Army Working Capital Fund
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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, Army (SMA). 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 warfighting readiness and abilities of Army units. The activity group consists of a wholesale division and separate retail divisions for Army's major commands, plus a retail division to support military requirements in the National Capital Region (Washington, DC). The wholesale division is subdivided by commodity; major subordinate commands, under U. S. Army Material Command, manage assigned Army items. SMA also manages the prepositioned war reserves under Army control.

Depot Maintenance. This activity group maintains end items and depot-level reparables. It provides the Army an organic industrial capability to repair, overhaul, and upgrade weapons systems and equipment; store and distribute ammunition, war reserve materiel, and other selected items; and provide tenant support to Army and other DoD activities. There are currently eight major depots and two subordinate depot activities in this activity group. Effective October 1, 1999, this activity group will transfer the ammunition storage depots and the ammunition storage missions fro Anniston, Letterkenny and Red River Army depots to the Ordnance activity group. This will leave the five maintenance depots in this activity group with only two missions - Maintenance and Base Operations.

Ordnance. This activity group manufactures, renovates and demilitarizes ordnance materiel for all services within the Department of Defense and foreign military customers. The activity group consists of three arsenals and two ammunition plants

that provide depot operations, depot maintenance, set assembly, tenant support and national procurement services for thin- and thick-walled cannon. The five activities are responsible for logistics management including follow-on procurement, production, maintenance, engineering, and integrated logistics support management.

Information Services. This activity group first operated in a revolving fund environment in FY 1996 on a cost reimbursable basis. FY 1997 was the first year that rates were fully burdened. Four Central Design Activities (CDAs) provide for the development and operational sustainment of automated information and communications systems. This mission covers a broad range of services such as requirements analysis and definition, systems design, development, testing, integration, implementation support, and documentation services in support of DoD and Foreign Military Sales (FMS) customers. In FY 1998, the Army Small Computer Progra (ASCP) was added to this activity group. It provides customers with fully competed commercial sources for purchase of small and medium computers, hardware, software and support services.

PERSONNEL

In order to perform efficiently, Army-managed AWCF activity groups require the optimum mix of appropriately skilled people to match workload requirements. Skill mismatches may occur between the work force and workload requirements due to force reductions achieved through voluntary separation and hiring freezes. Such mismatches may cause unprogrammed losses.

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Civilian and military strengths and regular workyears (Full Time Equivalents--FTEs), by activity group, are as follows:

	FY 1998	FY 1999	FY 2000
Supply Management, Army			
Civilian End Strength	3,493	3,105	2,970
Civilian FTEs	3,456	3,255	2,994
Military End Strength	17	17	16
Military Work Years	17	17	16
Depot Maintenance			
Civilian End Strength	12,924	12,981	10,409
Civilian FTEs	13,124	13,310	10,482
Military End Strength	37	31	21
Military Work Years	57	32	20
Ordnance			
Civilian End Strength	4,659	4,565	6,158
Civilian FTEs	4,932	4,588	6,214
Military End Strength	16	20	26
Military Work Years	17	24	26
Information Services			
Civilian End Strength	848	764	605
Civilian FTEs	870	794	686
Military End Strength	94	22	18
Military Work Years	114	80	18

COST OF GOODS & SERVICES PRODUCED (EXPENSES)

Costs are reflected below by activity groups ($M):

	FY 1998	FY 1999	FY 2000
Supply Management	6,216.8	6,115.4	5,932.2
Depot Maintenance	1,490.0	1,522.0	1,232.2
Ordnance	460.8	482.3	672.1
Information Services	153.7	120.0	111.1

In Depot Maintenance, costs increase by approximately $50.9 million for inflation and pay raises and decrease by $346.2 million for program changes between FY 1998 and FY 2000. Ordnance price growth is $13.9 million between FY 1998 and FY 2000. The FY 2000 Ordnance cost increases are primarily due to the transfer-in of the ammunition logistics mission from the Depot Maintenance activity. The Information Services activity costs decrease FY 1998 through FY 2000 due to decreasing workload.

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 years. The activity group's effectiveness is measured by comparing performance to goal. Net and accumulated operating results are reflected below ($M):

	FY 1998	FY 1999	FY 2000
Supply Management, Army			
Net Operating Results	(21.9)	(5.8)	30.3
Accumulated Operating Results	(16.6)	(22.4)	0.0
Depot Maintenance			
Net Operating Results	(133.7)	(15.5)	(0.0)
Accumulated Operating Results*	(36.1)	0.0	0.0
Ordnance			
Net Operating Results	(62.4)	(38.5)	(23.8)
Accumulated Operating Results*	30.2	7.9	0.0
Information Services			
Net Operating Results	(10.5)	0.2	12.1
Accumulated Operating Results	(17.6)	(17.3)	(5.2)

***Recoverable AOR

UNIT COSTS

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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 1998 and estimated unit cost goals for FYs 1999 and 2000:

	FY 1998	FY 1999	FY 2000
Supply Management, Army			
Retail: Cost/$ Gross Sales	$1.00	$1.00	$0.98
Wholesale: Cost/$ Gross Sales	$1.00	$0.98	$0.98
Depot Maintenance			
$ per Direct Labor Hour (DLH)	$127.23	$105.56	$107.90
Ordnance			
$ per Direct Labor Hour (DLH)	$103.47	$113.62	$103.58
Information Services			
Design Activities: $ per DLH	$70.14	$78.11	$78.24
Small Computer Program: % Sales	1%	1%	1%

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. Rate swings in the Depot Maintenance and Ordnance activities are primarily due to recovery of prior year losses or return of prior year gains. In FY 2000, the rates of these two activity groups contain a surcharge to restore cash to the AWCF corpus. The Supply Management activity plans to replace fewer stocks than it sells in FY 2000. The cash generated from selling without replenishing inventory is used to cover operating costs; customers are charged less than full cost. The following reflects changes in prices between fiscal years:

	FY 1998	FY 1999	FY 2000
Supply Management	2.3%	7.6%	1.6%
Depot Maintenance	4.0%	12.7%	5.9%
Ordnance	(8.1%)	28.6%	(5.7%)
Information Services	(3.6%)	11.8%	19.2%

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CUSTOMER RATES

In the Depot Maintenance, Ordnance and Information Services activity groups, customer rates are set per direct labor hour. These rates are stabilized so that the customer's buying power is protected in the year of execution. The rates recover overhead costs as well as direct costs. The following table shows the rate per direct labor hour for these activities:

	FY 1998	FY 1999	FY 2000
Supply Management	17.8%	25.3%	25.3%
Depot Maintenance	$93.71	$105.61	$111.87
Ordnance	$81.72	$105.12	$99.10
Information Services	$62.56	$69.93	$83.38

REVENUE

As the Army continues to downsize and require fewer supplies, equipment and services, customer orders decline. Revenue appears to increase FY 1998 to FY 1999 in current dollars; however, this is only due to rate changes as revenue in constant dollars decreases FY 1998 through FY 2000 for all the activity groups. The following table displays revenue by activity group ($M):

	FY 1998	FY 1999	FY 2000
Supply Management (Gross Sales)	8995.4	9110.5	8856.5
Depot Maintenance	1,573.4	1,603.2	1,282.8
Ordnance	434.2	471.0	676.5
Information Services	143.3	120.3	123.2

WORKLOAD

Generally, workload is declining in the budget years due to decreasing customer funding. In addition, the Supply Management activity's efforts to reduce lead-times result in fewer pipeline replacements. The Depot Maintenance workload does increase in FY 1999 as a result of congressional plus ups. The apparent decrease in FY 2000 is a result of the transfer of several depots to the Ordnance AWCF. Workload in the

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Ordnance WCF continues to decline as customer demands are reduced. Information Services' workload is accomplished through in-house and contract efforts.

	FY 1998	FY 1999	FY 2000
Supply Management, Army			
SMA Line Items Managed (#)	129,535	124,210	118,210
SMA Requisitions Received ($M)	$3,737.5	$3,456.4	$3,303.2
SMA Requisitions Received (#)	986,146	966,873	947,536
Receipts (#)	430,460	422,639	378,632
Issues (#)	1,045,613	1,087,716	998,080
Contracts Executed (#>$100K)	3,297	3,231	3,166
Depot Maintenance			
Direct Labor Hours (DLHs)	13,417	14,486	11,415
Ordnance			
Direct Labor Hours (DLHs)	4,697	4,289	6,488
Information Services			
Total Direct Labor Hours (DLHs) (000)	1,111	1,015	922
Central Design Activities DLHs (000)	1,096	996	899
Small Computer Program DLHs (000)	15	19	23

SUPPLY INVENTORY AND MATERIEL REPLACEMEN

Inventory of the Supply Management activity has decreased by over $3.8 billion fro FY 1994 ($13.4 billion) to FY 1998 ($9.6 billion). Force structure changes, the Reduced Price Initiative, and the Army Total Inventory Management Program are all contributing factors to the decrease. On-going lead-time reduction initiatives should result in continued inventory reductions.

Materiel replacement rates remain higher then desired across this budget due to the shortfall of sales in prior years at the wholesale level that limited the Army's ability to replenish stocks. A wholesale unit cost goal of $.98 is requested for both FY 1999 and FY 2000. We expect this rate to show a downward trend beginning in FY 2001 through FY 2004 as a result of Single Stock Fund implementation.

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PERFORMANCE INDICATORS

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

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

In the SMA activity group, stock availability (fill rate) measures the percentage of requisitions satisfied upon initial processing in the wholesale supply system. The SMA target for stock availability is 85 percent demand satisfaction. SMA budget requirements are based on the 85 percent target.

Each individual activity section addresses FY 98 performance against these indicators.

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:

Depot Maintenance Carryover ($M)	FY 1998	FY 1999	FY 2000
New Orders	1,441.9	1,500.3	1,189.0
Carry-in	734.4	602.8	475.6
Gross Orders	2,176.2	2,103.2	1,664.6
Total Revenue	1,573.4	1,603.2	1,282.8
Carry-Over	602.8	500.0	381.8
Less: WIP	33.7	26.6	27.2
Less: BRAC, Non-DoD, FMS	101.7	52.9	35.0
Intra/Inter DWCF (excluding SMA)			
Less: Contract Liabilities	19.5	14.3	14.4
Net Carry-Over	448.0	406.1	305.1
Carry-Over in Months	3.4	3.0	2.9

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The number of months of carry-over has been calculated in accordance with OSD policy. Ordnance carry-over is projected to decrease from 5.6 months in FY 1998 to 2.0 months in FY 2000, as reflected below:

Ordnance Carryover	FY 1998	FY 1999	FY 2000
($M)			
New Order	387.6	405.9	610.5
Carry-In	350.6	304.0	234.1
Gross Orders	738.2	709.9	844.6
Total Revenue	434.2	471.0	676.6
Carry-Over	304.0	239.0	168.0
Less: WIP	20.0	15.0	15.0
Less: BRAC, Non-DoD FMS Intra/Inter DWCF (excluding SMA)	22.3	11.5	14.8
Less: Contract Liabilities	58.5	38.2	31.5
New Carry-Over	202.6	174.3	106.7
Carry-Over in Months	5.6	4.4	1.9

Quadrennial Defense Review (QDR)

Looking to the future (beyond FY 1999), recommendations of the QDR hold important changes and potential savings for all Army Working Capital Fund activities. Increased emphasis will be placed on outsourcing and privatization and/or implementation of more efficient organization. Also, overhead and headquarters functions will be reduced. We are focusing investments on programs, which support our QDR program. This budget reflects reduction of personnel costs and assumptions of reduced costs for the transition to the organization outlined in the QDR.

Capital Budget

AWCF activities seek to maintain and develop capabilities through equipment acquisition and the execution of minor construction projects. The budget request provides for equipment acquisition to replace obsolete and unserviceable equipment, modernize repair processes, eliminate environmental hazards, and decrease repair costs through productivity improvements. Also requested are funds for the development of software to improve managerial decision-making quality and timeliness through efficient access to and use of data. Investments are for local area networks,

servers, desktop computers, high-speed printers and a variety of software products that enhance program integration streamlining. The following table displays the capital investment program for fiscal years 1998 through 2000 ($M):

	FY 1998	FY 1999	FY 2000
Supply Management	46.8	44.1	51.6
Depot Maintenance	42.7	33.2	25.4
Ordnance	16.1	16.9	22.1
Information Services	0.3	0.3	0.0
Total	119.1	94.5	99.1

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Supply Management, Army

FUNCTIONAL DESCRIPTION

The Supply Management, Army (SMA) Activity Group consists of a wholesale division and separate retail divisions for the Army's major commands, plus a retail division to support military requirements in the National Capital Region (Washington, DC). The wholesale division is subdivided by commodity; major subordinate commands manage assigned Army items. The SMA also manages the prepositioned war reserves under Army control.

ACTIVITY GROUP COMPOSITION

The SMA entities consist of the following:

Retail Divisions	Manager
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 Kor
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
Type of Materiel Managed:	
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-manages GSA items, administrative office supplies and equipment.	

Wholesale Subdivisions		Materiel Managed
AMCOM*	U.S. Army Aviation and Missile Command Huntsville, AL	Aircraft and ground support items Missile systems items
CECOM	U.S. Army Communications-Electronics Command, Fort Monmouth, NJ	Communication and electronics items
TACOM	U.S. Army Tank and Automotive Command, Warren, MI	Combat, automotive, and construction items
ACALA	U.S. Army Armament and Chemical Acquisition and Logistics Activity, Rock Island, IL	Weapons, special weapons, chemical and fire control items
SBCCOM*	U.S. Army Soldier and Biological Chemical Command, Natick, MA	Ground support items

Prepositioned War Reserves		Materiel Managed
AMC-MOB	Headquarters, U.S. Army Materiel Command, Alexandria, VA	DLA/GSA items: repair parts, clothing, subsistence, medical supplies, industrial supplies; ground forces supplies

*AMCOM was established in FY 1998. It comprises the former MICOM (U.S. Army Missile Command) and elements from the former ATCOM (U.S. Army Aviation and Troop Command). SBCCOM was established in FY 1998 to manage troop support items from the former ATCOM. Redistribution of approved Personnel and Budgetary Resources accommodates the SBCCOM requirements. No additional resources were required.

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Supply Management, Army

BUDGET HIGHLIGHT

Sales:

Supply Management, Army (SMA) gross sales in dollars will increase in FY 1999 primarily due to changes in pricing. Sales volume will decline in FY 2000 based on changes to the Army's inventory management policies and procedures, the effects of the Consumable Item Transfer (CIT) to the Defense Logistics Agency, and the dra down for support of contingency operations.

Indicator ($M)	FY 1998	FY 1999	FY 2000
Gross Sales	$8,895.4	$9,110.5	$8,856.5
Cost of Material Sold from Inventory	5,470.2	5,342.5	5,223.4
Obligations for Materiel (includes depot-level repair of DLRs)	5,292.7	5,651.2	5,402.8
Credit for Returns	3,049.9	3,109.2	2,996.0

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 1998	FY 1999	FY 2000
Net Operating Results	(21.9)	(5.8)	30.3
Accumulated Operating Results	(16.6)	(22.4)	0.0

Workload and Economic Assumptions:

Prices for Army-managed items have been adjusted upward an average of 7.6 percent in FY 1999. The SMA pricing structure continues the use of Army Working Capital

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Supply Management, Army

Fund cash to reflect logistics efficiencies. The cash becomes available as the result of ongoing efforts to reduce inventory levels (primarily lead-time stocks) which results in lower replenishment and repair costs. The following presents general workload data and economic assumptions for the Wholesale Division.

Indicator	FY 1998	FY 1999	FY 2000
SMA Line Items Managed (#)	129,535	124,210	118,210
SMA Requisitions Received ($M)	$3,737.5	$3,456.4	$3,303.2
SMA Requisitions Received (#)	986,146	966,873	947,536
Receipts (#)	430,460	422,639	378,632
Issues (#)	1,045,613	1,087,716	998,080
Contracts Executed (# > $100 K)	3,297	3,231	3,166
Credit Returns ($M)	$1,170.6	$1,069.8	$1,077.5
Surcharge Rate (Composite)	17.8%	25.3%	25.3%
Customer Price Change (%)	2.3%	7.6%	1.6%
SMA Purchases Inflation (%)	1.4%	1.2%	1.5%

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. The Wholesale Division is actively pursuing inventory reduction methods that permit it to sell materiel without replacement.

Unit Cost Goal	FY 1998	FY 1999	FY 2000
Retail	1.00	1.00	0.98
Wholesale	1.00	0.98	0.98

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Personnel:

The activity continues its downsizing efforts, as reflected in the Civilian End Strengths and work years (Full Time Equivalents, FTEs). These reductions are being achieved despite the restoral of civilian spaces in FY 1999 and 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 1998	FY 1999	FY 2000
Civilian End Strength	3,493	3,105	2970
Civilian FTEs	3,456	3,255	2994
Military End Strength	17	17	16
Military Work Years	17	17	16

Inventory:

Inventory, revalued for unserviceability and potential disposal, declines through FY 2000 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 2000 inventory value reflects increased inventory serviceability and the improved ratio of applicable to inapplicable stocks. As inventory applicability and serviceability increases, the Army's stock turn ratio is expected to rise.

	FY 1998	FY 1999	FY 2000
Inventory ($M)	8,838	8,837	8,174

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 1998 through FY 2000. Data provided reflects FY 1998 actual performance. Stock Availability fell from fourth quarter FY 1997 to first quarter FY 1998 due to sales below projections that reduced managers' authority available to replenish stocks. OSD increased the

wholesale unit cost during FY 1998, which provided more authority for the wholesale to procure and repair needed items. This increased unit cost was the primary reason for the improved stock availability throughout FY 1998 as shown on the chart below.

1Q98	2Q98	3Q98	4Q98
78%	80%	82%	83%

Major Programmatic Adjustments:

The SMA will continue to use cash to offset the Defense Agency costs in its surcharges for FYs 1999 ($114.5 million) and 2000 ($108.3 million).

Capital Budget:

This activity group seeks to maintain and develop capabilities through equipment and software acquisition. 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 SMA invests in 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 1998	FY 1999	FY 2000
Equipment	.679	0	0
ADP	1.179	0	.135
Software	44.942	44.107	51.420
TOTAL	46.801	44.107	51.555

Activity Group Capital Investment Summary
Supply Management
($ in Millions)

Line No.	Description	FY 98 Quantity	FY 98 Total Cost	FY 99 Quantity	FY 99 Total Cost	FY 00 Quantity	FY 00 Total Cost
	EQUIPMENT-Replacement						
98-13	Various Other Equipment <$500K	1	0.279				
99-2	Virtual Mock-ups for Spares	4	0.400				
	SUBTOTAL	5	0.679				
	EQUIPMENT-Productivity						
	SUBTOTAL						
	EQUIPMENT-Environmental						
	SUBTOTAL						
	EQUIPMENT-New Mission						
	SUBTOTAL						
	EQUIPMENT TOTAL	5	0.679				
	AUTOMATED DATA PROCESSING						
98-5	Network Upgrade/Replacement	170	0.722				
98-7	Logistics & Read Ctr Equip Replace						
99-1	Page Printing System (PPS) Printer					1	0.135
98-8	Log & Readiness Ctr PCs & Printers	150	0.496				
01-01	High Speed Printers						
	ADP TOTAL	320	1.218			1	0.135

Activity Group Capital Investment Summary
Supply Management
($ in Millions)

Line No.	Description	FY 98 Quantity	FY 98 Total Cost	FY 99 Quantity	FY 99 Total Cost	FY 00 Quantity	FY 00 Total Cost
	MINOR CONSTRUCTION						
	MINOR CONSTRUCTION TOTAL						
	SOFTWARE						
97-6	Single Stock Fund (SSF)	1	5.968	1	11.703	1	29.025
96-20	Materiel Management System (MMS)	1	4.720	1	1.460		
97-4	Conversion of MILSTEP	1	0.489				
98-15	Vision 2010	1	9.015	1	3.285	1	1.145
98-1	CCSS Century Date Change	2	2.972	2	2.854	1	0.342
98-2	LOGSA Century Date Change	1	1.678	1	0.746		
98-3	Integrated Sustainment Maintenance (ISM)	3	5.390	3	3.995		
98-4	Remote Site Processing	1	0.131				
98-6	On Net Transfer Protocol	1	1.055				
98-9	Lateral Redistribution	1	1.000	1	1.500		
98-14	Common Operating Environment (COE)	1	9.817	1	11.364	1	17.780
98-10	CCSS Defense Logistics Mgt Systems	2	1.640	2	3.920		
98-12	Single Item Inventory Record (SIIR)			1	1.000		
98-11	LOGSA Defense Log Mgt Systems	1	1.750				
99-3	Integrated Data Environment (IDE)	1	11.300				
99-4	Commercial Asset Visibility (CAV II)			32	2.280	32	3.128
	SOFTWARE TOTAL	18	56.925	46	44.107	36	51.420
	SUPPLY MANAGEMENT TOTAL	343	58.822	46	44.107	37	51.555

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
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B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-13	Various Other Equipment <$500K	TACOM

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Various Other Equipment <$500K	1	279.291	279.291									
TOTAL	1		279.291									

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
This represents various replacement equipment that costs <$500K, which will improve efficiency through replacement, modification, or addition of production and maintenance capability and compliance with regulatory requirements. Includes the acquisition and installation of capital investment items valued between $100,000 and $500,000 with a useful life of two years or more. Examples of equipment to be purchased include a 3D Laser Imaging and a Rapid Prototype Support.

b. **ANTICIPATED BENEFITS:** Replacement of equipment will allow more effective and efficient use of manpower. Benefits include spare parts cost and schedule reductions and an increase in quality of products, improved readiness (parts availability) and reduction of waste/scrap.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Cost of critical out-of-supply AWCF items will be high. Increase risk of supply parts shortage for some weapon systems because the contractor no longer supports.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes. Multiple economic indicators for various projects.

