPONS SYSTEMS SUPPORTED; M1 Tank Family of Vehicles (FOV).

**d. ECONOMIC ANALYSIS PERFORMED?** Yes.

**ECONOMIC INDICATORS:**

Total Cost of the Project	\$2,631	Net Present Value of Benefits:	\$3,140	Benefit to Investment Ratio:	2.2	Payback Period:	4.6
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**DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION**  
**EQUIPMENT- Replacement**  
**(\$ in Thousands)**

A. Budget Submission  
 FY 2002 Amended  
 Budget Submission

B. Component, Activity Group, Date  
 Depot Maintenance 5-Feb-01

C. Line No Item Description  
 01-01 ASRS Manager System Upgrade

D. Activity Identification  
 Letterkenny Army Depot (LEAD)

Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost									
ASRS Update - Phase II				1	754.000	754.000						
TOTAL				1	754.000	754.000						

**Narrative Justification:**

- a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The Automated Storage and Retrieval System (ASRS) controls access to about \$140M of repair parts and subassemblies, which mostly support the maintenance and overhaul of 16 DOD tactical missile systems, including the Patriot air defense missile system and the Hawk surface-to-air missile system. The ASRS Manager System is the computer hardware and software, which controls the material handling equipment and maintains inventory records. The current system is comprised of obsolete processors with obsolete FORTRAN software. Hewlett Packard has informed the depot that the control system is no longer supportable and they will not renew the service contract.
- b. ANTICIPATED BENEFITS:** The upgraded ASRS manager system will provide reliable supply support for the Inter-service and Army tactical missile programs. The upgrade will also provide single point management of inventory, thus eliminating equipment and staff redundancies, simplifying logistics support and lowering support costs.
- c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The failure to upgrade this system could result in lengthy and costly work stoppages in the tactical missile maintenance mission and have a severe readiness impact on the DOD community. Should the system fail completely, an estimated 12-month shutdown period would be required to engineer new hardware and software. This estimate is based on the actual contractor proposals for the current project.
- d. ECONOMIC ANALYSIS PERFORMED?** Yes. Since the status Quo is not an option, no Benefit to Investment Ratio (BIR) or payback period was calculated.

**ECONOMIC INDICATORS:**

Total Cost of the Project \$754 Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A

**DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION**  
**EQUIPMENT-Productivity**  
(\$ in Thousands)

A. Budget Submission  
FY 2002 Amended  
Budget Submission

B. Component, Activity Group, Date Depot Maintenance 5-Feb-01				C. Line No 01-02			Item Description Plasma Spray Equipment			D. Activity Identification Red River Army Depot (RRAD)		
Element of Cost	FY 00			FY 01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Plasma Spray Equipment				1	580.000	580.000						
TOTAL				1	580.000	580.000						

Narrative Justification:

**a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Red River Army Depot performs overhaul and repair on the Bradley Fighting Vehicle (BFV). During the overhaul many components, which are too worn for reuse, are discarded and replaced. The BFV VTA903 engine and many of the subsystem components could be reclaimed with the use of thermal spray technologies, if they were available at the depot.

**b. ANTICIPATED BENEFITS:** With the approval of this project, worn BFV components could be reclaimed at the time of overhaul. Plasma Spray Equipment (PSE) would apply a ceramic material spray coating to worn parts that are subject to a lot of friction damage and for which wear resistance is the primary determinant of useful life. Applying a ceramic coating would reduce subsequent wear and permit higher operational temperatures, both of which would extend the life of the part. Reclaiming parts would reduce BFV overhaul costs by as much as 20% and would also reduce operating costs, because fewer replacement parts and less POL would be required. Industry tests have shown that the use of ceramic thermal spray coating increases part mobility (movement) and reduces harmful emissions. Product life would be extended, maintenance would be reduced, consumption of fuel and oil would be decreased, and performance would be improved. The ability to use alternative fuels in an emergency would be an additional benefit.

**c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The cost of overhauling the BFV will remain high and the inventory of components will be less durable and reliable. By continuing to replace, rather than reclaim, components, the Army will forego the estimated program savings of more than \$6.2M over the 10-year expected life of the equipment. In addition, the ancillary benefits of parts mobility and fuel savings will not be realized.