ECONOMIC INDICATORS:

Total Cost of the Project	$416	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
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B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	99-2	Virtual Mock-ups for Spares	TACOM

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
CAD System	1	160.000	160.000									
Virtual Reality Hard System	1	80.000	80.000									
Virtual Reality Software	2	80.000	160.000									
TOTAL	4		400.000									

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Tank and Automotive Command (TACOM) currently has a requirement for the capability to reverse engineer fielded vehicle components. Reverse Engineering enables competitive procurement instead of sole source procurement. In the process of reverse engineering, one of the important elements is design visualization of Computer Aided Design (CAD) models. The design visualization is an effective process for design reviews and trade-off studies for components being developed and reverse engineered. The visualization of components is dependent on the CAD system, Virtual Reality (VR) Hardware and VR software. The existing CAD System is obsolete and does not have adequate processing power to prepare CAD models efficiently and effectively for design visualization. The processing power is also not adequate for the utilization of Virtual Reality technology and related visualization techniques. This leads to longer response time and poor quality of the design.

b. **ANTICIPATED BENEFITS:** The objective of this investment is to improve productivity by using state-of-the-art CAD System and Design Visualization Virtual Reality technology. The added capability will greatly improve the efficiency of the reverse engineering process. In addition, the reliability and quality of the reverse engineered components will be greatly enhanced. By providing technical drawings for the reverse engineered components in time and facilitating competitive procurement instead of sole source, approximately 25% to 30% of the procurement cost can be saved.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Reverse engineering support will not be cost effective without upgraded CAD System, Virtual Reality hardware and software. The quality of the reverse engineered components will have negative impact without appropriate visualization techniques.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$400	Net Present Value of Benefits:	$431	Benefit to Investment Ratio:	2.1	Payback Period:	2.6 Years

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Supply Management 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date: Supply Management — 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION EQUIPMENT-Environmental ($ in Thousands)												A. Budget Submission FY 2000 Budget Estimates
B. Component, Activity Group, Date Supply Management 23 Feb 99				C. Line No			Item Description					D. Activity Identification
	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION EQUIPMENT-Environmental ($ in Thousands)												A. Budget Submission FY 2000 Budget Estimates
B. Component, Activity Group, Date Supply Management 23 Feb 99				C. Line No			Item Description					D. Activity Identification
	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Supply Management 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99			

Element of Cost	FY 98			FY 99			FY 00			FY 01		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Supply Management 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99			

Element of Cost	FY 98			FY 99			FY 00			FY 01		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
AUTOMATED DATA PROCESSING
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	99-1	Page Printing System (PPS) Printer	TACOM

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Page Printing System (PPS) Replacement							1	134.850	134.850
TOTAL							1		134.850

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Two existing PPS printers are required to print 400,000 report pages per month (Supply Control Studies, Budget Strats, DEPLOY, etc.) and require constant supervision and operation. These printers are 20 years old and are difficult and costly to maintain due to unavailability of parts. Currently, only one printer is operational as the second is being cannibalized for parts. One unobtainable damaged part will halt the entire system. The maintenance cost continues to escalate and technical expertise is disappearing. Additionally, sources for paper and supplies have diminished causing costs to increase.

b. **ANTICIPATED BENEFITS:** Benefits include decreased maintenance, paper and supply costs, improved performance of printing capabilityand increased reliability and productivity of the system. Requested printer is self-operating so there is low operator intervention and minimal commitment of human resources. Reports are generated on smaller size paper facilitating handling, storage, transportability, and use.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** PPS printers must be replaced in order to maintain our printing capability. Without PPS printers Supply Control Studies, Budget Strats, DEPLOY reports, etc. will not be available to 200 item managers causing monthly work stoppage in requirements determination, procurement and maintenance direction for all TACOM-managed secondary items.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$135	Net Present Value of Benefits:	$407	Benefit to Investment Ratio:	4.1	Payback Period:	2.5 Years

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
MINOR CONSTRUCTION
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
MINOR CONSTRUCTION
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
MINOR CONSTRUCTION
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Supply Management 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
MINOR CONSTRUCTION
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Supply Management 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	97-6	Single Stock Fund (SSF)	AMC

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Labor-CDA	1	5,968.000	5,968.000	1	11,703.000	11,703.000	1	29,025.000	29,025.000
TOTAL	1		5,968.000	1		11,703.000	1		29,025.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The Army has a horizontal management structure (with three points of sale) because supply and financial operations were decentralized to Army Materiel Command (AMC) for wholesale and to other Major Commands (MACOMs) for retail. The MACOMs have further decentralized retail operations through their installations. Decentralized stock record accounting generates redundant supply inventories and allows retail managers to order supplies the Army does not 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. This change will align Army with Navy and Air Force Supply Management structures and will allow global asset management and ownership of Army managed items. Eliminating this point of sale will end duplication of logistical/financial processing, and will 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 would gain ownership and visibility of Army installation assets and thus be able to respond more rapidly than the installation for high priority or Non-Mission Capable Supply (NMCS) requisitions.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** If funding is not approved, the Army 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 redistribution of assets. Approved program for FY 1999 is $5.313M. We have shown a program of $11.703 which includes reprogramming of $6.390M from other approved FY 1999 programs.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes. This is an approved program. The initial EA was performed in FY 1997 and is currently being updated. The SSF was directed under DRMDs 901 and 927J, November 1989.

ECONOMIC INDICATORS:

Total Cost of the Project	$84,200	Net Present Value of Benefits:	$1,300,000	Benefit to Investment Ratio:	13.2	Payback Period:	10 Years

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	96-20	Materiel Management System (MMS)	SM Inventory Control Points

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Hardware/Software	1	4,720.000	4,720.000	1	1,460.000	1,460.000			
TOTAL	1		4,720.000	1		1,460.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Funds are to support upgrades and replacements of hardware associated with the Army's Materiel Management System (MMS) Commodity Command Standard System (CCSS). Continued improvements to CCSS coupled with the advancements in technology necessitate the need to provide the supporting infrastructure needed for operation of our materiel management system. The types and amount of equipment needed is dependent upon the size of each site and the availability and applicability of equipment currently at each site. Site surveys will be used as the determining factor for the equipment needed. With deployment of capabilities such as WEB enabled application and graphic user interfaces (GUI) to application, current equipment does not have the capacity of performance necessary to support modern technology.

b. **ANTICIPATED BENEFITS:** Enhancements will provide improved capability to the Army. It will support the establishment of an infrastructure which is in compliance with the Defense Information Infrastructure (DII), Joint Technical Architecture (JTA), and the Army's technical architecture. Specific improvements will be improved asset visibility, reduced labor requirements, reduced overhead costs and achievement of other Vision 2010 goals.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Benefits will not be achieved. Army's ability to implement new technology and improve business processes in support of Vision 2010 will not occur thus negatively impacting readiness and support to the tactical warfighter.

d. **ECONOMIC ANALYSIS PERFORMED?** None required. In support of Department of Defense Vision 2010 and the Common Operating Environment (COE) objectives.

ECONOMIC INDICATORS:

Total Cost of the Project	$21,180	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	97-4	Conversion of MILSTEP	AMC/LOGSA

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Labor-CDA	1	489.000	489.000									
TOTAL	1		489.000									

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Military Supply and Transportation Evaluation Procedures (MILSTEP) reads transactions such as requisitions and supply status records which are in an 80 card column format. Raw requisition and status data is processed and sorted into several hard copy performance reports for use by Inventory Control Points and higher headquarters.

b. **ANTICIPATED BENEFITS:** MILSTEP, if converted, would be able to read and compile reports based on the new variable length records and new transaction formats described in the Defense Logistics Management Standard System (DLMS). If data were put into a centralized, relational database with Graphic User Interface, reports not available through current canned output products could be produced.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** MILSTEP supply performance reporting as described in DoD 4000.23, DoD 4100.25-1-M, and DoD 4410.6 would cease because it would not be programmed to read variable length records and new transaction formats. DLMS is scheduled for implementation in October 1998.

d. **ECONOMIC ANALYSIS PERFORMED?** This is a required program for Army to comply with DoD regulations.

ECONOMIC INDICATORS:

Total Cost of the Project	$978	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-15	Vision 2010	AMC

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Software Development	1	9,015.000	9,015.000	1	3,285.000	3,285.000	1	1,145.000	1,145.000
TOTAL	1		9,015.000	1		3,285.000	1		1,145.000

Narrative Justification:

a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The Commodity Command Standard System (CCSS) is a tightly integrated system with interactive data, data processing routines, technical utilities with files and data bases serving multiple business processes. It was developed in the late 1960's. Some limited technology upgrades have been accomplished; however, the critical element of CCSS operating software remains unchanged. The obsolete technology and lack of system documentation increase maintenance costs; hinder business process improvements and reduce capability to augment the downsized workforce through outsourcing. The structure and technology of CCSS do not allow for user on-line to all data. There is no capability to access data residing in current and future Army and DoD systems. For FY 1999, FY 2000, and FY 2001, this project supports only the Virtual/Single IMMC project.

b. ANTICIPATED BENEFITS: Through this systems revolution, the Army will enable joint operations envisioned by Joint Vision 2010, a shared data environment, decreased production costs, and more rapid, cost effective business process improvements. This focused logistics will be the fusion of information, logistics, and transportation technologies to provide rapid crisis response, to track and shift assets even while enroute, and to deliver tailored logistics packages and sustainment directly at the strategic operational and tactical level of operations. It will be fully adaptive to the needs of our increasingly dispersed and mobile forces, providing needed capabilities in hours or days versus weeks.

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Army Materiel Command organizations will be unable to fully support the Vision 2010 concept. Directing the logistics packages to the operational level will be hindered without the elements contained within the initiative. Army agencies will be unable to take advantage of advanced business practices, commercial economies, and global networks.

d. ECONOMIC ANALYSIS PERFORMED? This is an OSD approved/directed program (PBD 401).

ECONOMIC INDICATORS:

Total Cost of the Project	$22,599	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-1	CCSS Century Date Change	AMC/LSSC

	FY 98			FY 99			FY 00		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Labor-CDA	1	1,902.000	1,902.000	1	1,856.000	1,856.000	1	342.000	342.000
Labor-Contractor	1	1,070.000	1,070.000	1	998.000	998.000			
TOTAL	2		2,972.000	2		2,854.000	1		342.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The current Commodity Command Standard System (CCSS) processes use a six position date field. These six position date fields are used in nearly all applications and data bases for status accounting, computations, forecasting, financial accounting and requisition processing. When the year 2000 is reached, CCSS will be unable to determine the correct year in its current configuration.

b. **ANTICIPATED BENEFITS:** All six position date fields in CCSS must be changed from six positions to eight positions to ensure continued systems operational capability.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Immediate and catastrophic system failure resulting in an unprecedented failure to meet business performance goals involving status accounting, forecasting, financial management, requisition processing and other logistic support functions.

d. **ECONOMIC ANALYSIS PERFORMED?** No. This is a DoD Directed approved program.

ECONOMIC INDICATORS:

Total Cost of the Project	$9,482	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-2	LOGSA Century Date Change	AMC/LOGSA

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Software Development	1	1,678.000	1,678.000	1	746.000	746.000			
TOTAL	1		1,678.000	1		746.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Current systems do not allow transitioning to the 21st Century. Data fields must be changed in the systems to accommodate dates in two centuries. Failure to make changes will result in inaccurate and incomplete data that will, in effect, render these Logistics Support Activity (LOGSA) databases useless. This project will involve 5,850 programs for a total of 4,850,000 lines of code.

b. **ANTICIPATED BENEFITS:** Completion of this effort will allow continuation of effective LOGSA support into the next century.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The systems supported by these LOGSA databases will become ineffective and inoperable. All date-involved processes will fail, resulting in serious ongoing damage to critical Army information processes.

d. **ECONOMIC ANALYSIS PERFORMED?** No. This is a DoD Directed approved program.

ECONOMIC INDICATORS:

Total Cost of the Project	$3,184	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-3	Integrated Sustainment Maintenance (ISM)	AMC

	FY 98			FY 99			FY 00		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Hardware	1	1,430.000	1,430.000	1	715.000	715.000			
Software Development									
Labor Contractor	1	1,760.000	1,760.000	1	880.000	880.000			
Software	1	2,200.000	2,200.000	1	2,400.000	2,400.000			
TOTAL	3		5,390.000	3		3,995.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Various organizations and Major Commands (MACOMs) are responsible for sustainment maintenance. There is duplication of maintenance capability, redundancy in support, and fragmented command and control of maintenance capability.

b. **ANTICIPATED BENEFITS:** This initiative results in savings to the Army of $142M (FY 1998-2003). ISM provides for centralized management and decentralized execution of sustainment maintenance in the Army. Savings will be realized through improved "repair versus buy" decisions at the national level, regional cost avoidance, and maintenance efficiencies. Investment is required in order to gain efficiencies. Investment is shared among AMC and other MACOMs, such as Forces Command, Training and Doctrine Command, Office, Chief Army Reserves, and the National Guard Bureau.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The expansion of the ISM automation management information system cannot be accomplished. Without the automation management information system, ISM cannot be implemented and, therefore, no savings will be realized.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes. Cost benefit analysis is in the process of being updated.

ECONOMIC INDICATORS:

Total Cost of the Project	$12,680	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-4	Remote Site Processing	AMC

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development	1	131.000	131.000									
TOTAL	1		131.000									

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Procurement Automated Data and Document System (PADDS) and Commodity Command Standard System (CCSS) Procurement applications currently are accessed through on-site Local Area Networks (LANs). Any remote site processing must be accomplished using the Work Ordering and Reporting Communications System (WORCS) which queues one site's requirements to another site. While this allows for remote site processing, it requires dedicated LAN lines to accomplish this task. Reduced cost will be realized through use of the Internet in lieu of LAN lines.

b. **ANTICIPATED BENEFITS:** Running the PADDS Data Base Management System (DBMS) on the Internet will significantly reduce costs associated with Army and DoD downsizing efforts oriented toward consolidating contracting activities. The implementation of this initiative will reduce communication infrastructure cost through use of the Internet in lieu of installation of dedicated lines at each Command. Currently, remote site processing of procurement actions is accomplished through the WORCS which allows for the purchase of requirements with committed funds transferred from the customer to the buying Command.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Savings will not be realized.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$131	Net Present Value of Benefits:	$3,152	Benefit to Investment Ratio:	26.0	Payback Period:	1 Year

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-6	On Net Transfer Protocol	MICOM

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Hardware/Software Replacement	1	1,055.000	1,055.000									
TOTAL	1		1,055.000									

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Procurement Automated Data and Document System (PADDS) currently transmits data to the logistics financial and contract administration applications. To ensure timely and accurate dissemination of payment and delivery information, the On Net Files Transfer Protocol (TRP) is needed to facilitate faster data transmission.

b. **ANTICIPATED BENEFITS:** This project will facilitate attainment of the AMC goal to reduce procurement administrative leadtimes by fifty percent. It is estimated that these improvements will yield a two-day improvement in procurement administrative leadtime. This estimate is substantiated by the approved economic analysis.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The Army wholesale procurement and logistics community will be limited in its access to technical data or drawings if the necessary platforms are not available. This project satisfies requirements to make changes (directed, required, or considered urgent) to the legacy systems. Failure to implement these changes will result in increased manual effort to support the various functional areas.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$1,055	Net Present Value of Benefits:	$2,982	Benefit to Investment Ratio:	3.9	Payback Period:	1 Year

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-9	Lateral Redistribution	AMC

	FY 98			FY 99			FY 00		
Element of 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	1,500.000	1,500.000			
TOTAL	1		1,000.000	1		1,500.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Several audit findings revealed over $500M of excess assets within Department of Defense (DoD) which could have been used if the Primary Inventory Control Activity (PICA) had visibility of assets at the Secondary Inventory Control Activity (SICA) level. As a result of the audit findings, Deputy Under Secretary of Defense, Logistics, directed all DoD components to provide visibility and redistribution capabilities. These $500M excess assets were not available for the soldier due to the lack of visibility thereby decreasing redistribution and procurement offsets.

b. **ANTICIPATED BENEFITS:** This initiative results in a cost savings of $64M. Lateral redistribution provides visibility of assets across DoD that will allow for the redistribution of excess assets to fill backorders and offset procurement buys. Both wholesale and retail assets will be utilized. As items migrate to the single DoD manager concept, additional systems changes are required to realize visibility and utilize worldwide assets. This initiative supports velocity management because it will increase asset visibility across DoD, offset procurement buys, provide greater utilization of excess assets, and reduce order-ship-time (OST).

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Benefits to be derived from a reduced OST will occur. Asset visibility across DoD will be limited and procurement in excess of requirements will occur.

d. **ECONOMIC ANALYSIS PERFORMED?** Not required per DoD 4140-1R.

ECONOMIC INDICATORS:

Total Cost of the Project	$2,500	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-14	Common Operating Environment (COE)	AMC

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Software Development *	1	9,816.600	9,816.600	1	11,364.000	11,364.000	1	17,780.000	17,780.000
TOTAL	1		9,816.600	1		11,364.000	1		17,780.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The Commodity Command Standard System (CCSS) is a tightly integrated system with interactive data, data processing routines, technical utilities with files and data bases serving multiple business processes within the Army Materiel Command (AMC) logistics mission area. It was developed in the late 1960's. Some limited technology upgrades have been accomplished; however, the critical element of CCSS operating software remains unchanged. The obsolete technology and lack of system documentation increase maintenance costs, hinder business process improvements, and reduce capability to augment the downsized workforce through outsourcing. The structure of CCSS does not allow for user on-line access to all data. There is no capability to access data residing in current and future Army and DoD systems.

b. **ANTICIPATED BENEFITS:** Improved information process will result in reduced operational and sustainment cost, reduced Defense Information System Agency (DISA) operational expenseS, improved asset visibility and improved inventory and requirements determination process. Migration to a relational database management system will separate data from the business applications, allowing more flexible and efficient use of data across different sites and applications. State-of-the-art database technology will enhance scalability of system without costly file merge activities, permit the creation of data mining and data warehouse capabilities to better perform forecast modeling and trend analysis, and integrate with other systems. Implementation of commercial products will be easier allowing the adoption of commercial business practices within the government. Reduced operational and sustainment costs will be realized. Creating a graphical User Interface (GUI) front end to CCSS will increase productivity and shorten the learning curve for new users by making CCSS user interface intuitive to the user, similar to modern computer application interfaces. Accuracy of information will be increased as errors are eliminated at point of entry. Processing times will be reduced. Achievement of an inter-operable logistics data environment will be the result of data standardization and business process modeling. Redundant and duplicative data will be identified along with data usage and ownership. Utilization of standard data can be achieved which will reduce discrepancies in reported information, support the implementation of commercial products and business solutions, achieve interoperability with other Services and agencies. Achievement of seamless logistics between wholesale and retail cannot be achieved until data and business process are understood and documented. Business process re-engineering (BPR) can be achieved as the data and process are understood.

ECONOMIC INDICATORS:

Total Cost of the Project	$61,428	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE ($ in Thousands)										A. Budget Submission FY 2000 Budget Estimates		
B. Component, Activity Group, Date Supply Management 23 Feb 99				C. Line No 98-14			Item Description Common Operating Environment (COE)			D. Activity Identification AMC		
	FY 98			FY 99			FY 00					
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
TOTAL												

Narrative Justification (Continuation Sheet):

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** CCSS will remain in its current state of obsolescence, which will make the transition to GCSS-Army more costly and time consuming. Continued loss of personnel knowledgeable of outdated technology will impact future transition to another system. Defense Information System Agency (DISA) cost will continue to increase for non-standard system products are supported. Ability to achieve improvements in asset visibility and reduced weapon system life cycle costs will be greatly restricted. Achievement of objectives identified by Virtual Integrated Materiel Management Center (VIMMC) will not be possible.

d. **ECONOMIC ANALYSIS PERFORMED?** J4 directed to achieve the Defense Information Infrastructure/Common Operating Environment (DII/COE) for the Joint Technical Architecture (JTA). EAs for CCSS File Merge, Database Modernization, and GUI technology will be submitted by 31 December 1998.