**d. ECONOMIC ANALYSIS PERFORMED?** Yes

<b>ECONOMIC INDICATORS:</b>											
Total Cost of the Project	\$580	Net Present Value of Benefits:	\$3,244	Benefit to Investment Ratio:	6.6	Payback Period:	1.6 Years				

**DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION  
EQUIPMENT-Productivity  
(\$ in Thousands)**

A. Budget Submission  
FY 2002 Amended  
Budget Submission

B. Component, Activity Group, Date Depot Maintenance 5-Feb-01				C. Line No 02-04			Item Description Hydro-Mechanical Unit (HMU) Test Stand			D. Activity Identification Corpus Christi Army Depot (CCAD)		
Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Hydro-Mechanical Unit (HMU) Test Stand	1	600.000	600,000				1	700.000	700.000			
	1		600.000				1	700.000	700.000			

**Narrative Justification:**

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The depot currently uses two technologically obsolete test stands for testing the HMU's of the T700 and T401 aircraft engines. The manufacturers of the test stands, the computer systems, and the data acquisition systems are no longer providing service support or replacement parts. Because of this the stands have been out of service about 50% of the time and this has resulted in work stoppages. The fuel control shop has had to work overtime and add unscheduled work shifts to make up for the time the test stands have been unavailable. To keep the stands in operation the depot has been purchasing used components from a source, which will not be available much longer.

b. **ANTICIPATED BENEFITS:** The acquisition of the test stands will improve productivity, reduce maintenance and operating costs, and increase test stand availability to ensure the continued completion of the scheduled workload for the UH/SH-60, AH64 and AH-1S aircraft programs.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The scheduled workload for the UH/SH-60, AH64 and AH-1S aircraft programs will not be met. Manpower expenditures will increase, as overtime is used to meet production schedules (about 45 engine units per month), productivity will decrease, the test stand maintenance costs will increase, and their availability will decrease. Readiness will be degraded and the Safety of Flight for the UH/SH-60, AH64 and AH-1S aircraft will be impacted.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes

**ECONOMIC INDICATORS:**

Total Cost of the Project \$1,300 Net Present Value of Benefits: \$3,836 Benefit to Investment Ratio: 3.9 Payback Period: 2.5 Years

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION MINOR CONSTRUCTION (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Depot Maintenance 5-Feb-01				C. Line No 99-07		Item Description Various Minor Construction				D. Activity Identification All Depots		
Element of Cost	FY 00			FY 01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Various Minor Construction Projects <\$500K	8	236.125	1,889.000	5	383.600	1,918.000	4	547.750	2,191.000			
TOTAL	8		1,889.000	5		1,918.000	4		2,191.000			
<p>Narrative Justification:</p> <p><b>a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> Various depot maintenance installations have facilities that cause poor working conditions, reduce productivity, lack energy conservation features, and fail to comply with fire and safety codes and with health, safety, environmental, and security regulations.</p> <p><b>b. ANTICIPATED BENEFITS:</b> This program will replace or upgrade some of the facilities, which have the shortcomings described in paragraph a. Examples of productivity improvement projects are the "Central Depot Concept," the "Co-operative Industrial Facility," the "Tools and Fixtures Facility," and the "Boiler Support Facility" at Anniston Army Depot (ANAD) and the "Jig and Fixture Storage Facility", and the "Missile Assembly/Disassembly Facility Addition" at Red River Army Depot (RRAD). Examples of projects required for health and safety compliance are the "Heavy Metal Area Shower Facilities Improvement," the "Machine Shop Ventilation System Upgrade" and the "Water Tank Construction" project at Anniston Army Depot. The "Central Depot Concept" will reduce costs by providing facilities for receiving combat vehicle parts directly from vendors. The "Co-operative Industrial Facility" will help to replace the aging workforce by providing facilities for training high school students in critical maintenance skills. The "Boiler Support Facility" provides a critical open staging area adjacent to existing combat vehicle repair and overhaul shops. The "Jig and Fixture Storage" project will reduce the time for changing tooling for different production runs. The "Missile Assembly/ Disassembly Facility Addition" will create additional explosion-proof missile disassembly/assembly bays. The "Heavy Metal Area Shower Facilities Improvement" will protect the health of workers in cadmium-contaminated areas. The "Water Tank Construction" project will comply with fire protection standards.</p> <p><b>c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> Without this program ANAD will be unable to comply with health, safety, environmental, and security requirements. The Army will not attain the improved efficiency and reduced costs, which would result from these projects. The installations may also fail to accomplish present and future workload requirements.</p> <p><b>d. ECONOMIC ANALYSIS PERFORMED?</b> Yes. Separate cost analyses were done for the individual projects.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$5,998	Net Present Value of Benefits:		N/A	Benefit to Investment Ratio:		N/A	Payback Period:		N/A		



DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Depot Maintenance 5-Feb-01				C. Line No 99-10		Item Description SDS Common Operating Environment (COE)				D. Activity Identification Various Depots		
Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development				1	1,000.000	1,000.000	1	8,800.000	8,800.000			
TOTAL				1	1,000.000	1,000.000	1	8,800.000	8,800.000			
Narrative Justification:												
<p><b>a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> The current technology, involving numerous disparate unique and bridge systems at the various major Subordinate Commands (MSC) and Separate Reporting Activities (SRA) impedes technology insertions and business process improvements, limits end user access, and causes logistics maintenance costs to rise with each change. The obsolete design characteristics hamper efforts to introduce business process improvements. This combination of archaic structure, lack of documentation, and outdated technology makes it extremely difficult to respond to rapidly changing business requirements which demand modern technology.</p> <p><b>b. ANTICIPATED BENEFITS:</b> This effort will enable AMC to comply with DoD policy, including Joint Vision 2010 (Joint Chiefs of Staff Implementation Policy, CJCSI 3010.01) Defense Planning Guidance for FY 1999-2003 and the May 1997 Quadrennial Defense Review. These directives require all organizations to reduce logistics support costs and consolidate functions that are being performed at multiple locations. There are currently 8,940 unique and bridge systems across AMC, of which roughly 40% support depot maintenance activities. These must be consolidated and linked to enable AMC to accomplish business process improvements. There also must be a standard technical architecture in place to allow insertions of new command unique systems. This initiative will create a common operating environment across MSC's and SRA's that will interface with the WLMP system and allow the end users to perform all business functions from a single workstation. It will also enable AMC to reduce the number of unique applications that operate at different sites and lower support costs by doing so.</p> <p><b>c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> The Army Wholesale Depot Maintenance System will remain inefficient and costly, in spite of significant upgrades, such as Wholesale Logistics Modernization Program (WLMP). This effort will complement WLMP by providing a complete technology architecture to all wholesale logistics processes and by helping to reduce support costs and infrastructure needs for the distributed and outdated Army Depot Maintenance System.</p>												
<b>d. ECONOMIC ANALYSIS PERFORMED?</b> No. Exempt. Required to conform to defense Information Infrastructure/Common Operating Environment (DII/COE)												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project		\$26,247	Net Present Value of Benefits:		N/A	Benefit to Investment Ratio:		N/A	Payback Period:		N/A	

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Depot Maintenance 5-Feb-01				C. Line No 00-06		Item Description Wholesale Logistics Modernization Program				D. Activity Identification CECOM		
Element of Cost	FY 00			FY 01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Contractor Support	1	6,913.000	6,913.000	1	9,600.000	9,600.000	1	5,867.000	5,867.000			
TOTAL	1		6,913.000	1	9,600.000	9,600.000	1	5,867.000	5,867.000			
Narrative Justification:												
<p><b>a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> The current Army standard logistics systems are based on 25 year old computer technology and depend on large layered inventory levels to support a forward deployed force against the Cold War enemy. The current process is characterized by a lack of flexibility, has resulted in separate wholesale and retail systems, and suffers from long shipping times and limited visibility of the supply pipe-line. The Army must reengineer its logistics processes to provide the flexibility to support today's CONUS-based power projection scenarios. Also, the Army must utilize modern information technology enablers that will provide real time visibility of logistics processes and support the Revolution in Military Logistics.</p> <p><b>b. ANTICIPATED BENEFITS:</b> Wholesale Logistics Modernization Program is a ten-year project to correct the noted deficiencies. It will enable the Army to take advantage of commercial expertise, experience, and investments in process improvement and information technology. The Army Materiel Command (AMC) will be able to perform business process reengineering (BPR), adopt market-driven business practices, and provide significantly improved services. The new process will help us achieve synchronization with Global Combat Support System - Army. The Army will retain Intellectual Property Rights to all documentation with regard to BPR reports system descriptions and implementation plans. The Depot Maintenance portion of the ten-year investment will total about \$42 M, part of a \$171 M program, which also includes the Supply Management business area.</p> <p><b>c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> AMC will be forced to maintain inefficient and unduly expensive wholesale logistics processes due to the limitations of the current automated system, the Standard Depot System. The system contains processes that are outdated, expensive to maintain, and technically vulnerable. The COBOL 74 compiler supporting the system is no longer supported by the manufacturer. These deficiencies will preclude the Army from providing an agile logistics support capability as required by the Revolution in Military Logistics.</p> <p><b>d. ECONOMIC ANALYSIS PERFORMED?</b> A comparative analysis was performed in lieu of an economic analysis as status quo was not an option. The comparative analysis was completed by the Cost Analysis Division, Directorate for Resource Management, CECOM, Ft. Monmouth, N.J.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project		\$36,461	Net Present Value of Benefits:		N/A	Benefit to Investment Ratio:		N/A	Payback Period:		N/A	

Exhibit Fund 9d Capital Budget Execution  
 Department of Army  
 Depot Maintenance  
 5-Feb-01  
 (\$ in Millions)

FY 2000

**PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET**

<u>FY</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<b><u>EQUIPMENT</u></b>							
<b>EQUIPMENT-Replacement</b>							
FY00	Various Capital Equipment (<500K)	1.375	(0.653)	0.722	0.722		\$600K Reprogrammed out to HMU Test Stand; \$53K to COE (SMA).
<b>EQUIPMENT- Productivity</b>							
FY00	Automated Liquid Penetrant Inspection System	0.900		0.900	0.900		
FY00	Vacuum Furnace	0.950		0.950	0.950		
FY00	ASRS Positioner Controls Upgrade	0.829	(0.309)	0.520	0.520		\$138K Reprogrammed out to Chem CI Sys; \$160K to MC; \$11K to COE (SMA)
FY00	Chemical Cleaning System	0.623	0.138	0.761	0.761		Reprogrammed in from ASRS Positioner Controls Upgrade
FY00	Hydro-Mechanical Unit (HMU) Test Stand		0.600	0.600	0.600		Reprogrammed in from Various Capital Equipment
<b><u>AUTOMATED DATA PROCESSING</u></b>							
FY00	LAN Switching Upgrade	0.965	(0.145)	0.820	0.820		Reprogrammed out to Minor Construction
<b><u>MINOR CONSTRUCTION</u></b>							
FY00	Various Minor Construction	1.690	0.199	1.889	1.889		\$305K Reprogrammed in from ASRS Pos. Cntrls. Upgr. & LAN Switching Upgr \$106K Reprogrammed out to COE (SMA).
<b><u>SOFTWARE</u></b>							
FY00	Army Workload and Performance System	2.713		2.713	2.713		
FY00	SDS Century Date Change	0.600		0.600	0.600		
FY00	Wholesale Logistics Modernization Program	6.913		6.913	6.913		
	TOTAL	17.558	(0.170)	17.388	17.388		

Exhibit Fund 9d Capital Budget Execution  
 Department of Army  
 Depot Maintenance  
 5-Feb-01  
 (\$ in Millions)

FY 2001

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<b><u>EQUIPMENT</u></b>							
<b>EQUIPMENT-Replacement</b>							
FY01	Various Capital Equipment (<500K)	3.030		3.030	2.246	0.784	Asset Used to Fund ASRS MGR SYS Upgrade (\$754K) and Plasma Spray Equip. (\$30K) Deficiency Funded by VCE < \$500K
FY01	ASRS Manager System Upgrade				0.754	(0.754)	
<b>EQUIPMENT- Productivity</b>							
FY01	Plasma Spray Equipment	0.550		0.550	0.580	(0.030)	Deficiency Funded by VCE < \$500K
<b><u>AUTOMATED DATA PROCESSING</u></b>							
<b><u>MINOR CONSTRUCTION</u></b>							
FY01	Various Minor Construction	1.918		1.918	1.918		
<b><u>SOFTWARE</u></b>							
FY01	Army Workload and Performance System	3.599		3.599	3.599		
FY01	SDS Common Operating Environment (COE)	1.000		1.000	1.000		
FY01	Wholesale Logistics Modernization Program	7.500		7.500	9.600	(2.100)	Unfinanced Requirement (\$2.100M)
	TOTAL	17.597		17.597	19.697	(2.100)	

**Activity Group Capital Investment Summary**  
**Ordnance**  
(\$ in Millions)

Line No.	Description	FY 00		FY01		FY 02	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	<b>EQUIPMENT-Replacement</b>						
98-A3	Various Capital Equipment <\$500k	14	3.614	38	9.152		3.822
01-A6	4 Axis Machining Center			1	0.779		
01-A7	Replace Existing Alarm System			1	1.971		
02-A1	Laser Punch					1	0.942
	SUBTOTAL	14	3.614	40	11.902	1	4.764
	<b>EQUIPMENT- Productivity</b>						
	<b>EQUIPMENT- Environmental</b>						
	<b>EQUIPMENT- New Mission</b>						
	<b>EQUIPMENT TOTAL</b>	14	3.614	40	11.902	1	4.764