* The original Common Operating Environment project ($4.737) includes the Joint Logistics Systems Command's transfer of project Commodity Command Standard Systems (+$4.83M).

ECONOMIC INDICATORS:							
Total Cost of the Project	$61,428	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-10	CCSS Defense Logistics Mgt Systems	AMC

	FY 98			FY 99			FY 00		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development									
Labor Contractor	1	984.000	984.000	1	2,352.000	2,352.000			
Labor-CDA	1	656.000	656.000	1	1,568.000	1,568.000			
TOTAL	2		1,640.000	2		3,920.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Commodity Command Standard System (CCSS) applications are not compatible with the new variable length format to be used for processing all military standard transactions. DoD has directed all services and DLA to adopt the variable length record format which is in alignment with industry and commercial standards. All CCSS applications will required change. The interim proposal is to develop a front-end and back-end process to convert records into useable format to enable CCSS to process them when the new format is installed.

b. **ANTICIPATED BENEFITS:** This will enable AMC systems to interface and utilize standardized formats to process military standard records and transactions, such as requisitions, and to use the Defense Automated Address System (DAAS). This format is the standardized format for transaction processing used in industry.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** AMC automated logistics systems will not be able to process incoming or outgoing military standard traffic such as requisitions or use DAAS services.

d. **ECONOMIC ANALYSIS PERFORMED?** No. DoD directed change under Corporate Information Management (CIM) Guidance.

ECONOMIC INDICATORS:

Total Cost of the Project	$5,560	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-12	Single Item Inventory Record (SIIR)	AMC

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Software Development				1	1,000.000	1,000.000			
TOTAL				1		1,000.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Currently, there are two separate inventory records that require daily reconciliation. Audits reveal that records are inaccurate by as much as 35 percent. This discrepancy is attributed to the volume of receipt and adjustment transactions that flow between the Inventory Control Points and the Depots. Current systems contain up to three separate inventory records. Depots utilize Standard Depot System while Inventory Control Points utilize Commodity Command Standard System.

b. **ANTICIPATED BENEFITS:** DOD 4140-1R identifies a requirement for SIIR. By creating a single accountable record, SIIR would eliminate the need for separate custodial and accountable records. SIIR would also eliminate the need for database reconciliation between activities. It would improve Logistics Performance Measurements and Standards and increase inventory accuracy between the Inventory Control Point and the depot records. SIIR implementation would provide a seamless logistics inventory record which, in turn, will increase readiness posture by decreasing denial rates. Processing time will improve due to record accuracy, and order-ship-time will subsequently be reduced.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Manual database reconciliation between activities will be continued with the inherent inaccuracies and errors associated with manual reconciliation.

d. **ECONOMIC ANALYSIS PERFORMED?** No. DoD directed.

ECONOMIC INDICATORS:

Total Cost of the Project	$1,000	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	98-11	LOGSA Defense Log Mgt Systems	AMC/LOGSA

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development	1	1,750.000	1,750.000									
TOTAL	1		1,750.000									

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** None of LOGSA existing 66 Legacy Systems are designed to accommodate the ANSI-S12 variable length record formats. Migration to the X-12 standard has been directed to replace the current Defense Logistics Standard System (DLSS) standard. To be able to accept and process the new variable length records by 1st QTR FY 1999 as directed by DoD under CIM Guidance, Defense Management Review Decision (DMRD) 941, FY 1996 Strategic Plan (goal 2-C-2). LOGSA will have to perform an in-depth analysis of all systems to determine impacts to current inputs and outputs. Upon completion of the assessment, LOGS will have to develop software to serve as a translator to convert the new record formats into transaction formats that the systems are designed to process. The translator will also have to interpret outputs from the legacy processes and convert them to the new variable length formats. The translator/converter is the only feasible alternative as conversion of LOGSA legacy systems/data bases by the directed implementation date is unaffordable, if not impossible.

b. **ANTICIPATED BENEFITS:** This update will enable AMC systems to interface and utilize standardized format to process DLSS (MILSTRIP, MILSTRAP, MILSTAMP, etc.) records. The X12 variable length record format is the standardized format for transaction processing that is in sync with industry and commercial standards. This is a DoD directed change under CIM guidance, DMRD 941, FY 96 Strategic Plan (Goal 2-C-2). Required per regulation DoD 4025.M Defense Logistics Management System. Activities to receive equipment/system: LOGSA.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** AMC automated logistics systems will not be able to process DLSS traffic after Oct 98 and will not be able to perform critical logistical sustainment functions.

d. **ECONOMIC ANALYSIS PERFORMED?** No. DoD directed change under Corporate Information Management (CIM) Guidance.

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Total Cost of the Project	$1,750	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	99-3	Integrated Data Environment (IDE)	AMC

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Hardware, Software, Contracts	1	11,300.000	11,300.000									
TOTAL	1		11,300.000									

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The wholesale supply management process within the Army is performed using obsolete Automated Data Processing (ADP) equipment, inadequate communications devices and antiquated automated systems which were originally created in the 1960's with the technology which was available at that time. Business processes are still manual and paper intensive. Repetitive steps remain within our business structure even though logistic support concepts have been changed. The ability to have digitized information is severely limited. This impacts the ability to reduce sustainment costs and streamlining of business processes through the utilization of automation tools to pass electron rather than paper.

b.. **ANTICIPATED BENEFITS:** The Integrated Data Environment (IDE) will create an environment which will receive, store, and share logistics data in a digital format. This initiative will provide Army activities with the necessary hardware, software, and communications equipment to prepare Army logistics for the 21st century. The positive aspects of this initiative are: a.) reduces the operations and sustainment costs of Army weapons systems, b.) enables acquisition reform and links Army business processes with industry, c.) provides access to real-time weapons system information which will reduce lead times and support costs and increase customer service, d.) facilitates business reengineering to ensure business practices are captured and adjust them to the desired way of doing business , and e.) essential to GCSS-A by establishing a Defense Information Infrastructure (DII) Common Operating Environment (COE). Supports the department of Defense's goal to achieve life-cycle information integration migration to digital methodologies.

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The DoD is migrating from manual, paper-intrusive operations to an integrated and highly automated (paperless) environment supporting logistics, acquisition, and support processes. The IDE is the Army's solution to achieve a digital programs emphasizing interconnecting automated systems and databases and business process improvements. IDE will revolutionize the way that the Army manages its supply function and is the basis for a more effective and efficient supply management business process for the 21st century. Failure to fund this effort will result in a continuation of the current obsolete supply management business processes and will not take advantage of the technology currently available to achieve all of the benefits delineated above.

d. ECONOMIC ANALYSIS PERFORMED? This is a DoD directed program, therefore an EA is not required.

ECONOMIC INDICATORS:

Total Cost of the Project	$11,300	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE ($ in Thousands)										A. Budget Submission FY 2000 Budget Estimates		
B. Component, Activity Group, Date Supply Management 23 Feb 99				C. Line No 99-3		Item Description				D. Activity Identification AMC		
	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification (Continuation Sheet):

ECONOMIC INDICATORS:

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

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management 23 Feb 99	99-4	Commercial Asset Visibility (CAV II)	AMC

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Labor				1	816.480	816.480	1	349.920	349.920
Travel				1	713.520	713.520	1	2,028.000	2,028.000
Contract-Initial Deployments				30	25.000	750.000	30	25.000	750.000
TOTAL				32		2,280.000	32		3,127.920

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Under the Commodity Command Standard System (CCSS), the Inventory Control Points (ICPs) have limited visibility of assets being repaired at commercial contractor sites. There is no automated system to provide accountability reporting, notification of shipment, nor a method to correct financial or inventory imbalances. During physical inventories done at nine contractor sites in 1993 and 1994, assets totaling $35M were located which had been unaccounted for at the ICPs and assets totaling $2.6M which were unaccounted for at the contractors' sites. The most significant economic analysis result from the latest physical inventories at the contractors' sites was the finding of 35 helicopter engines estimated at a cost of $7.6M which were not identified on CCSS records. Inventory results and cost savings are consistent with recent FY 1998 deployments. It is anticipated that the Army ICPs will field CAV to 30 contractors yearly with graduated contract renewal costs based upon the total number of prior year deployments.

b. **ANTICIPATED BENEFITS:** CAV II increases asset visibility in CCSS, improves shipping procedures, measures repair turn-around time, and monitors contractor performance. Based on an analysis done by Army Materiel Systems Analysis Activity (AMSAA), Technical Report #553, June 1994, eight contractor implementations of CAV II would net savings of $36.4M over a ten-year period. Based on the results of the recent physical inventories conducted, the Post Investment Analysis has been updated to show potential procurement savings of $45.8M for a ten-year period.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Department of the Army (DA) has recognized a material weakness on the lack of accurate visibility of components repaired under National Maintenance Contracts. Significant mismatches have been discovered between on-hand assets and what is reflected in CCSS. DA has directed CAV II implementations be expedited by all Army ICPs. If CAV II is not implemented, the discrepancies in asset balances; the reduction of returned, repaired components; and the cost of new procurement will continue to escalate.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes. AMSAA Technical Report #553, Functional Economic Analysis of the Army's Implementation of the CAV, dated June 1994, Post Investment Analysis dated March 1997 and March 1998.

ECONOMIC INDICATORS:

Total Cost of the Project	$8,536	Net Present Value of Benefits:	45.8M	Benefit to Investment Ratio:	4.0	Payback Period:	2 Years

Capital Investment and Financing Summary
Department of Army
Supply Management

($ in Thousands)

Category: SUMMARY

Program Year Authority	174,780		58,821.861		44,107.000		51,554.770									
	Prior FYs		**FY 98**		**FY 99**		**FY 00**		**FY 01**		**Outyears**			**TOTAL PROGRAM**		
Obligations:																
Prior Fiscal Years	99,969.0 /	95.1%	5,119.000 /	4.87%	/									105,088.000		100%
FY 98			46,792.000 /	79.5%	12,240.745	20.81%								59,032.745		100%
FY 99					44,107.000 /	100.0%								44,107.000 /		100%
FY 00							51,554.770 /	100.0%						51,554.770 /		100%
FY 01									/					/		
Total by FY	99,969.0		51,911.000		56,347.745		51,554.770							259,782.515		
Outlays:																
Prior Fiscal Years	51,868.0 /	49.82%	37,325.000 /	35.85%	10,007.000 /	9.61%	4,911.000	4.91%						104,111.000		100%
FY 98			6,565.000 /	11.16%	41,922.291 /	71.27%	3,954.000 /	6.72%						52,441.291		89%
FY 99					30,730.000 /	69.67%	3,057.000 /	6.93%	/					33,787.000 /		77%
FY 00							16,951.850 /	32.88%	25,398.000 /	49.26%	7,705 /	15.39%		50,054.770 /		98%
FY 01									/		/			/		
Total by FY	51,868.0		43,890.000		82,659.291		28,873.850		25,398.000		7,705			240,394.061		
Unobligated Balance:																
Prior Fiscal Years	74,811.0		1,217.970													
FY 98			12,025.408													
FY 99																
FY 00																
FY 01																
Total by FY	74,811.0		13,243.378													
Unexpended Obligations																
Prior Fiscal Years	48,101.0		15,895.000		5,888.000											
FY 98			40,227.000		10,545.454		6,591.454									
FY 99					13,377.000		10,320.000		10,320.000							
FY 00							34,602.920		9,204.920		150000.00%					
FY 01																
Total by FY	48,101.0		56,122.000		29,810.454		51,514.374		19,524.920							

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Supply Management

($ in Thousands)

Category: Equipment

Program Year Authority 679.291

	Prior FYs *	FY 98	FY 99	FY 00	FY 01	Outyears	TOTAL PROGRAM
Obligations:							
Prior Fiscal Years							
FY 98		675.093 / 99.38%	4.198 0.62%				679.291 / 100.00%
FY 99			/ 100.00%				/ 100.00%
FY 00				/ 100.00%			/ 100.00%
FY 01					/ 100.00%		/ 100.00%
Total by FY		675.093	4.198				679.291
Outlays:							
Prior Fiscal Years							
FY 98		36.500 / 5.41%	679.291 / 100.62%	/			715.791 / 106.03%
FY 99			/	/	/		/
FY 00				/ 20.00%	/ 40.00%	/ 40.00%	/ 100.00%
FY 01					/ 20.00%	/ 80.00%	/ 100.00%
Total by FY		36.500	679.291				715.791
Unobligated Balance:							
Prior Fiscal Years							
FY 98		4.198					
FY 99							
FY 00							
FY 01							
Total by FY		4.198					
Unexpended Obligations							
Prior Fiscal Years							
FY 98		638.593	-36.500	-36.500			
FY 99							
FY 00							
FY 01							
Total by FY		638.593	-36.500	-36.500			

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Supply Management

($ in Thousands)

Category: Automated Data Processing

Program Year Authority	1,217.970					134.850										
	Prior FYs *		**FY 98**			**FY 99**			**FY 00**			**FY 01**			**Outyears**		**TOTAL PROGRAM**	
Obligations:																		
Prior Fiscal Years																		
FY 98	1,179.360	/	96.83%		38.610		3.17%										1,217.970 /	100.00%
FY 99						/	100.00%										/	100.00%
FY 00									134.850 /	100.00%							134.850 /	100.00%
FY 01												/	100.00%				/	100.00%
Total by FY	1,179.360				38.610				134.850								1,352.820	
Outlays:																		
Prior Fiscal Years																		
FY 98	440.000 /		37.31%		685.000 /		58.08%		/								1,125.000 /	95.39%
FY 99						/			/			/					/	
FY 00									134.850 /	100.00%		/			/		134.850 /	100.00%
FY 01												894.015 /			/		894.015 /	
Total by FY	440.000				685.000				134.850								2,153.865	
Unobligated Balance:																		
Prior Fiscal Years	1,217.970																	
FY 98	38.610																	
FY 99																		
FY 00																		
FY 01																		
Total by FY	1,256.580																	
Unexpended Obligations																		
Prior Fiscal Years																		
FY 98	739.360				92.970				92.970									
FY 99																		
FY 00																		
FY 01																		
Total by FY	739.360				92.970				92.970									

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Supply Management

($ in Thousands)

Category: Minor Construction

Program Year Authority

	Prior FYs *	FY 98	FY 99	FY 00	FY 01	Outyears	TOTAL PROGRAM
Obligations:							
Prior Fiscal Years							
FY 98		/					/ #VALUE!
FY 99			/ 100.00%				/ 100.00%
FY 00				/ 100.00%			/ 100.00%
FY 01					/ 100.00%		/ 100.00%
Total by FY							
Outlays:							
Prior Fiscal Years							
FY 98		/ 20.00%	/ 40.00%	/ 40.00%			/ 100.00%
FY 99			/ 20.00%	/ 40.00%	/ 40.00%		/ 100.00%
FY 00				/ 20.00%	/ 40.00%	/ 40.00%	/ 100.00%
FY 01					/ 20.00%	/ 80.00%	/ 100.00%
Total by FY							
Unobligated Balance:							
Prior Fiscal Years							
FY 98							
FY 99							
FY 00							
FY 01							
Total by FY							
Unexpended Obligations							
Prior Fiscal Years							
FY 98							
FY 99							
FY 00							
FY 01							
Total by FY							

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Supply Management

($ in Thousands)

Category: Software

Program Year Authority		56,924.600			44,107.000			51,419.920											
	Prior FYs	*	**FY 98**			**FY 99**			**FY 00**			**FY 01**			**Outyears**			**TOTAL PROGRAM**	
Obligations:																			
Prior Fiscal Years			5,120.000															5,120.000	
FY 98			44,942.000 /	78.95%		11,982.600	21.05%											56,924.600 /	100.00%
FY 99						44,107.000 /	100.00%											44,107.000 /	100.00%
FY 00									51,419.920 /	100.00%								51,419.920 /	100.00%
FY 01												/	100.00%					/	100.00%
Total by FY			50,062.000			56,089.600			51,419.920									157,571.520	
Outlays:																			
Prior Fiscal Years																			
FY 98		#	6,088.500 /	10.70%		40,558.000 /	71.25%		3,954.000 /	6.95%								50,600.500 /	88.89%
FY 99						30,730.000 /	69.67%		3,057.000	6.93%		/						33,787.000 /	76.60%
FY 00									16,817.000 /	32.71%		25,398.000 /	49.39%		7,704.920 /	14.98%		49,919.920 /	97.08%
FY 01												24,628.000 /	#DIV/0!		16,255.920 /	#DIV/0!		40,883.920 /	#DIV/0!
Total by FY			6,088.500			71,288.000			23,828.000			50,026.000			23,960.840			175,191.340	
Unobligated Balance:																			
Prior Fiscal Years																			
FY 98			11,982.600																
FY 99																			
FY 00																			
FY 01																			
Total by FY			11,982.600																
Unexpended Obligations																			
Prior Fiscal Years																			
FY 98			38,853.500			10,278.100			6,324.100										
FY 99						13,377.000			10,320.000			10,320.000							
FY 00									34,602.920			9,204.920			1,500.000				
FY 01												-24,628.000			-40,883.920				
Total by FY			38,853.500			23,655.100			51,247.020			-5,103.080			-39,383.920				

*Fill in at Summary Level Only

Capital Budget Execution
Department of Army
Supply Management

($ in Millions)

FY 1998

PROJECTS ON THE FY 1999 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 19	Various Other Equipment <$500K	0.279		0.279	0.276	0.003	
FY 19	Virtual Mock-ups for Spares		0.400	0.400	0.399	0.001	Reprogrammed from Log & Read Ctr Equip Replacem proj.
AUTOMATED DATA PROCESSING							
FY 19	Network Upgrade/Replacement	0.722		0.722	0.685	0.037	
FY 19	Logistics & Read Ctr Equip Replace	0.650	(0.650)				Project cancelled
FY 19	Log & Readiness Ctr PCs & Printers	0.496		0.496	0.495	0.001	
MINOR CONSTRUCTION							
FY 1998							
FY 1998							
FY 1998							
FY 1998							
SOFTWARE							
FY 19	Single Stock Fund	5.968		5.968	5.968		
FY 19	Materiel Management System (MMS)	4.720		4.720	4.720		
FY 19	Conversion of MILSTEP	0.489		0.489	0.489		
FY 19	Vision 2010	9.015		9.015	9.015		
FY 19	CCSS Century Date Change	2.972	1.640	4.612	4.612		Reprogrammed from CCSS, DLMS project
FY 19	LOGSA Century Date Change	1.678		1.678	1.677	0.001	
FY 19	Integrated Sustainment Maint (ISM)	5.390		5.390	5.379	0.011	
FY 19	Remote Site Processing	0.131		0.131	0.131		
FY 19	On Net Transfer Protocol	1.055		1.055	1.054	0.001	
FY 19	Lateral Redistribution	1.000		1.000	1.000		
FY 19	Common Operating Environment/JLSC transfer	9.567	0.250	9.817	9.817		Reprogr $250K from Log&Read Ctr Equip project.
FY 19	CCSS, Defense Logistics Mgt Systems	1.640	(1.640)				Project incorporated into LOGMOD efforts. OA to CCSS,CDC
FY 19	LOGSA Defense Log Mgt Systems	1.750		1.750	1.709	0.041	
FY 19	Integrated Data Environment (IDE)	11.300		11.300	11.293	0.008	
FY 1998							
FY 1998							
	Total	58.822		58.822	58.718	0.104	

Capital Budget Execution
Department of Army
Supply Management

($ in Millions)

FY 1999

PROJECTS ON THE FY 2000 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 199	Virtual Mock-ups for Spares	0.400	(0.400)				Reprogrammed to FY 1998 for execution
FY 1999							
FY 1999							
FY 1999							
AUTOMATED DATA PROCESSING							
FY 199	PPS Printer	0.135	(0.135)				Project moved to FY 2000
FY 199	Log & Readiness Ctr Pca and Printers	0.496	(0.496)				Project cancelled
FY 1999							
FY 1999							
SOFTWARE							
FY 199	Single Stock Fund	5.313	6.390	11.703	11.703		Increased requirements for Single Stock Fund
FY 199	Materiel Management System (MMS)	1.460		1.460	1.460		
FY 199	Vision 2010	7.444	(4.159)	3.285	3.285		Reduction $1.5M based on LOGMOD. Reprogram to SSF.
FY 199	CCSS Century Date Change	2.854		2.854	2.854		
FY 199	LOGSA Century Date Change	0.746		0.746	0.746		
FY 199	Integrated Sustainment Maint (ISM)	3.995		3.995	3.995		
FY 199	Lateral Redistribution	1.500		1.500	1.500		
FY 199	Common Operating Environment (COE)	11.364		11.364	11.364		
FY 199	CCSS Defense Logistics Mgt System	3.920		3.920	3.920		
FY 199	Single Item Inventory Record (SIIR)	1.000		1.000	1.000		
FY 199	Integrated Data Environment (IDE)	4.400	(4.400)				Reprogrammed to Single Stock Fund
FY 199	Commercial Asset Visibility (CAV II)	2.280		2.280	2.280		
FY 1999							
	Total	47.307	(3.200)	44.107	44.107		

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
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; store and distribute ammunition, war reserve material, and other selected items; 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. Effective October 1, 1999, this activity group will transfer the ammunition storage depots (Blue Grass, Seneca, Sierra, Savanna, Tooele) and the ammunition storage missions from Anniston, Red River, and Letterkenny Army depots to the Ordnance activity group. This will leave the five maintenance depots (Anniston, Corpus Christi, Letterkenny, Red River, and Tobyhanna) in this activity group with only two missions - Maintenance and Base Operations.