**Activity Group Capital Investment Summary**  
**Ordnance**  
(\$ in Millions)

Line No.	Description	FY 00		FY01		FY 02	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
97-A9 01-A8	<b>AUTOMATED DATA PROCESSING</b>						
	Miscellaneous ADPE < \$500k	7	2.142	10	3.192	6	2.507
	Trunked Radio System			1	1.792		
	<b>ADP TOTAL</b>	7	2.142	11	4.984	6	2.507
98-A6	<b>MINOR CONSTRUCTION</b>						
	Minor Construction < \$500k	11	3.387	26	7.797	3	1.011
	<b>MINOR CONSTRUCTION TOTAL</b>	11	3.387	26	7.797	3	1.011
M98-03	<b>SOFTWARE</b>						
	Army Workload & Performance System	1	4.715	1	4.674	1	4.674
	<b>SOFTWARE TOTAL</b>	1	4.715	1	4.674	1	4.674
	<b>Activity TOTAL</b>	33	13.858	78	29.357	11	12.956

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION EQUIPMENT- Replacement (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Ordnance				C. Line No		Item Description				D. Activity Identification		
5-Feb-01				98-A3		Various Capital Equipment <\$500k				Various Installations		
Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement	8	254.400	2,035.200	25	241.680	6,042.000	7	257.150	1,800.050			
Productivity	5	240.385	1,201.925	13	239.231	3,110.003	6	337.000	2,022.000			
Environment	1	376.875	376.875									
TOTAL	14		3,614.000	38		9,152.003			3,822.050			
Narrative Justification:												
<p>a. <b>CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> This category of projects replaces various equipment items which have outlived their useful lives, become uneconomical to repair, or become unsafe to operate. Examples include Filament Winding Machine, Electrical Discharge Machine, Rebuild of Heald Grinder and Rebuild of Surface Grinder for Gun Tube Powder Chambers.</p> <p>b. <b>ANTICIPATED BENEFITS:</b> Acquisition of this equipment will improve efficiency, increase capacity, provide new capabilities, replace unsafe or unusable assets, and allow compliance with regulatory agency (state, local or Federal) mandates.</p> <p>c. <b>IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> Equipment support capability would not be provided for mission needs. This would cause reduction in mission capacity, failure to meet expected deliveries, increased man-hour expenditure and downtime, inability to obtain repair parts, tolerance inaccuracies leading to rework, and violation of Occupational Safety and Health Act (OSHA), Environmental Protection Agency (EPA), National Discharge Elimination System (NPDES) compliance and state laws. This equipment is necessary to economically and safely meet the Load, Assemble and Pack (LAP) requirements, renovation and demilitarization of ammunition, production of defensive chemical items, and manufacturing of cannon and weapons components within the organic base. Replacement of obsolete, worn or unrepairable equipment is essential if the Army is to continue to provide in-house support capabilities in a timely and cost effective manner, and provide safe and environmentally compliant work places.</p> <p>d. <b>ECONOMIC ANALYSIS PERFORMED?</b> Yes. Separate cost analyses were done for the individual projects.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$16,588	Net Present Value of Benefits:		N/A	Benefit to Investment Ratio:		N/A	Payback Period:		N/A		

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION EQUIPMENT- Replacement (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Ordnance				C. Line No 01-A6		Item Description 4 Axis Machining Center				D. Activity Identification Rock Island Arsenal (RIA)		
Element of Cost	Quantity	FY 00		Quantity	FY01		Quantity	FY 02		Quantity	FY 03	
		Unit Cost	Total Cost		Unit Cost	Total Cost		Unit Cost	Total Cost		Unit Cost	Total Cost
Equipment				1	779.000	779.000						
TOTAL				1		779.000						
Narrative Justification:												
<p>a. <b>CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> The current machine can not be economically rebuilt and must be replaced. It can no longer maintain the level of precision that is required by manufacturing drawings. Over the past 11 years the machine has been operating 3 shifts a day and reliability and heavy maintenance are now an economic issue. This machine is required to manufacture critical parts for the M119/M198 Howitzers and M182 Gun Mount for the M109A6 Paladin.</p> <p>b. <b>ANTICIPATED BENEFITS:</b> This machine is required for the manufacture of lightweight small dimensional parts. The acquisition of this new machine would mean faster machining times, more safety features, and newer technology.</p> <p>c. <b>IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> Failure to execute this project will impact cost and scheduling of current and future armament products. In addition, the new machine will better meet Occupational Safety and Health Act (OSHA) requirements to protect the operator from exposure to moving parts and debris.</p> <p>d. <b>ECONOMIC ANALYSIS PERFORMED?</b> Yes.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$779	Net Present Value of Benefits:	\$57.8	Benefit to Investment Ratio:	1.07	Payback Period:	9.31					

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION EQUIPMENT- Replacement (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Ordnance				C. Line No 01-A7		Item Description Replace Existing Alarm System				D. Activity Identification Crane Army Ammo Activity		
Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment				1	1971.000	1,971.000						
TOTAL				1		1,971.000						
<p>Narrative Justification:</p> <p>a. <b>CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> The current alarm system is over 25 years old and failures are becoming more and more frequent. The system is rarely 100% operational on any given day. Alarm failures affecting ten or more magazines and false alarms occur daily. Often total system failures occur. It is becoming more likely that a permanent ,non-repairable failure will occur leaving the stocks of ammunition and explosives without intrusion detection. Parts for the alarm system are not obtainable and must be reverse engineered by alarm technicians.</p> <p>b. <b>ANTICIPATED BENEFITS:</b> This project will provide protection for critical security risk materials, including man-portable missiles, hand or rifle grenades, mines, and high explosives. It will maintain security for Crane Army Ammunition Activity's important DoD-wide war and peacetime missions. It is also imperative in view of world events and terrorist activity to ensure that these missiles and other dangerous munitions don't get into the wrong hands.</p> <p>c. <b>IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> If this project is not funded, stocks of munitions might be left without protection, including ready-to-fire man-portable missiles and rockets, such as the LAW, AT-4, Hamlet, and Stinger missiles. Approximately 256 man-years would be required to provide continuous guards in the event of a total system failure. It would be nearly impossible to accomplish such an increase in the installation's guard force, especially on an immediate/emergency basis (i.e. after the alarm system has already failed).</p> <p>d. <b>ECONOMIC ANALYSIS PERFORMED?</b> Yes.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project		\$1,971	Net Present Value of Benefits:		N/A	Benefit to Investment Ratio:		N/A	Payback Period:		N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION EQUIPMENT- Replacement (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Ordnance				C. Line No 02-A1		Item Description Laser Punch				D. Activity Identification Rock Island Arsenal (RIA)		
Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment							1	942.000	942.000			
TOTAL							1		942.000			
<p>Narrative Justification:</p> <p>a. <b>CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> The present laser punch machine has been utilized intensely over the past 15 years to produce irregularly shaped, complex parts of exotic materials to precise tolerances. The laser punch is the best method for cutting exotic materials, such as titanium, alloy, and high carbon steel, because it can easily be adjusted to their physical properties, unlike conventional cutting tools. The current machine has become uneconomical to operate. Frequent and extended down time creates production delays of critical spare parts that support combat-essential weapon systems. Rebuilding the machine would not be feasible, because the technology is obsolete.</p> <p>b. <b>ANTICIPATED BENEFITS:</b> The new laser punch machine will provide advanced, state-of-the-art laser technology. Down time will be eliminated and maintenance costs will be greatly reduced. The manufacture of critical parts will be more cost-effective and machine operation will be safer. The state of readiness for combat-essential weapon systems will be improved, because the arsenal will be able to promptly manufacture critical spare parts.</p> <p>c. <b>IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> Cost savings in machine operation will not be realized. The excessive down time of the current machine will continue causing abnormally high maintenance costs. Delivery delays of critical spare parts to the field will continue, thus jeopardizing weapon system readiness. Unit readiness for deployment could be jeopardized by training and equipment deficiencies that are caused by the lack of critical repair parts.</p> <p>d. <b>ECONOMIC ANALYSIS PERFORMED?</b> Yes.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$942	Net Present Value of Benefits:		\$470	Benefit to Investment Ratio:			1.50	Payback Period:		6.67	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION AUTOMATED DATA PROCESSING (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Ordnance				C. Line No		Item Description				D. Activity Identification		
5-Feb-01				97-A9		Miscellaneous ADPE < \$500k				Various Ordnance Installations		
Element of Cost	Quantity	FY 00		FY01			FY 02			FY 03		
		Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment	7	306.000	2,142.000	10	319.200	3,192.000	6	417.833	2,506.998			
TOTAL	7		2,142.000	10		3,192.000	6		2,506.998			
<p>Narrative Justification:</p> <p><b>a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> These miscellaneous information management projects replace old/obsolete and unrepairable equipment with current state-of-the-art equipment. Examples include the Network System Replacement project at Toelle Army Depot and the Network Infrastructure project at Rock Island Arsenal.</p> <p><b>b. ANTICIPATED BENEFITS:</b> Replacement of obsolete equipment will improve processing speeds, increase productivity, and reduce maintenance costs at Rock Island and Watervliet Arsenals, and Tooele Army Depot. Projects will allow sites to conform to Army standards and improve communications with other Army sites. New technology will improve security and lessen the threat of access by unauthorized sources.</p> <p><b>c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> Systems and equipment will continue to be unreliable, downtime will increase and administrative costs will rise. Users will be unable to communicate with higher headquarters, other installations, and customers via electronic means. Data will be at risk for release to unauthorized users.</p> <p><b>d. ECONOMIC ANALYSIS PERFORMED?</b> Yes. Separate cost analyses were done for the individual projects.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$7,841	Net Present Value of Benefits:		NA	Benefit to Investment Ratio:			N/A	Payback Period:		N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION AUTOMATED DATA PROCESSING (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Ordnance 5-Feb-01				C. Line No 01-A8		Item Description Trunked Radio System				D. Activity Identification Blue Grass Army Depot (BGAD)		
Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Hardware				1	1,792.000	1,792.000						
TOTAL				1		1,792.000						
<p>Narrative Justification:</p> <p>a. <b>CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> The existing 20-year-old radio system is used to maintain surveillance over chemical and ammunition stocks in storage. Its use of the Very High Frequency (VHF) range causes overlapped or delayed conversations. The technical skill and spare parts necessary to maintain the system are becoming impossible to find. The system relies partly on telephone lines for transmission. If a storm were to take out a line, some users might be left without radio communications.</p> <p>b. <b>ANTICIPATED BENEFITS:</b> This digitized, trunked radio system will permit a large number of users to simultaneously use a small number of channels and will not be dependent on the telephone lines. The system will maximize interoperability during emergencies yet maintain privacy during day-to-day operations. Users, who currently have only voice service, will have data, voice, fax and telephone access using a single radio. The new equipment will also meet the mandate of the National Telecommunications and Information Administration (NTIA), which requires Land Mobile Radio systems to transition from wide band to narrow band technology.</p> <p>c. <b>IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> The current system may become inoperable leaving BGAD unable to maintain and secure chemical and ammunition stocks. The depot will not obtain the increased efficiencies that would result from warehousemen with easy, reliable access to data, voice, fax and telephone services. Necessary communications for the care of chemical and ammunition stocks in storage will continue to be delayed because of the crosstalk problem in the current system.</p> <p>d. <b>ECONOMIC ANALYSIS PERFORMED?</b> No. The project is exempt because it is needed to comply with federal regulatory mandates.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$1,792	Net Present Value of Benefits:		N/A	Benefit to Investment Ratio:		N/A	Payback Period:		N/A		