Activity Group Composition

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

Anniston Army Depot, Anniston, AL (ANAD) - maintains, overhauls, and repairs heavy tracked combat vehicles; and stores, maintains, distributes, and demilitarizes conventional ammunition. Anniston will be gaining artillery repair work fro Letterkenny.

Corpus Christi Army Depot, Corpus Christi, TX (CCAD) - maintains, repairs, overhauls, and upgrades rotary wing aircraft, engines and components.

Letterkenny Army Depot, Chambersburg, PA (LEAD) - maintains, repairs, and overhauls tactical missile systems. Artillery repair is transferring to Anniston, and missile guidance and control to Tobyhanna - both under the direction of BRAC 95. Letterkenny also stores, maintains, distributes, and demilitarizes conventional ammunition.

Red River Army Depot, Texarkana, TX (RRAD) - maintains and repairs light armored vehicles and select missile systems; and stores, maintains, distributes, and demilitarizes conventional ammunition.

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Depot Maintenance

Tobyhanna Army Depot, Tobyhanna, PA (TYAD) - manufactures, maintains, tests, and fields communications-electronics systems and equipment. Tobyhanna will be gaining missile guidance and control workload from Letterkenny.

Blue Grass Army Depot, Lexington, KY (BGAD) - stores, maintains, distributes and demilitarizes conventional ammunition; and maintains and repairs chemical defensive equipment.

Savanna Army Depot Activity, Savanna, IL (SVDA) - stores, maintains, distributes and demilitarizes conventional ammunition and war reserve material. Scheduled for closure as a result of BRAC 95.

Seneca Army Depot Activity, Romulus, NY (SEDA) - stores, maintains, distributes, and demilitarizes munitions. Scheduled for closure as a result of BRAC 95.

Sierra Army Depot, Herlong, CA (SIAD) - stores, maintains, distributes, and demilitarizes munitions; and supports Operational Project Stocks. As the result of BRAC 95, Sierra will be realigned to support only the operational project mission stocks.

Tooele Army Depot, Tooele, UT (TEAD) - maintains and repairs generators and rail locomotives; and stores, maintains, distributes, and demilitarizes conventional ammunition.

Budget Highlights

Civilian and military end strengths and FTEs are as follows:

	FY 1998	FY 1999	FY 2000
Civilian End Strength	12,924	12,981	10,409
Civilian FTEs	13,124	13,310	10,482
Military End Strength	37	31	21
Military Workyears	57	32	20

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Depot Maintenance

Personnel:

Several factors influence personnel levels reflected in this budget submission. These include workload transfers and decreases, savings associated with the Quadrennial Defense Review (QDR), and the restructuring of the Depot Maintenance and Ordnance activity groups as mentioned in the Functional Description section above. This restructuring is the driving force behind the substantial civilian manpower reduction (transfer out) between FY 1999 and FY 2000. No actual manpower reductions will be executed until the Army Workload and Performance System (AWPS) is certified as operational to Congress--exceptions being on-going Base Realignment and Closure (BRAC) actions and normal attrition. BRAC impacts include a FY 1998 reduction of 344 positions at RRAD, FY 1999 reductions of 575 positions at LEAD, 40 positions at SEDA, and 85 positions at SVDA. No BRAC reductions are anticipated for FY 2000. BRAC impacts also include a FY 1999 increase of 499 positions at TYAD and a FY 2000 increase of 326 positions at TYAD.

Costs, Operating Results and Rates:

	FY 1998	FY 1999	FY 2000
Costs of Goods & Services Produced (Expenses) ($M)	1,490.0	1,522.0	1,232.2
Costs of Goods and Services Sold ($M)	1,707.0	1,529.1	1,231.7
Net Operating Results ($M)	(133.7)	(15.5)	(0.0)
Recoverable Accumulated Operating Results ($M)	(36.1)	0.0	0.0
Customer Revenue Rate per DLH	$93.71	$105.61	$111.87
Percent Rate Change from Prior Year	4.04%	12.70%	5.93%
Unit Costs ($/DLH)	$127.23	$105.56	$107.90
DLH (000)	13,417	14,486	11,415

Costs:

The actual FY 1998 Cost of Goods Produced (CGP) and Cost of Goods Sold (CGS) were both 2% lower than projected in the FY 1999 Amended President's Budget. The FY 1999 CGP and CGS are projected to increase slightly (by 1%) over the FY 1999 Amended President's Budget. The large variance in FY 1998 between CGP and CGS in the table above was caused by implementation of a system change request that

enabled the depots to recognize revenue in accordance with OSD policy (based on percentage of completion rather than units completed). This system change had the effect of dramatically decreasing Work in Process (WIP) accounts by over $200M in FY 1998. The result of this decrease was a corresponding increase in the CGS. The substantial cost decrease between FY 1999 and FY 2000 in the table above is based on the restructuring of the Depot Maintenance and Ordnance activity groups as mentioned in the Functional Description section above.

Unit Costs:

Unit costs are calculated by dividing direct labor hours into the CGS. The spike in the FY 1998 unit cost is attributed to the change in revenue recognition, which generated a high CGS. The FY 1999 unit cost is virtually unchanged from the FY 1999 Amended President's Budget. The FY 2000 unit cost increases by $2.34 per direct labor hour over the FY 1999 unit cost. This is attributed to the restructuring of the Depot Maintenance and Ordnance activity groups. Depot Maintenance will no longer perfor an ammunition mission, which is lower priced (cheaper) workload compared to maintenance. As a consequence, this restructuring creates a slightly higher unit cost in Depot Maintenance.

Operating Results and Rates:

The actual FY 1998 Net Operating Result (NOR) was approximately $61M worse than projected in the FY 1999 Amended President's Budget. This result is primarily attributed to losses incurred at CCAD on Navy and CH-47 workload, but also to shortfalls in workload across other depots. CCAD received Navy workload as a result of BRAC 95, for which it lacked sufficient man-hour standards. As a consequence, it under-priced much of this workload in FY 1996 and FY 1997, the effect of which can be seen in FY 1998 results. In FY 1999, instead of a projected gain of $10M, the depots expect to incur losses totaling approximately $16M. This is a result of slightly higher cost estimates than projected in the FY 1999 Amended President's Budget as well as a Congressional reduction to Unutilized Plant Capacity (UPC) funding.

The FY 2000 revenue rate requested in this budget reflects a slight increase of 5.9% over FY 1999. The FY 1999 rate was set above costs (included an $8/DLH cash surcharge). The FY 2000 rate is also set above costs, reflecting a cash surcharge of approximately $4/DLH. Cash surcharges have been built into the rate structure to preclude the possibility of an Anti-Deficiency Act violation.

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Depot Maintenance

Productivity Initiatives/QDR Reductions:

This budget submission reflects all relevant QDR assumptions. These include: 1) IOC Depot Base Support Outsourcing--an initiative designed to generate economies fro outsourcing and privatization, streamlining, and/or implementation of most efficient organizations, and 2) Redesigning the Industrial Operations Command (IOC)--an initiative designed to generate economies by realigning each depot under its parent commodity command. IOC manpower spaces previously required to oversee both the mission and base support operations for these installations will be eliminated. Gaining commodity commands will absorb the new mission with existing manpower. Both of these initiatives are expected to generate substantial savings. The value of QDR savings is approximately $1.7M in FY 1999 and a net of $17.2M in FY2000. Additional efficiencies also generate savings through cost avoidance. These include the Capital Investment Program, Value Engineering, Employee Suggestions, Recycling, and Methods and Standards. The combined savings associated with these additional efficiencies is $16.5M in FY 1998, $14.2M in FY 1999, and $3.5M in FY 2000.

Carry-Over:

The number of months of carry-over has been calculated in accordance with OSD policy and is projected to decrease from 3.4 months in FY 1998 to 2.9 months in FY 2000, as reflected below.

	FY 1998	FY 1999	FY 2000
($M)			
New Orders	1,441.9	1,500.3	1,189.0
Carry-In	734.4	602.8	475.6
Gross Orders	2,176.2	2,103.2	1,664.6
Total Revenue	1,573.4	1,603.2	1,282.8
Carry-Over	602.8	500.0	381.8
Less: WIP	33.7	26.6	27.2
Less: BRAC, Non-DoD, FMS Intra/Inter DWCF (excluding SMA)	101.7	52.9	35.0
Less: Contract Liabilities	19.5	14.3	14.4
Net Carry-Over	448.0	406.1	305.1

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Depot Maintenance

Carry-Over in Months	3.4	3.0	2.9

Performance Indicators:

Performance indicators for this activity group include NOR, schedule conformance, quality deficiency reports, and customer satisfaction. The goal is to achieve or exceed budgeted NOR, complete all units on schedule, process all quality deficiency reports submitted, and achieve 98% customer satisfaction. This activity group will achieve its goals in each of the last three categories, within an acceptable level of variance. However, FY 1998 NOR was not executed within an acceptable level of variance, and we do not expect to achieve FY 1999 NOR as previously budgeted. Reasons for these variances may be found in narrative above.

Capital Budget:

The capital budget program is as follows:

	FY 1998	FY 1999	FY 2000
($M)			
Equipment	20.3	7.5	7.7
ADPE & Telecommunications	1.9		1.0
Software	16.4	21.8	14.3
Minor Construction	4.2	3.9	2.4
Total	42.7	33.2	25.4

The FY 1998 and FY 1999 Capital Investment Program (CIP) totals remain virtually unchanged from the FY 1999 Amended President's Budget, though reprogramming actions have taken place within each category. The equipment category is composed of projects designed to replace existing but worn equipment, and to increase productivity via installation of newer technology. Examples of equipment designed to increase productivity include installation of a whirltower to test helicopter rotor blades and several automated storage and retrieval systems for handling repair parts. Within the software category, funding reflects a transfer of software development projects formerly managed by the Joint Logistics Systems Center (JLSC), projects associated with upgrade and year 2000 (Y2K) compliance of the Army's industrial legacy syste known as the Standard Depot System (SDS), and fielding of the Army Workload and Performance System (AWPS). AWPS is a valuable software program that will enable

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Depot Maintenance

Army depots to align manpower requirements with projected workload in the most efficient manner possible.

Activity Group Capital Investment Summary
Depot Maintenance
($ in Millions)

Line No.	Description	FY 1998 Quantity	FY 1998 Total Cost	FY 1999 Quantity	FY 1999 Total Cost	FY 2000 Quantity	FY 2000 Total Cost
	EQUIPMENT-Replacement						
98-M1	Various Other Equipment (<$500K)	10	5.144	9	2.601	10	3.954
98-M2	Vertical Turret Lathe	1	1.029				
98-M3	SH60 Transmission Test Stand						
98-M*	Indoor Radar Test Range						
	SUBTOTAL	11	6.173	9	2.601	10	3.954
	EQUIPMENT- Productivity						
98-M4	Shot Blast Booth						
98-M5	Whirltower	1	11.256				
98-M6	CNC Automatic Punch Press	1	0.634				
99-M1	CNC 5 Axis Machining Center			1	0.923		
98-M7	CNC Horizontal Machining Center	1	1.325				
99-M2	Auto Storage & Retrieval System (CCAD)			1	2.403		
98-M8	Auto Storage & Retrieval Sys (TYAD)	1	0.998	1	1.075		
98-M9	Auto Storage & Retrieval Sys (LEAD)	1	0.787	1	0.499		
01-M01	M1 X1100 Transmission Test Stand						
00-M1	Automated Liquid Penetrant Insp Sys					1	0.900
00-M2	Vacuum Furnace					1	0.950
00-M3	ASRS Positioner Controls Upgrade					1	0.550
00-M4	CNC Machining Center Retrofit					1	0.750
M98-10	Chemical Cleaning System					1	0.623
	SUBTOTAL	5	15.000	4	4.900	5	3.773
	EQUIPMENT TOTAL	16	21.173	13	7.501	15	7.727

Activity Group Capital Investment Summary
Depot Maintenance
($ in Millions)

Line No.	Description	FY 1998 Quantity	FY 1998 Total Cost	FY 1999 Quantity	FY 1999 Total Cost	FY 2000 Quantity	FY 2000 Total Cost
	AUTOMATED DATA PROCESSING						
98-M11	Miscellaneous ADPE	2	0.410				
98-M12	Fiber Optic LAN	1	0.600				
98-M13	Public Address System	1	0.910				
00-M5	LAN Switching Upgrade					1	0.965
	ADP TOTAL	4	1.920			1	0.965
	MINOR CONSTRUCTION						
98-M14	Various Minor Construction	12	3.409	10	3.925	11	2.435
98-M15	Less Than Truck Load (LTL) Ammo Bldg.	1	0.775				
98-M16	Declassification Repair Facility						
98-M30	Ammo Renovation Autoclave Bldg.						
	MINOR CONSTRUCTION TOTAL	13	4.184	10	3.925	11	2.435
	SOFTWARE						
98-M17	SDS Common Operating Environment (COE)	1	6.267	1	3.980	1	1.842
98-M18	SDS Century Date Change	1	2.354	6	0.504		
98-M19	Army Workload & Performance Sys (AWPS)	1	4.041	1	1.565	1	0.413
98-M20	Standard Depot System SDS/MRP	1	3.700	1	10.490	1	4.770
97-M34	SDS Defense Log. Mgmt. Sys. (DLMS)			1	1.262	1	0.644
	DM Interfaces			1	3.982	1	6.605
	SOFTWARE TOTAL	4	16.362	11	21.783	5	14.274
	DEPOT MAINTENANCE TOTAL	37	43.639	34	33.209	32	25.402

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

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M1	Various Other Equipment (<$500K)	All Depots

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Various Other Eqmt (<$500K)	10	514.400	5,144.000	9	289.000	2,601.000	10	395.400	3,954.000
TOTAL	10		5,144.000	9		2,601.000	10		3,954.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
This category represents various modernization/replacement equipment costing <$500K which will improve depot efficiency through replacement, modification, or addition of production and maintenance capability, and will improve compliance with regulatory requirements. Equipment supports organic maintenance, overhaul, rebuild, conversion, renovation, modification and repair programs.

b. **ANTICIPATED BENEFITS:**
Acquisition of this equipment improves productivity and reliability, increases capacity which cannot be met with current equipment, replaces unsafe or unusable assets, and includes requirements for environmental hazardous waste reduction or regulatory agency mandated requirements. This new equipment enables the depots to be more competitive.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Equipment support capability will not provide for mission needs. Specific impacts include reduced mission capability, failure to meet present and future workload requirements, increased man-hour expenditures, inability to meet production schedules, excessive downtime, and decreased accuracy and dependability.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$13,323	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 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	99-M1	CNC 5 Axis Machining Center	Anniston Army Depot

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
CNC 5 Axis Mach Center				1	923.000	923.000			
TOTAL				1		923.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The current 15-year-old machine fabricates a wide variety of parts for in-house use during maintenance, modification and upgrade of tracked vehicles. It is deteriorating from normal wear and tear and lacks the flexibility of 5 axis control necessary to machine complex parts without schedule delays and loss of accuracy due to multiple setups.

b. **ANTICIPATED BENEFITS:**
These enhanced capabilities will improve total milling productivity by 25% (e.g., a part that would take 6 hours to make on the new machine now takes 8 hours). Complicated high precision parts will be produced with a minimum of labor due to reduced setup times, faster metal cutting rates, and 5 axis Computer Numerical Control (CNC).

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Machining capability, especially for cost effective production of varying quantities of parts, will continue to deteriorate. Delays and labor costs will increase, reducing customer satisfaction and readiness. Work in process will increase as parts are made on less efficient, less capable machines.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$923	Net Present Value of Benefits:	$811	Benefit to Investment Ratio:	2.0	Payback Period:	5.3 Years

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

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	99-M2	Auto Storage & Retrieval System (CCAD)	Corpus Christi Army Depot

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Auto Storage & Retrieval Sys				1	2,403.000	2,403.000			
TOTAL				1		2,403.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
Automated Storage & Retrieval System (ASRS) began implementation in 1987 and was brought on-line in 1990. ASRS is used to store and retrieve material for work in process in support of rotary wing aircraft systems and overhaul work. ASRS consists of mini-load, unit-load, oversize storage areas, and automated guided vehicles (AGV's). This project proposes the replacement of the obsolete computer system (software, hardware, servers), overhauling of the age stacker systems (mechanical and electrical), and purchasing of AGV's and pallet trucks. Current AGVs are sensitive to films and substances such as water and oil. Replacement with the newer model AGV's will compensate for problems caused by inclement weather or negligence.

b. **ANTICIPATED BENEFITS:**
By replacing the obsolete computer system, overhauling the age stacker system, and purchasing AGVs and pallet trucks, the project will ensure the continued storage, retrieval, and delivery of critical mission material in compliance with present and future production requirements. There will be faster cycle times, and work order response time will be reduced by 50%.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Failure to provide this modernization will limit the full capability of the current system as well as adversely affect any future aircraft programs. This will have an increasingly negative impact on production schedules and will result in the inability to comply with current and future workload requirements.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$2,403	Net Present Value of Benefits:	$2,740	Benefit to Investment Ratio:	0.4	Payback Period:	5.74 Yrs.

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

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M8	Auto Storage & Retrieval Sys (TYAD)	Tobyhanna Army Depot

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Auto Storage & Retrieval Sys	1	998.000	998.000	1	1,075.000	1,075.000			
TOTAL	1		998.000	1		1,075.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The Automated Storage & Retrieval System (ASRS) is used to store and retrieve large bulky pieces of material in support of fabrication and overhaul work. The system consists of man-aboard life vehicles (MALVs), automated guided vehicles (AGVs), and mini-load controllers. This project proposes the overhaul of the obsolete AGV fleet and replacement of the obsolete mini-load controllers. Replacement of the two obsolete and failing MALVs was proposed under a separate FY 97 project.

b. **ANTICIPATED BENEFITS:**
By overhauling and replacing obsolete AGVs and controllers, the project will ensure the continued storage, retrieval and delivery of critical mission material in concert with present and future production requirements. There will be faster cycle times, and work order/customer response time will be reduced from 10 days to 8 hours. The EA projected savings per year is $353K, resulting from an estimated savings in direct labor charges of 90%.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
The inability of the current ASRS to fill critical customer requirements will continue to cause delays in production scheduling and deliveries. These delays will ultimately drive up costs.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$2,073	Net Present Value of Benefits:	$2,010	Benefit to Investment Ratio:	3.0	Payback Period:	3.79 Years

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

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M9	Auto Storage & Retrieval Sys (LEAD)	Letterkenny Army Depot

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Auto Storage & Retrieval Sys	1	787.100	787.100	1	499.000	499.000			
TOTAL	1		787.100	1		499.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
This project will modernize/replace existing equipment associated with the Automated Storage & Retrieval System (ASRS), such as Hewlett Packard 100 processor units and associated peripherals that are at maximum capacity. The computer control system in the Directorate of Tactical Missiles is no longer supportable for repair/spare parts. Hewlett-Packard Inc. recently refused to renew Letterkenny Army Depot's service contract because of the age of the present system.

b. **ANTICIPATED BENEFITS:**
Acquisition of this equipment improves productivity and reduces maintenance costs. Only two seasoned central site operators are now knowledgeable in operation of the ASRS control system. Newer ASRS control system software is written in the "C" programming language, an industry standard that is much simpler and faster to use. Training in "C" is also available within the local area. Newer ASRS control systems run approximately 66% faster than older FORTRAN based systems. New equipment will increase reliability and productivity, thus enabling the depot to be more competitive.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Equipment support capability will not provide for mission needs. Specific impacts include reduced mission capability, failure to meet present and future workload requirements, increased maintenance expenditures, inability to meet production schedules, and excessive downtime.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$1,286	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 2000-2001
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	01-M01	M1 X1100 Transmission Test Stand	Anniston Army Depot

	FY 1998			FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
M1 X1100 Transmission Test Stand										1	6,000.000	6,000.000
TOTAL										1		6,000.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The M1 X1100 Transmission Test Stand is a unique, dynamometer test stand mission that is used in the M1 series main battle tank. The Test Stand utilizes two 850 HP electric motors to supply power to the transmission, while two 1500 HP electric motors are used as dynamometers to apply the load to the transmission. A complex system of hydraulic pumps, hoses, and gauges simulates the operation of the AGT 1500 Turbine Engine for the purpose of testing. All of this hardware is controlled by a computerized system which performs all required tests and prints hard copies of test results. The existing test stand is 15 years old. Repair parts are no longer available. Overhaul, refurbishment and upgrade of existing equipment have been considered, but downtime to overhaul would take 12 months.