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION MINOR CONSTRUCTION (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Ordnance				C. Line No		Item Description				D. Activity Identification		
5-Feb-01				98-A6		Minor Construction < \$500k				Various Ordnance Installations		
Element of Cost	FY 00			FY01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction	11	307.909	3,386.999	26	299.884	7,796.984	3	337.000	1,011.000			
TOTAL	11		3,386.999	26		7,796.984	3		1,011.000			
<p>Narrative Justification:</p> <p><b>a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> Various ordnance installations have facilities that cause poor working conditions, reduce productivity, lack energy conservation features, compromise security, fail to comply with fire and safety codes, and expose employees' health to hazards from open-air burning and detonation of conventional ammunition.</p> <p><b>b. ANTICIPATED BENEFITS:</b> This program will replace or upgrade some of the facilities, which have the shortcomings described in paragraph a. Examples of projects that correct production deficiencies are the "Heating and Insulation project" at the Sierra Army Ammunition Plant and the "Administration Building" at the Red River Munitions Center. An example of an environmental protection project is the "Resource Recycle, Recovery, and Reuse (R3) Facility" at Crane Army Ammunition Activity (CAAA). Examples of projects for compliance with health, life, safety, and security mandates include the "Maintenance Facility Renovation" project at CAAA and the "Truck Sally Port" project at McAlestar Army Ammunition Plant. The "Heating and Insulation project" at the Sierra Army Ammunition Plant and the "Resource R3 Facility" at CAAA are also energy conservation projects.</p> <p><b>c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> Without this program some installation facilities will not comply with health, safety, environmental and security requirements. The installations may also fail to accomplish present and future workload requirements.</p> <p><b>d. ECONOMIC ANALYSIS PERFORMED?</b> Yes. Separate cost analyses were done for the individual projects.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$12,195	Net Present Value of Benefits:		N/A	Benefit to Investment Ratio:			N/A	Payback Period:		N/A	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION SOFTWARE (\$ in Thousands)										A. Budget Submission FY 2002 Amended Budget Submission		
B. Component, Activity Group, Date Ordnance				C. Line No		Item Description				D. Activity Identification		
5-Feb-01				M98-03		Army Workload & Performance System				Various Installations		
Element of Cost	FY 00			FY 01			FY 02			FY 03		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
AWPS	1	4,715.000	4,715.000	1	4,674.000	4,674.000	1	4,674.000	4,674.000			
TOTAL	1		4,715.000	1		4,674.000	1		4,674.000			
Narrative Justification:												
<p><b>a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:</b> The General Accounting Office concluded in February 1997 that the Army cannot identify and prioritize its institutional workload. The material weakness stated that "managers at all levels do not have the information needed to improve work performance, improve organizational efficiency and determine support staffing needs, manpower budgets and personnel reductions". The Army's plan to correct this material weakness includes the fielding of the Army Workload &amp; Performance System (AWPS).</p> <p><b>b. ANTICIPATED BENEFITS:</b> AWPS will assist the Operations Support Command (OSC) in managing complex workload and employment strategies. AWPS is a personal computer based, networked, software solution designed to integrate existing production and financial data into a single graphic program. Production and resource managers can isolate key scheduling and cost problems at the product level and project workforce needed to accomplish various levels of workload.</p> <p><b>c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:</b> AWPS is at the stage where only depot maintenance has been certified. Without additional expenditures, the refinements needed to win certification of the Ammunition/Logistics module will not be implemented. In addition, the Base Operations, Net Operating Results (NOR) and Manufacturing modules cannot be incorporated into AWPS. The system, as is, only partially corrects the noted material weakness. Future fieldings are needed at the organic arsenals, ammunition plants and ammunition storage sites to include the Manufacturing, Ammunition Manufacturing, and Ammunition/Logistics missions in AWPS.</p> <p><b>d. ECONOMIC ANALYSIS PERFORMED?</b> No. Exempt. Congressional Mandate.</p>												
<b>ECONOMIC INDICATORS:</b>												
Total Cost of the Project	\$17,342	Net Present Value of Benefits:		N/A	Benefit to Investment Ratio:		N/A	Payback Period:		N/A		