b. **ANTICIPATED BENEFITS:**
The purchase of a new M1 X1100 Transmission Test Stand will insure that Anniston Army Depot's core workload remains constant. Maintenance will be noticeably cheaper, repair parts will be more readily available, and utility costs will decrease. The new test stand will significantly reduce the amount of downtime, thereby reducing costs and the need for overtime.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The depot will experience unnecessary overtime to maintain production schedules. Components/repair parts will be obsolete and/or unavailable. The depot will resort to cannibalizing parts from an identical test stand. Some repair parts will have to be manufactured at great expense. Without the proposed capital investment, Anniston Army Depot will not be able to support the M1 Abrams Tank Fleet, a core Army weapon system.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$6,000	Net Present Value of Benefits:	$2,961	Benefit to Investment Ratio:	1.6	Payback Period:	0.67Yrs

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

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	00-M1	Automated Liquid Penetrant Insp Sys	Anniston Army Depot

Element of Cost	FY 1998 Quantity	FY 1998 Unit Cost	FY 1998 Total Cost	FY 1999 Quantity	FY 1999 Unit Cost	FY 1999 Total Cost	FY 2000 Quantity	FY 2000 Unit Cost	FY 2000 Total Cost
Automated Liquid Penetrant Inspection System							1	900.000	900.000
TOTAL							1		900.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The Turbine Engine Disassembly and Containerization Branch will utilize this Automated Liquid Penetrant Inspection System for the inspection of critical components/parts for the AGT 1500 Turbine Engine. The Turbine Engine contains high stressed critical parts which rotate at up to 45,000 RPMs. The detection of cracks in these components/parts during overhaul is critical. Putting a part back into service that has cracks of a critical size can result in catastrophic failure of an engine. As the Turbine Engine System ages, the components are reused many times. Many critical components will require that exacting tests be performed to reveal hidden flaws. The penetrant inspection system is a fully automated system that will perform all process steps of the post emulsifiable and water washable penetrant techniques without the assistance of an operator.

b. **ANTICIPATED BENEFITS:** 1) Increased capacity - The system will have the ability to process large parts which may only be tested using the less reliable solvent removal process. 2) Increased reliability - The most important benefit of the system is the increased reliability of test results. With the Turbine Engine system aging, it is essential that the depot reliably detect defects in critical parts. The automated system will reliably and consistently prepare parts for inspection, greatly reducing the chance for human error. 3) Increased Safety - Operator safety and well-being is enhanced by minimizing operator exposure to penetrant solution and vapors, and by minimizing the handling of heavy parts throughout the inspection process.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** It is essential that the depot reliably detect flaws in critical components/parts. If the Automated Liquid Penetrant Inspection System is not purchased, Anniston Army Depot's Turbine Engine Disassembly and Containerization Branch may not be able to efficiently support the inspection of the AGT 150 Turbine Engine Program.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$900	Net Present Value of Benefits:	$1,100	Benefit to Investment Ratio:	2.4	Payback Period:	4.58 Yrs

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

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	00-M2	Vacuum Furnace	Anniston Army Depot

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Vacuum Furnace							1	950.000	950.000
TOTAL							1		950.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The Turbine Engine Support Branch troubleshoots, diagnoses defects, and performs rebuild, assembly and testing of the Hydromechanical Unit (HMU), fuel nozzles, oil pumps, compressors, Turbine Wheels and AGT 1500 Turbine Engine. Many of these components/parts require heat treating and/or vacuum brazing during this reclamation process. When the existing vacuum furnace is used to heat treat reclaimed parts, the parts emit impurities which contaminate the furnace chamber. Vacuum brazing requires a super clean furnace chamber. If not clean, the chamber can adversely affect the braze alloy flow and the successful brazing of components/parts. Therefore, the existing vacuum furnace cannot be used for vacuum brazing.

b. **ANTICIPATED BENEFITS:**
This new Vacuum Furnace will enable Anniston Army Depot to reclaim additional turbine engine components/parts. Reclamation of components/parts is more economical than buying new parts. The Turbine Engine Support Branch will be able to reclaim 50% of the parts that require replacement. Controlled cooling of the furnace will result in less distortion of materials.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Without this Vacuum Furnace, Anniston Army Depot may not be able to produce sufficient quantities of reclaimed components/parts to properly support the AGT 1500 Turbine Engine Program. New components/parts will have to be purchased.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$950	Net Present Value of Benefits:	$10,000	Benefit to Investment Ratio:	10.0	Payback Period:	1.25 Yrs

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

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	00-M3	ASRS Positioner Controls Upgrade	Anniston Army Depot

Element of Cost	FY 1998 Quantity	FY 1998 Unit Cost	FY 1998 Total Cost	FY 1999 Quantity	FY 1999 Unit Cost	FY 1999 Total Cost	FY 2000 Quantity	FY 2000 Unit Cost	FY 2000 Total Cost
ASRS Positioner Controls Upgrade							1	550.000	550.000
TOTAL							1		550.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Anniston Army Depot is responsible for receiving, storing and retrieving parts required to support the tracked vehicle and artillery overhaul and repair programs. Programs include the M1 Tank Family of Vehicles (FOV), M88 Recovery Vehicle, M60 Tank FOV, M551 Reconnaissance Vehicle, M112 Armored Personnel Carrier FOV, and M198 Towed Howitzer. Due to the age of the system, the positioner controls for the unit load cranes are outdated and are becoming very difficult and costly to maintain. Many repair parts for the controls are obsolete or near obsolescence and are not supported by the manufacturer. It is anticipated that in the near future the depot will not be able to maintain operation of the Automated Storage & Retrieval System (ASRS) because of the nonavailability of repair parts or components.

b. **ANTICIPATED BENEFITS:** This project will upgrade the controls for the unit load cranes and provide the Supply Management Division with a modernized parts storage and retrieval system that will greatly enhance the ability to provide reliable parts storage and retrieval support for the depot's maintenance missions. This upgrade will provide the depot with a modern, more efficient control system for the cranes. Maintenance and repair on the controls will be greatly decreased. Since the upgraded controls will incorporate the latest technology, repair parts and service will be easily attainable. Upgrade of these controls will increase reliability, improve readiness and improve morale.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** If the controls are not upgraded, the ASRS will not be maintainable, and the depot will risk losing this capability. Operation of the ASRS is critical to completion of Anniston's various maintenance missions.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$550	Net Present Value of Benefits:	$1,132	Benefit to Investment Ratio:	3.22	Payback Period:	4.0 Years

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

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	M98-10	Chemical Cleaning System	Anniston Army Depot

Element of Cost	FY 1998 Quantity	FY 1998 Unit Cost	FY 1998 Total Cost	FY 1999 Quantity	FY 1999 Unit Cost	FY 1999 Total Cost	FY 2000 Quantity	FY 2000 Unit Cost	FY 2000 Total Cost
Chemical Cleaning System							1	623.000	623.000
TOTAL							1		623.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
Presently, Anniston Army Depot disassembles engines in Building 130 and uses forklifts to move the items from Building 130 to Buildings 409 and 411 for chemical cleaning. This adds cost to the product and also increases the risk of damage to the components during transport, by accident and by exposure to the elements. After cleaning, the items are transported back to Building 130 for repair and reassembly. The new cleaning process, which will be located in Building 130, will accommodate the M113 family, Self Supported Artillery, M551, M88, M60, M48 and M9ACE. Current workloads for the Directorate of Production are expected to increase over the life of this project.

b. **ANTICIPATED BENEFITS:**
Mission requirement to provide this support will remain for the life of the project. The economic life of this project will be 10 years and the useful life of the chemical cleaning process will be 10 years. The safety of the operation will be greatly increased if the moving of parts can be done with hoist and conveyors instead of having to use forklifts moving in and out of work bays.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Maintenance and operating costs for the use of forklifts will increase at a rate of 2% per year for the life of the project. Transporting components/parts to other buildings adds cost to the product and increases the risk of damage to the components through accident and exposure to the elements.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$623	Net Present Value of Benefits:	$948	Benefit to Investment Ratio:	2.64	Payback Period:	4.1 Yrs

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT- Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99			

	FY 1998			FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:
Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT- Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99			

	FY 1998			FY 1999			FY 2000			FY 2001		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT- Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date: Depot Maintenance 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 1998 Quantity	FY 1998 Unit Cost	FY 1998 Total Cost	FY 1999 Quantity	FY 1999 Unit Cost	FY 1999 Total Cost	FY 2000 Quantity	FY 2000 Unit Cost	FY 2000 Total Cost	FY 2001 Quantity	FY 2001 Unit Cost	FY 2001 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT- Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Depot Maintenance 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 1998 Quantity	FY 1998 Unit Cost	FY 1998 Total Cost	FY 1999 Quantity	FY 1999 Unit Cost	FY 1999 Total Cost	FY 2000 Quantity	FY 2000 Unit Cost	FY 2000 Total Cost	FY 2001 Quantity	FY 2001 Unit Cost	FY 2001 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
AUTOMATED DATA PROCESSING
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M13	Public Address System	Tobyhanna Army Depot

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Public Address System	1	909.575	909.575						
IP98015									
TOTAL	1		909.575						

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The initial public address system was installed in 1953. Presently, the equipment is of varying ages and is in various stages of repair. This is particularly true at the Control Room in the Administrative Building #11. There are at least five different vintages of equipment there, some of which are mutually redundant and of dubious functionality. The situation in other buildings is not any better. The system is maintenance intensive. The Logistics Support Division responded to 196 work orders during FY 97, with 36 orders outstanding.

b. **ANTICIPATED BENEFITS:**
The dependability and reliability of a public address system is vital to the morale, welfare, and safety of the depot workforce. In addition, the replacement of the existing public address system with a computer controlled public address system will be in full compliance with Tobyhanna's communications objective.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
The existing public address system will continue to become more undependable, unreliable and inaudible without modernization. Recurring costs for replacement equipment, personnel, and contractors will increase as more sections of the system fail. Without documentation and signal flow charts, time expended on troubleshooting the system will increase. Areas of Tobyhanna will be without public address capabilities for longer periods of time due to the lack of automated fault finding and central control.

d. **ECONOMIC ANALYSIS PERFORMED? No. Exempt from EA**

ECONOMIC INDICATORS:

Total Cost of the Project	$910	Net Present Value of Benefits:	$737	Benefit to Investment Ratio:	1.1	Payback Period:

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
AUTOMATED DATA PROCESSING
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	00-M5	LAN Switching Upgrade	Tobyhanna Army Depot

Element of Cost	FY 1998 Quantity	FY 1998 Unit Cost	FY 1998 Total Cost	FY 1999 Quantity	FY 1999 Unit Cost	FY 1999 Total Cost	FY 2000 Quantity	FY 2000 Unit Cost	FY 2000 Total Cost
LAN Switching Upgrade							1	965.209	965.209
IP00009 / IP0010013									
TOTAL							1		965.209

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The current Local Area Network (LAN) primarily consists of a 100 megabyte Fiber Distributed Data Interface ring and 10 megabyte shared Ethernet hubs. The current LAN will not be able to handle increased traffic as the depot transitions to a total Windows NT desktop, in addition to Computer Guided Design, and Imaging and Video Teleconferencing. An upgrade is needed to the existing system to prevent the system from frequently slowing down or "freezing up".

b. **ANTICIPATED BENEFITS:**
Moving to a switched network environment will give each depot end user a dedicated 10 megabyte Ethernet with the ability of going to 100 megabytes. This enhanced capability will dramatically reduce user problems.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Failure to implement this project will result in a slower operating network with increased periods of saturation, resulting in user problems.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$965	Net Present Value of Benefits:	$8,356	Benefit to Investment Ratio:	10.3	Payback Period:	0.02 yrs

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
MINOR CONSTRUCTION
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M14	Various Minor Construction	All Depots

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction	12	284.079	3,408.949	10	392.500	3,925.000	11	221.400	2,435.400
TOTAL	12		3,408.949	10		3,925.000	11		2,435.400

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
Minor Construction projects address several key health, environmental and safety issues. Generally, projects upgrade fire protection, eliminate portable heaters, eliminate ammo storage areas that are in violation of safety codes, reduce employee cadmium and TNT exposure, increase railroad safety, stop seepage of hazardous waste into the ground, reduce energy consumption, and reduce operating costs.

b. **ANTICIPATED BENEFITS:**
Projects permit compliance with safety standards, eliminate workload and production deficiencies, reduce energy consumption and operating costs, and address environmental and health concerns.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Installations will not be in compliance with fire/safety/health regulations, and employees will be exposed to dangerous working conditions and hazardous substances which could result in claims against the government.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$11,792	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
MINOR CONSTRUCTION
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M15	Less Than Truck Load (LTL) Ammo Bldg.	Blue Grass Army Depot

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
LTL Ammo Bldg.	1	775.000	775.000						
TOTAL	1		775.000						

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The current facility is being used for ammunition reconfiguration for the packaging and shipping mission. Handling of ammunition is palletized and is performed manually, with each pallet brought into the building one at a time. This excessive material handling is highly inefficient. In addition, the Industrial Operations Command Safety Office has found this building to be failing structurally due to age and deterioration. Load bearing walls show extensive cracking and decay. The roof is sagging, and the truss system is in need of repair. This facility does not meet safety standards required by AMC-R 385-100. The condition and safety limitations of this building hamper the depot's capability in the amounts and types of ammunition that can be handled and stored in this facility.

b. **ANTICIPATED BENEFITS:**
The new facility will conform to established ammunition safety standards in DA Pam 385-64 and AMC -R 385-100. An intrusion detection system will reduce direct labor costs associated with volume ammunition material handling during the reconfiguration/packing process. The new facility will be able to handle all types and classifications of ammunition processed by Bluegrass.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
The depot will continue to operate the reconfiguration/packing mission under inefficient and unsafe conditions until an appropriate facility can be provided. Direct labor costs will continue to be incurred at a greater rate than with a new facility.

d. **ECONOMIC ANALYSIS PERFORMED?** No. Health and Saftey Related.

ECONOMIC INDICATORS:
Total Cost of the Project $775 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 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M17	SDS Common Operating Environment (COE)	Various Depots

Element of Cost	FY 1998 Quantity	FY 1998 Unit Cost	FY 1998 Total Cost	FY 1999 Quantity	FY 1999 Unit Cost	FY 1999 Total Cost	FY 2000 Quantity	FY 2000 Unit Cost	FY 2000 Total Cost
DM Logistics Support	1	6,267.000	6,267.000	1	3,980.000	3,980.000	1	1,842.000	1,842.000
TOTAL	1		6,267.000	1		3,980.000	1		1,842.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
Currently the system does not allow for ready technology insertion. This effort would restructure the Army industrial logistics legacy system, Standard Depot System (SDS), to reduce application program complexity. Restructuring/re-engineering facilitates modernization and enhances technology insertion, improves maintainability and facilitates incorporation of business process changes.

b. **ANTICIPATED BENEFITS:**
Restructuring of the SDS legacy system directly supports the Army Strategic Logistics Plan Automation Initiatives. Legacy restructuring will extend SDS system life and enhance maintainability because of the reduced system complexity and the increased receptivity to technology insertion and business process improvements (e.g. improved storage management and asset management). Legacy restructuring will offset critical skill losses by documenting data and functionality related to code implementation. This initiative is also critical to survival of the legacy system code since restructuring/re-engineering will allow the Army Central Design Activity to maintain the system within allotted personnel resources, and condition the legacy code to facilitate insertion of required new technology -- particularly where the SDS technical infrastructure is at the end of its life cycle, or where commercial products are no longer available.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
The Army automation logistics posture will be seriously flawed. Survival of the legacy system becomes questionable because of limited personnel resources possessing critical skills and the fact that the legacy code presents obstacles to insertion of required new technologies.

d. **ECONOMIC ANALYSIS PERFORMED?** No. Required to conform to Defense Information Infrastructure/Common Operating Environment (DII/COE).

ECONOMIC INDICATORS:

Total Cost of the Project	$12,089	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 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M18	SDS Century Date Change	All Depots

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SDS Century Date Change	1	2,354.000	2,354.000	6	84.000	504.000			
TOTAL	1		2,354.000	6		504.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The current Standard Depot System (SDS) will not accommodate transition to the new century. This system change request (SCR) will modify SDS to recognize implicit and explicit dates into the 21st century. This recommendation will impact all SDS program tasks.

b. **ANTICIPATED BENEFITS:**
The modification to the SDS will improve data accuracy.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
SDS becomes inoperable without this change. Without the ability of SDS to distinguish, for example, the year 1905 from 2005, all logistics disciplines that are data driven become dysfunctional. The result will be an unprecedented failure to meet regulatory and business logistical performance goals in such activities as scheduling of repairs and maintenance into the depots, Material Release Order processing, and inspection schedules.

d. **ECONOMIC ANALYSIS PERFORMED?** Exempt. DoD Directed.

ECONOMIC INDICATORS:

Total Cost of the Project	$2,858	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 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M19	Army Workload & Performance Sys (AWPS)	Various Depots

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
AWPS	1	4,041.000	4,041.000	1	1,564.500	1,564.500	1	413.000	413.000
TOTAL	1		4,041.000	1		1,564.500	1		413.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
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 and Performance System (AWPS).

b. **ANTICIPATED BENEFITS:**
The Army Workload and Performance System (AWPS) will assist the Industrial Operations Command (IOC) 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.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
AWPS is at the stage where only depot maintenance workload can be evaluated. Without additional expenditures, workload associated with "Ammunition", "Base Operations", "Logistics" and "Manufacturing" cannot also be incorporated into AWPS. The system, as is, only partially corrects noted material weaknesses. Decisions to make personnel reductions are prohibited by law until AWPS is operational at the IOC maintenance depots.

d. **ECONOMIC ANALYSIS PERFORMED?** Exempt. Mandated by Congress.

ECONOMIC INDICATORS:

Total Cost of the Project	$6,019	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 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 23 Feb 99	98-M20	Standard Depot System SDS/MRP	Corpus Christi Army Depot

	FY 1998			FY 1999			FY 2000		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SDS/MRP	1	3,700.000	3,700.000	1	10,490.000	10,490.000	1	4,770.000	4,770.000
TOTAL	1		3,700.000	1		10,490.000	1		4,770.000

Narrative Justification:

CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Funding will be used to support Common Operating Environment (COE) related actions to make the Army's Depot Maintenance System (A-DMS) architecturally compliant with the Defense Information Infrastructure (DII), COE and the DoD Joint Technical Architecture (JTA); and functionally consistent with the AMC Wholesale Logistics Modernization (WLM) initiative. This will include COE oriented actions such incorporating /integrating Contractor Off-the-Shelf Software (COTS), rehosting from mainframe to mid-tier, business process improvements, and re-coding /restructuring program logic. Functional consistency with the WLM initiative will be achieved by considering best commercial business practice/products (e.g., MRP II), exploiting information technology advances and partnering with appropriate AMC/Defense/Private agencies. The COE/SSS (Specialized Support System) initiatives will focus both on the near-mid-and long- range improvement with the ultimate objective of a highly effective, fully integrated and interoperability COE compliant A-DMS. The SSS represent a suite of systems originally identified and fielded under the auspices of the JLSC to support specific Department of Defense (DoD) functional requirements within the depot maintenance mission area. At the end of FY98, program management responsibilities for the individual systems was transferred to a lead service. Fees previously paid by individual installations and /or JLSC for software development, enhancements, licenses, deployment, etc., support must now be paid by the individual installations to the lead service.

The SSS in use at Army Maintenance depots are:

SPECIALIZED SUPPORT SYSTEM	LEAD SERVICE
Programmed Depot Maintenance Scheduling (PDMSS)	Air Force
Laboratory Information Management System (LIMS)	Navy
DM-Hazardous Material Management System (dm-HMMS)	Air Force
Facility and Equipment Maintenance (FEM)	Navy
Tool Inventory Management Application (TIMA)	Navy
Interservice Material and Accounting Control System (IMACS)	Air Force

(see continuation sheet)

ECONOMIC INDICATORS:

Total Cost of the Project $18,960 Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A

Capital Investment and Financing Summary
Department of Army
Depot Maintenance

($ in Thousands)

Category: SUMMARY

Program Year Authority	363,080.000		43,638.865		33,208.500		25,401.609		6,000.000					
	Prior FYs		**FY 1998**		**FY 1999**		**FY 2000**		**FY 2001**		**Outyears**		**TOTAL PROGRAM**	
Obligations:														
Prior Fiscal Years	288,603.000 /	97.75%	6,635.000 /	2.25%	/								295,238.000	100.00%
FY 98			42,746.605	97.96%									42,746.605	97.96%
FY 99					33,208.500 /	100.00%							33,208.500 /	100.00%
FY 00							25,401.609 /	100.00%					25,401.609 /	100.00%
FY 01									6,000.000 /	100.00%			6,000.000 /	100.00%
Total by FY	288,603.000		49,381.605		33,208.500		25,401.609		6,000.000				402,594.714	
Outlays:														
Prior Fiscal Years	214,276.000 /	77.80%	39,888.000 /	14.48%	14,483.000 /	5.26%	6,773.000	2.46%					275,420.000	100.00%
FY 98			3,094.000 /	7.09%	13,091.660 /	30.00%	17,455.546 /	40.00%	4,363.887	10.00%	4,363.887	10.00%	42,368.979	97.09%
FY 99					3,512.848 /	10.58%	10,538.543 /	31.73%	14,051.390 /	42.31%	5,993.385	8.62%	34,096.165 /	93.25%
FY 00							2,540.161 /	10.00%	7,620.483 /	30.00%	15,240.965 /	60.00%	25,401.609 /	100.00%
FY 01									696.521 /	11.61%	6,268.688 /	86.90%	6,965.209 /	98.51%
Total by FY	214,276.000		42,982.000		31,087.507		37,307.249		26,732.280		31,866.925		384,251.962	
Unobligated Balance:														
Prior Fiscal Years	74,477.000													
FY 98			892.260											
FY 99														
FY 00														
FY 01														
Total by FY	74,477.000		892.260											
Unexpended Obligations														
Prior Fiscal Years	74,327.000		41,074.000		26,591.000									
FY 98			39,652.605		26,560.945		9,105.399							
FY 99					29,695.653		19,157.110		5,105.720					
FY 00							22,861.448		15,240.965					
FY 01									5,303.479					
Total by FY	74,327.000		80,726.605		82,847.598		51,123.957		25,650.165					

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Depot Maintenance

($ in Thousands)

Category: Equipment

Program Year Authority		21,172.941			7,501.000			7,727.000			6,000.000			
	Prior FYs *	**FY 1998**			**FY 1999**			**FY 2000**			**FY 2001**		**Outyears**			**TOTAL PROGRAM**	
Obligations:																	
Prior Fiscal Years																	
FY 98		20,290.665 /	95.83%		882.276	4.17%										21,172.941 /	100.00%
FY 99					7,501.000 /	100.00%										7,501.000 /	100.00%
FY 00								7,727.000 /	100.00%							7,727.000 /	100.00%
FY 01											6,000.000 /	100.00%				6,000.000 /	100.00%
Total by FY		20,290.665			8,383.276			7,727.000			6,000.000					42,400.941	
Outlays:																	
Prior Fiscal Years																	
FY 98		2,117.294 /	10.00%		6,351.882 /	30.00%		8,469.176 /	40.00%		2,117.294	10.00%	2,117.294	10.00%		21,172.941 /	100.00%
FY 99					750.100 /	10.00%		2,250.300 /	30.00%		3,000.400 /	40.00%	1,500.200	20.00%		7,501.000 /	100.00%
FY 00								772.700 /	10.00%		2,318.100 /	30.00%	4,636.200 /	60.00%		7,727.000 /	100.00%
FY 01											600.000 /	10.00%	5,400.000 /	90.00%		6,000.000 /	100.00%
Total by FY		2,117.294			7,101.982			11,492.176			8,035.794		13,653.694			42,400.941	
Unobligated Balance:																	
Prior Fiscal Years																	
FY 98		882.276															
FY 99																	
FY 00																	
FY 01																	
Total by FY		882.276															
Unexpended Obligations																	
Prior Fiscal Years																	
FY 98		18,173.370			12,703.765			4,234.588									
FY 99					6,750.900			4,500.600			1,500.200						
FY 00								6,954.300			4,636.200						
FY 01											5,400.000						
Total by FY		18,173.370			19,454.665			15,689.488			11,536.400						

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Depot Maintenance

($ in Thousands)

Category: Minor Construction

Program Year Authority		4,183.949			3,925.000			2,435.400								
	Prior FYs *	**FY 1998**			**FY 1999**			**FY 2000**			**FY 2001**			**Outyears**			**TOTAL PROGRAM**	
Obligations:																		
Prior Fiscal Years																		
FY 98		4,183.949 /	100.00%														4,183.949 /	100.00%
FY 99					3,925.000 /	100.00%											3,925.000 /	100.00%
FY 00								2,435.400 /	100.00%								2,435.400 /	100.00%
Total by FY		4,183.949			3,925.000			2,435.400									10,544.349	
Outlays:																		
Prior Fiscal Years																		
FY 98		418.395 /	10.00%		1,255.185 /	30.00%		1,673.580 /	40.00%		418.395	10.00%		418.395	10.00%		4,183.949 /	100.00%
FY 99					392.500 /	10.00%		1,177.500 /	30.00%		1,570.000 /	40.00%		836.790	20.00%		3,976.790 /	100.00%
FY 00								243.540 /	10.00%		730.620 /	30.00%		1,461.240 /	60.00%		2,435.400 /	100.00%
Total by FY		418.395			1,647.685			3,094.620			2,719.015			2,716.425			10,596.139	
Unobligated Balance:																		
Prior Fiscal Years																		
FY 98																		
FY 99																		
FY 00																		
Total by FY																		
Unexpended Obligations																		
Prior Fiscal Years																		
FY 98		3,765.554			2,510.370			836.790										
FY 99					3,532.500			2,355.000			785.000							
FY 00								2,191.860			1,461.240							
Total by FY		3,765.554			6,042.870			5,383.650			2,246.240							

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Depot Maintenance

($ in Thousands)

Category: Automated Data Processing

Program Year Authority	1,919.975				965.209							
	Prior FYs *	**FY 1998**		**FY 1999**		**FY 2000**		**FY 2001**		**Outyears**		**TOTAL PROGRAM**	
Obligations:													
Prior Fiscal Years													
FY 98		1,909.991 /	99.48%	9.984	0.52%							1,919.975 /	100.00%
FY 99				/	100.00%							/	100.00%
FY 00						965.209 /	100.00%					965.209 /	100.00%
FY 01								/	100.00%			/	100.00%
Total by FY		1,909.991		9.984		965.209						2,885.184	
Outlays:													
Prior Fiscal Years													
FY 98		191.998 /	10.00%	575.993 /	30.00%	767.990 /	40.00%	191.998	10.00%	191.998	10.00%	1,919.975 /	100.00%
FY 99				191.998 /	10.00%	575.993 /	30.00%	767.990 /	40.00%	383.995	20.00%	1,919.975 /	100.00%
FY 00						96.521 /	10.00%	289.563 /	30.00%	579.125 /	60.00%	965.209 /	100.00%
FY 01								96.521 /	10.00%	868.688	90.00%	965.209 /	100.00%
Total by FY		191.998		767.990		1,440.503		1,346.071		2,023.806		5,770.368	
Unobligated Balance:													
Prior Fiscal Years													
FY 98		9.984											
FY 99													
FY 00													
FY 01													
Total by FY		9.984											
Unexpended Obligations													
Prior Fiscal Years													
FY 98		1,717.994		1,151.985		383.995							
FY 99				-191.998		-767.990		-1,535.980					
FY 00						868.688		579.125					
FY 01								-96.521		-965.209			
Total by FY		1,717.994		959.988		484.693		-1,053.376		-965.209			

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Depot Maintenance

($ in Thousands)

Category: Software

Program Year Authority	16,362.000		21,782.500		14,274.000							
	Prior FYs *		**FY 1998**		**FY 1999**		**FY 2000**		**FY 2001**		**Outyears**		**TOTAL PROGRAM**	
Obligations:														
Prior Fiscal Years														
FY 98			16,362.000 /	100.00%									16,362.000 /	100.00%
FY 99					21,782.500 /	100.00%							21,782.500 /	100.00%
FY 00							14,274.000 /	100.00%					14,274.000 /	100.00%
Total by FY			16,362.000		21,782.500		14,274.000						52,418.500	
Outlays:														
Prior Fiscal Years														
FY 98			1,636.200 /	10.00%	4,908.600 /	30.00%	6,544.800 /	40.00%	1,636.200	10.00%	1,636.200	10.00%	16,362.000 /	100.00%
FY 99					2,178.250 /	10.00%	6,534.750 /	30.00%	8,713.000 /	40.00%	3,272.400	20.00%	20,698.400 /	100.00%
FY 00							1,427.400 /	10.00%	4,282.200 /	30.00%	8,564.400 /	60.00%	14,274.000 /	100.00%
Total by FY			1,636.200		7,086.850		14,506.950		14,631.400		13,473.000		51,334.400	
Unobligated Balance:														
Prior Fiscal Years														
FY 98														
FY 99														
FY 00														
Total by FY														
Unexpended Obligations														
Prior Fiscal Years														
FY 98			14,725.800		9,817.200		3,272.400							
FY 99					19,604.250		13,069.500		4,356.500					
FY 00							12,846.600		8,564.400					
Total by FY			14,725.800		29,421.450		29,188.500		12,920.900					

*Fill in at Summary Level Only

Capital Investment and Financing Summary
Department of Army
Depot Maintenance

($ in Millions)

FY 1998

PROJECTS ON THE FY 1999 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 1998	Various Other Equipment <$500	4.278	0.866	5.144	5.049	0.095	O/A made available from various reprogrammings
FY 1998	Indoor Radar Test Range	0.723	(0.723)				Project cancelled; O/A made available for reprogramming
FY 1998	Vertical Turret Lathe	1.400	(0.371)	1.029	1.029		Reprogrammed to CNC Horizontal Machining Center
FY 1998	SH60 Transmission test Stand	1.309	(1.309)				Project cancelled; reprogrammed to SDS, Century Date Change and Various Other Equipment
	EQUIPMENT- Productivity						
FY 1998	Shot Blast Booth	0.750	(0.750)				Project cancelled; O/A made available for reprogramming
FY 1998	Whirltower	11.256		11.256	11.256		
FY 1998	CNC Automatic Punch Press	0.706	(0.072)	0.634	0.634		O/A made available to Various Minor Construction
FY 1998	CNC Horizontal Machining Center	0.869	0.456	1.325	1.325		O/A made available from various reprogrammings
FY 1998	ASRS, TYAD	1.066	(0.068)	0.998	0.997	0.001	O/A made available to Various Equipment
FY 1998	ASRS, LEAD			0.787		0.787	O/A made available from various reprogrammings
AUTOMATED DATA PROCESSING							
FY 1998	Miscellaneous ADPE	0.500	(0.090)	0.410	0.410		O/A made available to Various Minor Construction
FY 1998	Fiber Optic LAN, RRAD	0.600		0.600	0.600		
FY 1998	Public Address System		0.910	0.910	0.900	0.010	O/A made available from various reprogrammings
MINOR CONSTRUCTION							
FY 1998	Ammo. Renov. Auto. Bldg.	0.994	(0.994)				Project cancelled; O/A made available for reprogramming
FY 1998	Minor Construction	3.028	0.381	3.409	3.409		O/A made available from various reprogrammings
FY 1998	LTL Ammunition Building		0.775	0.775	0.775		O/A made available from various reprogrammings
FY 1998	Declassification Repair Facility						Project cancelled; O/A made available for reprogramming
SOFTWARE							
FY 1998	SDS, COE	10.000	(3.733)	6.267	6.267		O/A made available for various reprogrammings
FY 1998	SDS, CDC	1.900	0.454	2.354	2.354		Reprogramming for Y2K compliance
FY 1998	SDS, MRP	4.260	(0.560)	3.700	3.700		O/A made available for various reprogrammings
FY 1998	AWPS		4.041	4.041	4.041		Congressionally mandated reprogramming
	Total	43.639	(0.893)	43.639	42.746	0.893	

Capital Investment and Financing Summary
Department of Army
Depot Maintenance

($ in Millions)

FY 1999

PROJECTS ON THE FY 2000 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 1999	Various Other Equipment <$500	2.601		2.601	2.601		
FY 1999	Horizontal Machining Center	0.732	(0.732)		0.0		Decrease in mission requirements, reprogram $204K to Century Date Change, cancel $528K.
	EQUIPMENT- Productivity						
FY 1999	CNC 5 Axis Machining Center	0.923		0.923	0.923		
FY 1999	ASRS, CCAD	2.403		2.403	2.403		
FY 1999	ASRS, ,TYAD	1.075		1.075	1.075		
FY 1999	ASRS, LEAD		0.499	0.499	0.499		Program increase in mission requirements, reprogrammed from Minor Construction, $499K.
AUTOMATED DATA PROCESSING							
FY 1999	Dial Central Office Upgrade	0.950	(0.950)		0.0		Transferred mission to Ordnance, project slipped to FY 2000 due to unavailability of ISDN software from the contractor.
MINOR CONSTRUCTION							
FY 1999	Minor Construction	4.557	(0.632)	3.925	3.925		Program reduction due to reduced mission requirements. Reprogrammed $499K to ASRS (LEAD), cancel $133K.
SOFTWARE							
FY 1999	SDS, DLMS	1.262		1.262	1.262		
FY 1999	SDS, COE	3.980		3.980	3.980		
FY 1999	SDS, CDC	0.300	0.204	0.504	0.504		Functional program increase, reprogram $204K from Horizontal Machining Ctr.
FY 1999	AWPS		1.565	1.565	1.565		Congressionally mandated reprogramming
FY 1999	SDS, MRP	10.490		10.490	10.490		
FY 1999	DM Interfaces	3.982		3.982	3.982		
	Total	33.255	(0.046)	33.209	33.209		

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Ordnance

Functional Description

The Ordnance manufacturing activities are managed by the Industrial Operations Command (IOC) located at Rock Island, IL. This activity group provides the Army an organic industrial capability to produce quality munitions and large caliber weapons, while also providing the full range of ammunition maintenance for modern weapons for U.S and allied Services. Ordnance activities manufacture, renovate, and demilitarize materiel for all branches of the DoD.

Specifically, these activities manufacture and sell 155MM howitzers, 120MM M256 gun tubes, 120MM smoke mortars, gun mounts for the M1A1 Abrams tank, grenades and smoke rounds, rebuilt gas masks, and tool sets and kits. These activities also provide logistics support management, which includes follow-on procurement, production, maintenance, engineering, and integrated logistics, support management. Finally, many of the Ordnance installations are involved in storage, maintenance, and demilitarization of conventional ammunition. Seven activities provide base support for the installations they manage. Primary customers include the Army, other DoD Services, and Foreign Military Sales (FMS).

Effective October 1, 1999, the ammunition storage depots (Sierra, Tooele, Blue Grass, Savanna, and Seneca) and the ammunition storage missions from Anniston, Red River and Letterkenny Army Depots, transfer to the Ordnance Activity from the Depot Maintenance Activity. This transfer will bring all ammunition-related functions under a single manager and will enable consistent pricing for all ammunition-related goods and services.

Activity Group Composition

Pine Bluff Arsenal (PBA) **Pine Bluff, AR**
Primary materiel responsibilities include chemical, smoke, incendiary, illumination, and other pyrotechnic munitions, agents and mixes; chemical defensive/protective items and test equipment; and other items as assigned. Also provides base support to tenants.

Rock Island Arsenal (RIA) **Rock Island, IL**
Primary materiel or industrial capabilities include aircraft weapons, some infantry weapons, air defense weapons and artillery; armament for tanks, artillery, personnel and cargo carriers; and special tools and tool sets. Provides base support to the Industrial Operations Command, Armament and Chemical Acquisition and Logistics

Activity, health clinic, DFAS, DRMS, DISA, and Management Engineering College as well as to other smaller tenants.

Watervliet Arsenal (WVA) **Watervliet, NY**
Primary materiel or industrial responsibilities include mortars, recoilless rifles, cannon for tanks and towed and self-propelled artillery, special tool sets, training devices and simulators. Also provides base support to tenants.

Crane Army Ammunition Activity (CAAA) **Crane, IN**
Produces and renovates conventional ammunition and ammunition-related components; performs manufacturing, engineering and product assurance in support of production; receives, stores, ships, demilitarizes, and disposes of conventional ammunition. Crane is a tenant on a Navy installation.

McAlester Army Ammunition Activity (McAAP) **McAlester, OK**
Produces, renovates, demilitarizes, and stores ammunition and related components. Primary responsibility is load, assemble, and pack of conventional ammunition, bombs, warheads, and rockets; and manufacture of wood and metal pallets; and provision of base support to tenants.

In **FY 2000** the following depot maintenance activities will realign their ammunition-related functions under one single manager to the Ordnance activity group. These activities store, maintain, distribute, and demilitarize conventional ammunition.

Sierra Army Depot	**Herlong, CA**
Tooele Army Depot	**Tooele, U**
Blue Grass Army Depot	**Lexington, KY**
Savanna Army Depot Activity*	**Savanna, IL**
Seneca Army Depot Activity*	**Romulus, NY**

*Scheduled for closure in FY 2000 under Base Realignment and Closure.
The ammunition/logistics functions for the following activities will also become part of Ordnance in FY 2000:

Red River Ammunition Activity	**Texarkana, TX**
Letterkenny Ammunition Activity	**Chambersburg, PA**
Anniston Ammunition Activity	**Anniston, AL**

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Ordnance

Budget Highlights

Personnel:

This budget submission reflects a personnel increase in FY 2000 due to the transfer of the ammunition/logistics function (2,339 FTEs) from the Depot Maintenance activity group. However, there are also decreases due to the decline in workload at Rock Island and Watervliet and to Quadrennial Defense Review (QDR) reductions related to Base Support Outsourcing, Ammunition Demilitarization, Redesign of the Industrial Operations Command (IOC), and reengineering of selected functions (-110 FTEs). The Base Realignment and Closure (BRAC) at Seneca and Savanna accounts for an additional decrease of 63 FTEs.

	FY 1998	FY 1999	FY2000
Civilian End Strength	4,659	4,565	6,158
Civilian FTEs	4,932	4,588	6,214
Military End strength	16	20	26
Military Workyears	17	24	26

Cost, Operating Results and Rates:

	FY 1998	FY 1999	FY2000
Cost of Goods & Services Produced ($M)	460.8	482.3	672.1
Cost of Goods & Services Sold ($M)	486.0	487.4	672.1
Net Operating Results ($M)	-62.4	-38.6	-23.8
Accumulated Operating Results ($M)	30.2	7.8	0.0
Customer Revenue Rate per DLH	$81.72	$105.12	$99.10
Percent Change from Prior Year	-8.10%	28.63%	-5.72%
Unit Costs ($/DLH	$103.47	$113.63	$103.59
DLH (000)	4,697	4,289	6,488

Costs:

In FY 2000 costs increase due to the expansion of the activity group, partially offset by personnel reductions assumed due to declining workload in FY 2000.

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Ordnance

Unit Costs:

The unit cost is calculated by dividing cost of goods sold by direct labor hours. The unit cost decrease in FY 2000 is a function of expanding the business with lower cost installations and positioning the activity for FY 2000 by getting excess personnel off the rolls in late FY1999. Further reductions of personnel in FY 2000/2001 are QDR and BRAC related initiatives.

Operating Results and Rates:

The FY 1998 Net Operating Result (NOR) loss of $62.4 million exceeded the budgeted NOR of -$38.4 million in part due to workload not materializing as planned, a delay in executing a reduction in force, and reduced funding of Unutilized Plant Capacity (UPC). The FY 1999 NOR is also projected to come in below the President's Budget due to a continued decrease in workload. This reinforces the fact that workload is declining faster than the activity can reduce their infrastructure. In FY 2000 the projected NOR loss is -$23.7 million with customer rates set to achieve a zero Accumulated Operating Result (AOR). The FY 1999 rates include the recovery of $7.8 million for AOR losses and a cash surcharge of $8.00 per direct labor hour. In FY 2000 the rate includes a $5.34 per direct labor hour cash surcharge.

Performance Indicators:

Performance indicators for the Ordnance activity are schedule conformance (timeliness), NOR (financial), scrap/rework (quality), and fill rate (customer satisfaction). In FY 1998, the NOR was 62.5% below budget projections primarily due to workload slippages, planned programs that did not materialize, and a delay in personnel reductions. The impact of FY 1998 will carry into FY 1999 and FY 2000 through higher rates.

Productivity Initiatives and Quadrennial Defense Review (QDR):

The Ordnance activity has implemented plans to comply with directed QDR targets. The QDR initiatives include IOC Depot Base Support Outsourcing, Streamlining Ammunition Demilitarization, Redesign of IOC, and the Reengineering of Selected Functions. Other initiatives include the Capital Investment Program (CIP), Value Engineering, Army Ideas for Excellence program, and other programs.

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Ordnance

Carry-over:

The number of months carry-over is computed in accordance with OSD policy, however because this activity group's current primary focus is on manufacturing, the 3-month criteria for pure maintenance operations does not apply. A longer carry-over timeframe accommodates the longer lead-time requirements associated with the manufacturing process. The carry-over from FY 1998 was greater than projected in the FY 1999 Amended President's Budget due to production slippages during the year. Carryover decreases from 5.6 months in FY 1998 to approximately 2 months in FY 2000. This is mainly due to the workload decline and the different mix of orders coming into the activity with the addition of the depots/ammunition installations.