Exhibit Fund 9d Capital Budget Execution  
 Department of Army  
 Ordnance  
 5-Feb-01  
 (\$ in Millions)

FY 2000

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<b><u>EQUIPMENT</u></b>							
<b><u>EQUIPMENT-Replacement</u></b>							
FY00	Various Capital Equipment <\$500k	4.680	(1.066)	3.614			Reprogrammed out to Misc. ADPE (\$816K) and 99 Ord Project, Air Poll Cntrls Upgr, at PBA (\$250K)
FY00	Fluid Bed Mixer	1.678		1.678			
<b><u>EQUIPMENT-Productivity</u></b>							
FY00	Bulk Dunnage Incinerator	1.067		1.067			
<b><u>EQUIPMENT-Environmental</u></b>							
FY00	Thermal Arc Spray System	0.629		0.629			
<b><u>AUTOMATED DATA PROCESSING</u></b>							
FY00	Miscellaneous ADPE < \$500k	1.326	0.816	2.142			Reprogrammed in from Various Capital Equipment <500k
FY00	Dial Central Office (DCO) Upgrade	0.650		0.650			
<b><u>MINOR CONSTRUCTION</u></b>							
FY00	Minor Construction < \$500k	3.387		3.387			
<b><u>SOFTWARE</u></b>							
FY00	Army Workload & Performance System	4.715		4.715			
FY00	Enterprise Resource Planning (ERP)	3.971		3.971			
	TOTAL	22.103	(0.250)	21.853			

Department of Army  
Ordnance  
5-Feb-01  
(\$ in Millions)

FY 2001

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

<u>FY</u>	<u>Approved Project Title</u>	<u>Approved Project Amount</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
<b><u>EQUIPMENT</u></b>							
<b><u>EQUIPMENT-Replacement</u></b>							
FY01	Various Capital Equipment <\$500k	12.055		12.055	9.152	2.903	Asset Used to Fund Alarm Syst. & Trunked Radio Syst.
FY01	4 Axis Machining Center	0.779		0.779	0.779		
FY01	Replace Existing Alarm System				1.971	(1.971)	Deficiency Funded by VCE < \$500K
<b><u>EQUIPMENT-Productivity</u></b>							
FY01	Material Feed for Supercritical Water Oxidizer	0.625		0.625		0.625	Asset Used to Fund Trunked Radio Syst.
<b><u>AUTOMATED DATA PROCESSING</u></b>							
FY01	Miscellaneous ADPE < \$500k	3.324		3.324	3.192	0.132	Asset Used to Fund Trunked Radio Syst.
FY01	Trunked Radio System				1.792	(1.792)	Deficiency Funded by VCE, Mat'l Feed, Misc. ADPE, & MC
<b><u>MINOR CONSTRUCTION</u></b>							
FY01	Minor Construction < \$500k	7.900		7.900	7.797	0.103	Asset Used to Fund Trunked Radio Syst.
<b><u>SOFTWARE</u></b>							
FY01	Army Workload & Performance System	4.674		4.674	4.674		
	<b>Total</b>	29.357		29.357	29.357	0.000	