	FY 1998	FY 1999	FY2000
($M)			
New Orders	387.6	405.9	610.5
Carry-in	350.6	304.0	234.1
Gross Orders	738.2	709.9	844.6
Total revenue	434.2	471.0	676.6
Carry-over	304.0	239.0	168.0
Less: WIP	20.0	15.0	15.0
Less: BRAC, Non-DOD, FMS, Intra/Inter DWCF (Excluding SMA)	22.3	11.5	14.8
Less: Contract Liabilities	58.5	38.2	31.5
Net Carry-over	202.6	174.3	106.7
Carry-over in Months	5.6	4.4	1.9

Capital Budget:

The Capital Investment Program (CIP) includes projects for the depots transferring fro Depot Maintenance to Ordnance in FY 2000. The Army Workload and Performance System (AWPS) project is congressionally mandated to better manage complex workload and personnel strategies for depot maintenance, ammunition, Base Operations, logistics and manufacturing workload.

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Ordnance

	FY 1998	FY 1999	FY2000
$M			
Equipment	11.7	13.2	11.1
Minor Construction	3.2	1.9	4.4
ADPE & Telecommunications	1.1	0.6	2.4
Software	0	1.2	4.2
TOTAL Army Working Capital Fund	16.1	16.9	22.1

The CIP program equipment includes fluid bed mixers, bulk dunnage incinerator, and thermal arc spray system, which will replace unsafe or outdated equipment, improve efficiency and increase capacity. Automated data processing equipment such as a dial central office upgrade, the AWPS and the enterprise resource planning systems provide state of the art software technology.

Activity Group Capital Investment Summary
Ordnance
($ in Millions)

Line No.	Description	FY 98 Quantity	FY 98 Total Cost	FY 99 Quantity	FY 99 Total Cost	FY 00 Quantity	FY 00 Total Cost
	EQUIPMENT-Replacement						
98-A3	Various Capital Equipment <$500K	38	9.403	30	8.072	31	7.760
98-A7	CNC - Laser Cutting System	1	0.538				
98-A2	Finisher Rotational Parts			1	0.976		
00-A2	Fluid Bed Mixer					1	1.678
	SUBTOTAL	39	9.941	31	9.048	32	9.438
	EQUIPMENT-Productivity						
98-A4	Fluid Bed Mixing Machine	1	1.941				
00-A3	Bulk Dunnage Incinerator					1	1.067
01-A3	Mat'l Feed F/Supercritical Water Oxidizer						
01-A4	CNC Thread / Worm Grinder						
	SUBTOTAL	1	1.941			1	1.067
	EQUIPMENT-Environmental						
98-A5	Air Pollution Controls Upgrade			2	4.130		
00-A4	Thermal Arc Spray System					1	0.629
	SUBTOTAL			2	4.130	1	0.629
	EQUIPMENT-New Mission						
	SUBTOTAL						
	EQUIPMENT TOTAL	40	11.882	33	13.178	34	11.134

Activity Group Capital Investment Summary
Ordnance
($ in Millions)

Line No.	Description	FY 98 Quantity	FY 98 Total Cost	FY 99 Quantity	FY 99 Total Cost	FY 00 Quantity	FY 00 Total Cost
	ADPE AND TELECOM EQUIPMENT						
97-A9	Miscellaneous ADP < $500K	4	1.118	2	0.649	5	1.747
00-A5	Dial Central Office (DCO) Upgrade					1	0.650
	ADP TOTAL	4	1.118	2	0.649	6	2.397
	MINOR CONSTRUCTION						
98-A6	Minor Construction	14	3.067	7	1.859	15	4.365
	MINOR CONSTRUCTION TOTAL	14	3.067	7	1.859	15	4.365
	SOFTWARE						
M98-03	Army Workload & Performance System			1	1.241	1	0.236
00-A6	Enterprise Resource Planning (ERP)					1	3.971
	SOFTWARE TOTAL			1	1.241	2	4.207
	ORDNANCE TOTAL	58	16.067	43	16.926	57	22.103

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	98-A3	Various Capital Equipment <$500K	Various Installations

	FY 98			FY 99			FY 00		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement	20	253.450	5,069.000	16	263.438	4,215.008	18	246.611	4,438.998
Productivity	13	239.760	3,116.880	11	255.818	2,813.998	13	255.462	3,321.006
Environmental	2	299.000	598.000	3	347.667	1,043.001			
New Mission	3	206.330	618.990						
TOTAL	38		9,402.870	30		8,072.007	31		7,760.004

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
These projects replace various equipment items which have outlived their useful lives, become uneconomical to repair, or become unsafe to operate. Examples include lathes, matcher planer, extruding press, robot handling system, turret lathe (4 axes Computer Numerically Controlled (CNC)), Gun Tube Inspection System, Abrasive Water Jet System, and vibration monitoring.

b. **ANTICIPATED BENEFITS:**
Acquisition of this equipment will improve efficiency, increase capacity which cannot be met with current equipment, replace unsafe or unusable assets, and allow compliance with regulatory agency (state, local or Federal) mandates.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
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.

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

ECONOMIC INDICATORS:
Total Cost of the Project $33,508K Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	98-A7	CNC - Laser Cutting System	Rock Island Arsenal

	FY98			FY99			FY00		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment	1	538.000	538.000						
TOTAL	1	538.000	538.000						

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The present laser cutting machine has been utilized intensely over the past 10 years to produce irregular shaped complex parts from exotic materials to precise tolerances. The present system has become uneconomical to operate. Long term downtime due to machine breakage has created production delivery delays of critical spare parts that support combat essential weapon systems, i.e. M119/M198 Howitzers, M1A2 Tank, and M109 series Self-Propelled Howitzers. If the present situation continues, combat equipment readiness (training and deployment) could be jeopardized due to the lack of critical repair parts. Rebuild of the present machine is not feasible due to technology advances in the type of equipment available.

b. **ANTICIPATED BENEFITS:**
A new CNC laser cutting system will replace the present laser cutter with advanced state of the art laser technology. Long term downtime and maintenance cost averaging $46,000 annually will be eliminated. Cost effective delivery of critical spare parts will be restored with an additional average annual cost savings of $14K. The state of readiness for combat essential weapon systems, identified above, will be improved by allowing the arsenal to provide real-time delivery of critical spare parts to the field.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Annual cost savings of $60K will not be realized. Delivery delays of critical spare parts to the field will continue, thus jeopardizing weapon system readiness. Longterm downtime of present machine will continue causing high abnormal maintenance costs. Also, the latest manufacturing technologies will not be in place to support next generation weapons development for Crusader, Future Direct Support Weapon System (FDSWS), and Soft Recoil Electro-Rheological (ER) Fluid technology.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$538	Net Present Value of Benefits:	$105	Benefit to Investment Ratio:	1.0	Payback Period:	11.1

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	98-A2	Finisher Rotational Parts	Rock Island Arsenal (RIA)

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Equipment				1	976.000	976.000			
TOTAL				1		976.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
Current manufacturing processes at RIA require finishing (the process of bringing parts to their final configuration) internal diameter, grooves, faces and outside diameters. This work must be performed to very precise tolerances and standards. The current equipment has reached the limits of its capabilities and is becoming increasingly unreliable to perform highly precise manufacturing operations. This new machine, which is able to hold tighter tolerances, will greatly improve RIA's capability to generate critical parts in support of current and next generation weapons systems.

b. **ANTICIPATED BENEFITS:**
The objective of this project is to improve RIA's micro-finishing capabilities. New Computer Numerically Controlled (CNC) models are capable of combining multiple operations into one. This improves parts quality by completing multiple part features in one fixtured setup. This project will provide an annual operating cost savings of $74K.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Failure to fund this project will impact RIA's ability to support manufacture of current and next generation armament components. Also, increased maintenance and repair costs of existing equipment will not allow RIA to provide cost effective manufacturing of core mission items in a timely manner.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$976	Net Present Value of Benefits:	$112	Benefit to Investment Ratio:	1.1	Payback Period:	10.65 Yrs

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	00-A2	Fluid Bed Mixer	Pine Bluff Arsenal (PBA)

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Equipment							1	1678.000	1678.000
TOTAL							1		1678.000

Narrative Justification:

a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: Fluid Bed Mixers are used to blend the various smoke mixtures for PBA's assigned smoke munitions. The existing machines are over 25 years old and have been used heavily. The maintenance costs are escalating and the machines can't be relied upon for dependable production. This project will replace one of the original fluid bed mixers. The munitions supported by mixers are: M18 Colored Smoke Grenades, M83 Terephthalic Acid (TA) Smoke (training) Grenade, XM90 Light Vehicle Obsuration Smoke System (LVOSS) Grenade, and the M8 TA Smoke Pot.

b. ANTICIPATED BENEFITS: With this replacement, PBA will have the needed capacity to produce the required munitions at the rate needed to meet the Army's and other Services' needs. The combined capacity and reliability of the new machines will place PBA in a better position to avoid schedule slippages by using multiple shifts.

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The original mixers are badly worn and the potential for a major failure of is great. Parts are difficult to obtain, requiring long leadtime to acquire. This parts' shortage would result in an extended period when the production schedules could not be met. Such a major failure, and related downtime, would seriously impede PBA's Smoke Grenade and Smoke Pot manufacturing capability. The Army and other Services would experience shortfalls to both War Reserve and training requirements. The newer machines will result in significantly less maintenance downtime and cost.

d. ECONOMIC ANALYSIS PERFORMED? Yes.

ECONOMIC INDICATORS:

Total Cost of the Project	$1,678	Net Present Value of Benefits:	$182	Benefit to Investment Ratio:	1.1	Payback Period:	8.2 Yrs.

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	98-A4	Fluid Bed Mixing Machine	Pine Bluff Arsenal (PBA)

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment	1	1,941.000	1941.000									
TOTAL	1		1941.000									

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
This mixer is used in the manufacture of the M18 Series Smoke and XM83 Training Grenades. Each of the two existing fluid bed mixers can produce 4 batches of smoke mix per day (10 hours). One of these machines is beyond its normal life expectancy (22 years) and is becoming unreliable. Prior to being used on the production line, each batch must be tested for proper duration of burn. Failed batches must be reblended with additional ingredients to correct the deficiency. At maximum capacity (4 batches/day) overtime must be used whenever reblends of mix are required to meet preliminary burn time tests. Breakdowns are becoming more frequent which increases costs and reduces output.

b. **ANTICIPATED BENEFITS:**
Planned grenade production over the next 5 years will require 12 batches of mix per day to support the end-item production demands, assuming no breakdowns are encountered and minimal reblending of mix batches is necessary. This production rate will require two shifts of 10 hours each. More than minimal reblends or breakdowns will require additional time. The new machine is required to support planned smoke grenade programs.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Without an additional machine, PBA will be required to run existing machines on two shifts, with little time available for reblends. Machine maintenance and repairs will further impede the ability to support end-item production. The age of existing equipment makes breakdowns likely.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$1,941	Net Present Value of Benefits:	$481	Benefit to Investment Ratio:	1.3	Payback Period:	6.96 Years

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	00-A3	Bulk Dunnage Incinerator	Pine Bluff Arsenal (PBA)

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Equipment/installation							1	1066.807	1066.807
TOTAL							1		1066.807

Narrative Justification:

a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The PBA Central Incinerator Complex originally had four means of incinerating wastes: the Fluid Bed Incinerator for liquid, slurry, and powder wastes; the Rotary Deactivation Furnace for small ordnance items; the Chain Grate Incinerator, a continuous feed system for bulk waste; and the Car Bottom Furnace for items too large for the Chain Grate Incinerator to accommodate. The Chain Grate Incinerator was used for most bulk wastes, with the Car Bottom Furnace providing back-up. Due to its heavy use, the Chain Grate became unserviceable and was removed. All bulk material incineration is currently disposed of via the Car Bottom Furnace. The material being disposed of is various PBA generated wastes and DoD wastes, including out-of-date medicines and medical supplies. The anticipated workload, nearly 3 million pounds, is too great for the Car Bottom Furnace. Due to its design, the Car Bottom Furnace is a slow method of bulk disposal. A single charge is loaded into the furnace and incinerated; before personnel can load the next charge, the furnace must cool sufficiently to allow approach.

b. ANTICIPATED BENEFITS: The Bulk Dunnage Incinerator will be a continuous feed system, allowing much greater efficiency. The Car Bottom Furnace has been used as a temporary "fix" to allow continued operation. This project will replace the defunct Chain Grate Furnace. The current, more stringent, environmental regulations restrict replacing with a similar (Chain Grate) unit. The design of a new system must meet these more restrictive regulations. The existing Car Bottom Furnace will continue in operation for items which are too large for the new unit to accommodate.

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: PBA will not meet its projected workload of PBA generated and DoD waste material destruction. PBA will be forced to continue the inefficient, "temporary" operation. The Car Bottom Furnace will require high maintenance and/or premature replacement, due to its heavy use.

ECONOMIC INDICATORS:

Total Cost of the Project	$1,067	Net Present Value of Benefits:	$11,700	Benefit to Investment Ratio:	12.8	Payback Period:	1.7 Yrs.

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	01-A3	Mat'l Feed F/Supercritical Water Oxidizer	Pine Bluff Arsenal (PBA)

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Material Feed System										1	606.000	606.000
TOTAL										1		606.000

Narrative Justification:

a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:
A Supercritical Water Oxidizer (SCWO) system is being built at PBA. This system is an alternative to incineration of wastes. For some wastes, this system will more completely and cleanly eliminate the waste. As a prototype system within the Army, no provision was included in the original design to store and automatically feed the waste into this system. Like incineration, this system requires continuous operation. As such, both operators and material handlers must work "around the clock" to maintain the operation. This system will be staffed in two - twelve hour shifts.

b. ANTICIPATED BENEFITS:
This project will equip the SCWO system with material storage facilities to maintain over a twelve hour supply of waste material, and an automated, continuous feed system. This system will reduce the material handlers to a single shift. Only the system operator would be required during the second shift.

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:
PBA will need to employ additional material handlers to support the continuous operation of the waste disposal system. Additional personnel costs will be incurred which would then have to be passed to their customers.

d. ECONOMIC ANALYSIS PERFORMED? Yes.

ECONOMIC INDICATORS:

Total Cost of the Project	$606	Net Present Value of Benefits:	$129	Benefit to Investment Ratio:	1.2	Payback Period:	7.3

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	01-A4	CNC Thread / Worm Grinder	Rock Island Arsenal (RIA)

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment										1	930.000	930.000
TOTAL										1		930.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
RIA presently uses a 28 year old conventional thread grinder to manufacture critical spare and repair parts for the M119 Howitzer and support prototype manufacturing. The present machine is not equivalent to today's industry standards and can't achieve required dimensional specifications for RIA's thread grinding operations. Also, this machine is constantly breaking down, and abnormal maintenance costs are being incurred.

b. **ANTICIPATED BENEFITS:**
Acquisition of a new Computer Numerical Control (CNC) Thread/Worm Grinder will significantly reduce operating costs while providing reliability and dependability, thus allowing RIA to save $50.2K annually.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Cost effective and reliable manufacturing operations will not be maintained. Average annual cost savings of $50.2K will not be realized, product quality and versatility will not be improved.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$930	Net Present Value of Benefits:	$147	Benefit to Investment Ratio:	0.8	Payback Period:	11.5

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	98-A5	Air Pollution Controls Upgrade	Pine Bluff Arsenal (PBA)

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Equipment				1	1,078.000	1,078.000			
Installation				1	3,052.000	3,052.000			
TOTAL				2		4,130.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Current Air Pollution Controls were designed to meet emission standards required by the U.S. Environmental Protection Agency (EPA) and Arkansas Department of Pollution Control and Ecology (ADPC&E) for their current operating permit (1989). PBA will not meet the more stringent standards which will be required to renew the permit in November 1999. The new regulations, such as the Resource Conservation and Recovery Act (RCRA) mandate much tighter control of particulates and vapors.

b. **ANTICIPATED BENEFITS:** This project will install new scrubbers and blowers, made with exotic materials to withstand the high temperatures and corrosive atmosphere, a new exhaust stack, and new, more automated and operationally efficient controls. The control rooms housing these controls will also be moved further from the potential hazards of the incinerator and scrubber blowers, reducing hazard exposure. These improvements will allow PBA to renew its operating permit for the next ten years so it can continue disposal of its hazardous wastes in full compliance with environmental regulations. Through the use of the Central Incinerator Complex, PBA reduces the volume of wastes which are placed in the hazardous wastes landfill by more than 90%. Local waste handlers do not have the technology to incinerate the types of chemical and smoke mixtures used in munitions. These wastes would have to be transported to other states where the technology does exist. This assumes that other states would allow the importation of hazardous wastes for disposal.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** PBA will not meet the tighter environmental regulation, and their incinerator complex will be closed by state inspectors. PBA will have to dispose of its hazardous wastes off-site at great expense, assuming that a suitable disposal site could be found. PBA is the Army's source for Research & Development of Chemical and Obscurant Munitions. These efforts support its continuing role in providing "cradle to grave" management of these munitions.

d. **ECONOMIC ANALYSIS PERFORMED?** Exempt. Per Paragraph 6a, DOD Policy Statement, Aug 94, Economic Analysis of AWCF Capital Budget Investment Projects: exemption from EA is applicable to hazardous waste management facilities under provisions found in Title 40, CFR.

ECONOMIC INDICATORS:

Total Cost of the Project $4,130 Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	00-A4	Thermal Arc Spray System	McAlester Army Ammo Plant

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Equipment							1	628.813	628.813
TOTAL							1		628.813

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
In the past, bomb bodies have been primer-coated to inhibit corrosion. Because this process releases Volatile Organic Compounds (VOCs), it is not environmentally favorable, and the performance against corrosion is less than desired.

b. ANTICIPATED BENEFITS:
The new technology used in thermal arc spray coating is environmentally benign and is projected to extend corrosion resistance more than two-fold over the conventional primer.

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:
Impending environmental legislation may prevent continued use of the conventional primer coating. Without thermal arc spray, corrosion resistance would not be improved. The Navy bomb program managers have developed and endorsed this technology and expect MCAAP to establish capability; this is not likely without the investment.

d. ECONOMIC ANALYSIS PERFORMED? Yes. Status Quo is not an option; therefore no NPV, BIR or Payback available.

ECONOMIC INDICATORS:

Total Cost of the Project	$629	Net Present Value of Benefits:	n/a	Benefit to Investment Ratio:	n/a	Payback Period:	n/a

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date: Ordnance — 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Ordnance 23 Feb 99

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Ordnance 23 Feb 99

C. Line No | Item Description

D. Activity Identification

	FY 98	FY 99	FY 00	FY 01

Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date: Ordnance, 23 Feb 99

C. Line No | Item Description

D. Activity Identification

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment												
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project	Net Present Value of Benefits:		Benefit to Investment Ratio:		Payback Period:	

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
ADPE AND TELECOM EQUIPMENT
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	97-A9	Miscellaneous ADP < $500K	Various Ordnance Installations

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Equipment	4	279.500	1,118.000	2	324.500	649.000	5	349.400	1747.000
TOTAL	4		1,118.000	2		649.000	5		1,747.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
These miscellaneous information management projects replace old/obsolete and unrepairable equipment with current state-of-the-art equipment.

b. **ANTICIPATED BENEFITS:**
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.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Systems/equipment will continue to be unreliable, downtime will increase as administrative costs 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.

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

Total Cost of the Project $5,595 Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
ADPE AND TELECOM EQUIPMENT
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	00-A5	Dial Central Office (DCO) Upgrade	Sierra Army Depot

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Equipment							1	650.000	650.000
TOTAL							1		650.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
The life cycle of telecommunications digital switches is 8 years. The GTD5-MV digital switch currently in use at Sierra was installed in 1988.

b. **ANTICIPATED BENEFITS:**
This upgrade will enhance the efficiency of the DCO, assure the availability of repair parts and service, and most importantly make the DCO Integrated Service Digital Network (ISDN) compatible.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
If the upgrade is not accomplished, Sierra Army Depot will be unable to meet telecommunications requirements into the 21st century. If an upgrade is not acquired in the near future, a new switch will have to be purchased at an estimated cost of $8-10M.

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

Total Cost of the Project $650 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 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	98-A6	Minor Construction	Various Ordnance Installations

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Minor Construction	14	219.071	3,067.000	7	265.500	1,858.500	15	291.000	4,365.000
TOTAL	14		3,067.000	7		1,858.500	15		4,365.000

Narrative Justification:

a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: This program will replace or upgrade installation facilities that contribute to production deficiencies, use of excessive resources, lack of energy conservation, or do not comply with regulatory requirements addressing health, safety, environmental and security concerns. Examples of projects for health and safety compliance include Fire Suppression Systems for 3 buildings at Crane Army Ammunition Activity, Dehumidified Ammunition Storage at Anniston Army Depot, and Watermain Loop at Rock Island Arsenal. Examples of projects that correct workload / production deficiencies are Alterations to the Industrial Repair Facility and Construction Pump Test Facility at Sierra Army Depot. Examples of projects that correct excessive use of resources or lack of energy conservation are Container Stuffing Pads at McAlester Ammunition Plant, and Heat Insulate Ground Level Warehouses at Sierra Army Depot. Examples of environmental projects are Sewage Plant Redemption, Upgrade Production Engineering Laboratorium Wastewater Utilities, and Administrative Building for Environmetal Laboratorium at Pine Bluff Arsenal.

b. ANTICIPATED BENEFITS: These projects correct health/safety/security deficiencies by: 1) providing for suppression, 2) providing secure, dehumidified storage for Ammunition Peculiar Equipment, 3) providing sufficient water quality and pressure, and 4) complying with fire and safety codes. Other benefits include reduced labor costs by centralization of personnel, elimination of lost production time during winter months, more energy efficient facilities, and prevention of contamination of the sanitary sewer.

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: Without this program, activities will not comply with health, safety, environmental and security requirements. They may also fail to accomplish present and future workload requirements.

d. ECONOMIC ANALYSIS PERFORMED? Yes.

ECONOMIC INDICATORS:

Total Cost of the Project $13,885 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 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 23 Feb 99	M98-03	Army Workload & Performance System	Various Installations

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost
Army Workload and Performance System (AWPS)				1	1240.500	1,240.500	1	236.000	236.000
Total				1	1,240.500	1,240.500	1	236.000	236.000

a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: 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 Army Workload and Performance System (AWPS).

b. ANTICIPATED BENEFITS: The Army Workload and Performance System (AWPS) will assist the Ordnance Activity Group 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.

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: AWPS is at the stage where only depot maintenance workload can be evaluated. Without additional expenditures, workload associated with "Ammunition", "Base Operations", "Logistics" and "Manufacturing" cannot also be incorporated into AWPS. The system, as is, only partially corrects noted material weakness. Decisions to make personnel reductions are prohibited, by law, until AWPS is operational at the Ordnance installations.

d. ECONOMIC ANALYSIS PERFORMED? Exempt. Mandated by higher headquarters.

ECONOMIC INDICATORS:

Total Cost of the Project	$1,477	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

Capital Investment and Financing Summary
Department of Army
Ordnance

($ in Thousands)

Category: SUMMARY

Program Year Authority	87,923.301		16,066.870		16,926.007		22,102.624		1,536.000							
	Prior FYs		**FY 98**		**FY 99**		**FY 00**		**FY 01**		**Outyears**		**TOTAL PROGRAM**			
Obligations:																
Prior Fiscal Years	85,478.374 /	100.07%	-61.000 /	-0.07%	/								85,417.374	100.00%		
FY 98			15,754.835 /	98.06%	43.557	0.27%							15,798.392	98.33%		
FY 99					16,926.007 /	100.00%							16,926.007 /	100.00%		
FY 00							22,102.624 /	100.00%					22,102.624 /	100.00%		
FY 01									1,536.000 /	100.00%			1,536.000 /	100.00%		
Total by FY	85,478.374		15,693.835		16,969.564		22,102.624		1,536.000				141,780.397			
Outlays:																
Prior Fiscal Years	61,663.000 /	72.14%	6,235.000 /	7.29%	17,580.300 /	20.57%							85,478.300	100.00%		
FY 98			841.000 /	5.23%	6,426.748 /	40.00%	6,426.748 /	40.00%					13,694.496	80.00%		
FY 99					1,692.601 /	10.00%	6,770.403 /	40.00%	6,770.403 /	40.00%			15,233.406 /	90.00%		
FY 00							2,210.262 /	10.00%	8,841.050 /	40.00%	11,051.312 /	50.00%	22,102.624 /	100.00%		
FY 01									153.600 /	10.00%	1,382.400 /	90.00%	1,536.000 /	100.00%		
Total by FY	61,663.000		7,076.000		25,699.649		15,407.413		15,765.052		12,433.712		138,044.826			
Unobligated Balance:																
Prior Fiscal Years	2,444.927															
FY 98			312.035		214.874											
FY 99																
FY 00																
FY 01																
Total by FY	2,444.927		312.035		214.874											
Unexpended Obligations																
Prior Fiscal Years	23,815.374		17,519.374		-60.926											
FY 98			14,913.835		8,530.644		2,103.896									
FY 99					15,233.406		8,463.004		1,692.601							
FY 00							19,892.362		11,051.312							
FY 01									1,382.400							
Total by FY	23,815.374		32,433.209		23,703.125		30,459.261		14,126.313							

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Ordnance

($ in Thousands)

Category: Equipment

Program Year Authority		11,881.870			13,178.007			11,133.624			1,536.000			
	Prior FYs *	**FY 98**			**FY 99**			**FY 00**			**FY 01**		**Outyears**		**TOTAL PROGRAM**	
Obligations:																
Prior Fiscal Years																
FY 98		11,623.439 /	97.83%		43.557	0.37%									11,666.996 /	98.19%
FY 99					13,178.007 /	100.00%									13,178.007 /	100.00%
FY 00								11,133.624 /	100.00%						11,133.624 /	100.00%
FY 01											1,536.000 /	100.00%			1,536.000 /	100.00%
Total by FY		11,623.439			13,221.564			11,133.624			1,536.000				37,514.627	
Outlays:																
Prior Fiscal Years																
FY 98		1,188.187 /	10.00%		4,752.748 /	40.00%		4,752.748 /	40.00%		1,188.187	10.00%			11,881.870 /	100.00%
FY 99					1,317.801 /	10.00%		5,271.203 /	40.00%		5,271.203 /	40.00%	1,317.801	10.00%	13,178.007 /	100.00%
FY 00								1,113.362 /	10.00%		4,453.450 /	40.00%	5,566.812 /	50.00%	11,133.624 /	100.00%
FY 01											153.600 /	10.00%	1,382.400 /	90.00%	1,536.000 /	100.00%
Total by FY		1,188.187			6,070.549			11,137.313			11,066.439		8,267.013		37,729.501	
Unobligated Balance:																
Prior Fiscal Years																
FY 98		258.431			214.874											
FY 99																
FY 00																
FY 01																
Total by FY		258.431			214.874											
Unexpended Obligations																
Prior Fiscal Years																
FY 98		10,435.252			5,726.061			973.313								
FY 99					11,860.206			6,589.004			1,317.801					
FY 00								10,020.262			5,566.812					
FY 01											1,382.400					
Total by FY		10,435.252			17,586.268			17,582.578			8,267.013					

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Ordnance

($ in Thousands)

Category: ADPE and Telecom Equipment

Program Year Authority	1,118.000			649.000			2,397.000									
	Prior FYs *	**FY 98**			**FY 99**			**FY 00**			**FY 01**			**Outyears**			**TOTAL PROGRAM**	
Obligations:																		
Prior Fiscal Years																		
FY 98		1,101.722	/	98.54%	16.278		1.46%										1,118.000	/ 100.00%
FY 99					649.000	/	100.00%										649.000	/ 100.00%
FY 00								2,397.000	/	100.00%							2,397.000	/ 100.00%
FY 01												/	100.00%					/ 100.00%
Total by FY		1,101.722			665.278			2,397.000									4,164.000	
								100.000										
Outlays:																		
Prior Fiscal Years																		
FY 98		111.800	/	10.00%	447.200	/	40.00%	447.200	/	40.00%	111.800		10.00%				1,118.000	/ 100.00%
FY 99					64.900	/	10.00%	259.600	/	40.00%	259.600	/	40.00%	64.900		10.00%	649.000	/ 100.00%
FY 00								239.700	/	10.00%	958.800	/	40.00%	1,198.500	/	50.00%	2,397.000	/ 100.00%
FY 01												/	10.00%		/	90.00%		/ 100.00%
Total by FY		111.800			512.100			946.500			1,330.200			1,263.400			4,164.000	
Unobligated Balance:																		
Prior Fiscal Years																		
FY 98		16.278																
FY 99																		
FY 00																		
FY 01																		
Total by FY		16.278																
Unexpended Obligations																		
Prior Fiscal Years																		
FY 98		989.922			559.000			111.800										
FY 99					584.100			324.500			64.900							
FY 00								2,157.300			1,198.500							
FY 01																		
Total by FY		989.922			1,143.100			2,593.600			1,263.400							

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Ordnance

($ in Thousands)

Category: Minor Construction

Program Year Authority		3,067.000			1,858.500			4,365.000								
	Prior FYs *	**FY 98**			**FY 99**			**FY 00**			**FY 01**			**Outyears**			**TOTAL PROGRAM**	
Obligations:																		
Prior Fiscal Years																		
FY 98		3,029.674	/	98.80%	37.326		1.22%										3,067.000	/ 100.02%
FY 99					1,858.500	/	100.00%										1,858.500	/ 100.00%
FY 00								4,365.000	/	100.00%							4,365.000	/ 100.00%
FY 01												/	100.00%					/ 100.00%
Total by FY		3,029.674			1,895.826			4,365.000									9,290.500	
Outlays:																		
Prior Fiscal Years																		
FY 98		306.700	/	10.00%	1,226.800	/	40.00%	1,226.800	/	40.00%	306.700		10.00%				3,067.000	/ 100.00%
FY 99					185.850	/	10.00%	743.400	/	40.00%	743.400	/	40.00%	185.850		10.00%	1,858.500	/ 100.00%
FY 00								436.500	/	10.00%	1,746.000	/	40.00%	2,182.500	/	50.00%	4,365.000	/ 100.00%
FY 01												/	10.00%		/	90.00%		/ 100.00%
Total by FY		306.700			1,412.650			2,406.700			2,796.100			2,368.350			9,290.500	
Unobligated Balance:																		
Prior Fiscal Years																		
FY 98		37.326																
FY 99																		
FY 00																		
FY 01																		
Total by FY		37.326																
Unexpended Obligations																		
Prior Fiscal Years																		
FY 98		2,722.974			1,533.500			306.700										
FY 99					1,672.650			929.250			185.850							
FY 00								3,928.500			2,182.500							
FY 01																		
Total by FY		2,722.974			3,206.150			5,164.450			2,368.350							

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Ordnance

($ in Thousands)

Category: Software

Program Year Authority				1,240.500			4,207.000									
	Prior FYs *		**FY 98**		**FY 99**			**FY 00**			**FY 01**			**Outyears**		**TOTAL PROGRAM**	
Obligations:																	
Prior Fiscal Years																	
FY 98		/	100.00%													/	#VALUE!
FY 99				1,240.500	/	100.00%										1,240.500	/ 100.00%
FY 00							4,207.000	/	100.00%							4,207.000	/ 100.00%
FY 01											/	100.00%				/	100.00%
Total by FY				1,240.500			4,207.000									5,447.500	
Outlays:																	
Prior Fiscal Years																	
FY 98		/	10.00%		/	40.00%		/	40.00%			10.00%				/	100.00%
FY 99				124.050	/	10.00%	496.200	/	40.00%	496.200	/	40.00%	124.050		10.00%	1,240.500	/ 100.00%
FY 00							420.700	/	10.00%	1,682.800	/	40.00%	2,103.500	/	50.00%	4,207.000	/ 100.00%
FY 01											/	10.00%		/	90.00%	/	100.00%
Total by FY				124.050			916.900			2,179.000			2,227.550			5,447.500	
Unobligated Balance:																	
Prior Fiscal Years																	
FY 98																	
FY 99																	
FY 00																	
FY 01																	
Total by FY																	
Unexpended Obligations																	
Prior Fiscal Years																	
FY 98																	
FY 99				1,116.450			620.250			124.050							
FY 00							3,786.300			2,103.500							
FY 01																	
Total by FY				1,116.450			4,406.550			2,227.550							

*Fill in at Summary Level Only

Capital Budget Execution
Department of Army
Ordnance

($ in Millions)

FY 1998

PROJECTS ON THE FY 1999 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 19	Jig Grinder Equipment	0.744	(0.710)			0.034	Reprogrammed to Laser Cutter Sys, $710K. $34K excess.
FY 19	CNC - Laser Cutting System		0.538	0.710	0.538		OA reprogr. from Jig Grinder. $172K to Fluid Bed Mixing Machine
FY 19	Various Capital Equipment <$500K	9.696	(0.293)	9.403	9.201	0.202	Reprogrammed to Minor Construction ($139K) and Fluid Bed Machine ($154K).
FY 1998							
FY 1998							
	EQUIPMENT-Productivity						
FY 19	Fluid Bed Mixing Machine	1.615	0.326	1.941	1.929	0.012	Cost increase due to higher bid.
FY 1998							
FY 1998							
ADPE AND TELECOM EQUIPMENT							
FY 19	Miscellaneous ADP <$500K	1.118		1.118	1.102	0.016	
FY 1998							
FY 1998							
MINOR CONSTRUCTION							
FY 19	Minor Construction	2.928	0.139	3.067	3.030	0.037	Reprogrammed $139K from Various Equip. <$500K.
FY 1998							
FY 1998							
FY 1998							
SOFTWARE							
FY 1998							
	Total	16.101		16.239	15.799	0.302	

Capital Budget Execution
Department of Army
Ordnance

($ in Millions)

FY 1999

PROJECTS ON THE FY 2000 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 199	Various Capital Equipment <$500K	8.072		8.072		8.072	
FY 199	Finisher Rotational Parts	0.976		0.976		0.976	
FY 1999							
FY 1999							
	EQUIPMENT-Environmental						
FY 199	Air Pollution Controls Upgrade	4.130		4.130		4.130	
FY 1999							
FY 1999							
	EQUIPMENT-New Mission						
FY 1999							
FY 1999							
FY 1999							
ADPE AND TELECOM EQUIPMENT							
FY 199	Miscellaneous ADP < $500K	0.649		0.649		0.649	
FY 1999							
FY 1999							
MINOR CONSTRUCTION							
FY 199	Minor Construction	1.859		1.859		1.859	
FY 1999							
FY 1999							
FY 1999							
SOFTWARE							
FY 199	Army Workload & Performance System	1.241		1.241		1.241	
FY 1999							
FY 1999							
	Total	16.927		16.927		16.927	

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
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 communication systems. This mission 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 CECOM-Systems Management Center, 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 in Fort Monmouth, NJ, exercises management control over the activity group.

Activity Group Composition

Central Design Activities (CDA's):

Industrial Logistics Systems Center (ILSC) Chambersburg, P

Systems Supported:

Standard Depot System (SDS)
Automated Time Attendance and Production System (ATAAPS)
Defense Property Accounting System (DPAS)
Standard Industrial Fund System (SIFS)
Retail Army Stock Fund Inventory Accounting and Reporting Syste (RASFIARS)
Army Self Service Supply Center (ASSSC)
AMC Automated Manpower Management Information System (AAMMIS)
Automated Financial Entitlements System (AFES)

Logistics Systems Support Center (LSSC) St. Louis, MO

Systems Supported:

Commodity Command Standard System (CCSS)
Standard Operations and Maintenance Army Research and Development System (SOMARDS)
Security Assistance Automation, Army (SA3)

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Information Services

Software Development Center – Lee (SDC-Lee) **Ft Lee, V**

Systems Supported

Department of the Army Movement Management System (DAMMS)
Standard Army Ammunition System (SAAS)
Standard Army Maintenance System (SAMS)
Standard Army Retail System (SARSS)
Unit Level Logistics System (ULLS)
Army Food Management Information System (AFMIS)
Standard Army Intermediate Level Supply System (SAILS)
Integrated Facilities Systems-Micro/Minicomputers (IFS-M)
Standard Army Automation Contracting System (SAACONS)
Standard Property Book System-Redesign (SPBS-R)
Capability Maturity Model (CMM)
Integrated Combat Service Support System (ICS3)
Direct Support Unit Standard Supply System (DS4)
Centralized Army Aviation Support System (CAASS)
Transportation Coordinator Automated Command and Control Information System (TCACCIS)
Automated System for Army Commissaries (ASAC)
Automated Systems Criminal Investigation – Criminal Investigation Command (ASCI-CIDC)
Combat Service Support Control System (CSSCS)

Software Development Center – Wash (SDC-Wash) **Fairfax, V** *

Systems Supported:

Acquisition Information Management (AIM)
Housing Operations Management System (HOMES)
Military Police Management Information System (PMMIS)
Standard Installation/Division Personnel Systems (SIDPERS-3)
The Army Authorization Documentation System – Redesign (TAADS-R0
Sustaining Base Information Services/Installation Support Modules (SVIS/ISM)
Standard installation/Division Personnel System (SIDPERS-2)
Army Company information System (ARCIS)
Windows Compliance Assessment and Sustainment System (WINCASS)
Inspector General Network (IGNET)
Joint Recruiting Information Support Systems (JRISS)

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*A Base Realignment and Closure (BRAC) 1995 decision mandated relocation of SDC-Washington to Fort Meade, MD effective FY 1999. The relocation date has been postponed until Feb 2001 due to delayed completion of the facility at Fort Meade.

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Information Services

Central Issue Facility (CIF)
Installation Materiel Condition Status Reporting System (IMCSRS)

U.S. Army Information Systems Management Activity Small Computer Program (SCP), Fort Monmouth, NJ.

Budget Highlights

Personnel:

The following initiatives are being implemented to restructure and streamline the activity for competitive resourcing:

- A civilian Quadrennial Defense Review (QDR) reduction of 257 civilian personnel for Redesign of Software Organizations associated with the wholesale and retail logistics automation systems.

- A QDR reduction of 72 military personnel in FY 1999 at SDC-Lee, SDC-Washington, and ASCP.

- A reduction of 4 additional military officer authorizations and workyears anticipated not to be filled at the end of FY 2000.

Civilian and military end strengths and Full Time Equivalents (FTEs) are as follows:

	FY 1998	FY 1999	FY 2000
Civilian End Strength	848	764	605
Civilian FTEs	870	794	686
Military End Strength	94	22	18
Military Workyears	114	80	18

Costs, Operating Results and Rates:

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Information Services

	FY 1998	FY 1999	FY 2000
Costs of Goods & Services Produced (Expenses) ($M)	153.7	120.0	111.1
Costs of Goods and Services Sold ($M)	153.7	120.0	111.1
Net Operating Results ($M)	(10.5)	0.2	12.1
Accumulated Operating Results ($M)	(17.6)	(17.3)	(5.2)
Customer Revenue Rate per DLH	$62.56	$69.93	$83.38
Percent Rate Change from Prior Year	-3.59%	11.78%	19.24%
Unit Costs ($/DLH)	$70.14	$78.11	$78.24
DLH (000)	1,111	1,015	922

Costs:

Costs are significantly reduced beginning in FY 1998 and continuing through FY 2001 consistent with QDR. SDC-Lee was unable to reduce personnel commensurate with reduced orders from Program Manager for Integrated Logistics (PM-ILOGS). This contributed to unbudgeted losses, which will be recovered in the FY 2000 and FY 2001 rate. Funding for megacenter costs for SDC-Lee and SDC-Wash was provided outside the rate by direct funding for FY 1998 and also in FY 1999. Megacenter costs are included in the stabilized rate beginning in FY 2000. Costs will decrease greatly beginning in FY 2001 due to decreased workload on retail logistics systems. LSSC was able to reduce megacenter center costs by 27% in FY 1998 and FY 1999 as a result of a renegotiated Service Level agreement with Defense Information Systems Agency (DISA). Costs will continue to decrease through FY 2000 as workload continues to decrease.

Unit Costs:

Unit costs are calculated by dividing direct labor hours into the Cost of Goods Sold for organic software development only. The Unit Cost increases in FY 1999 due to the loss of workload at SDC-Lee. It begins to stabilize in FY 2000 as manpower is reduced and cost falls accordingly.

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Information Services

Operating Results and Rates:

The FY 2000 rate of $83.38 is an increase of 19% over the FY 1999 Amended President's Budget rate of $69.93. This increase is primarily due to AOR recovery of the SDC-Lee loss. Reductions in civilian and military personnel commensurate with the loss of workload and QDR reductions result in savings sufficient to result in an AOR of zero in FY 2001. Projected costs and anticipated orders for the Army Small Computer Program result in the current 1% fee remaining stable through FY 2000.

Performance Indicators:

The Central Design Activities/Software Development Center (CDAs/SDCs) have performance goals of achieving the Direct Labor Hours (DLHs) budgeted and achieving the budgeted NOR. The ASCP uses customer surveys to measure order processing time (not to exceed 1 week), adherence to delivery schedules (within 30 days), quality of deliveries (not more than 1% returned), warranty support (no more than 5 complaints per month) and ensuring comparability with Indefinite Delivery Indefinite Quantity (IDIQ)/GSA contract prices.

Productivity Initiatives/Cost Reductions:

QDR reductions of 257 civilians result in payroll savings of $17.7M through FY 2001 consistent with projections. Military reductions and workload reductions result in additional savings through the budget period.

Carry-over:

Carryover is a mix of contractor and organic workload, and consists of an average of 3 months of workload.

	FY 1998	FY 1999	FY 2000
($M)			
New Orders	140.5	110.8	126.2
Carry-In	57.2	54.5	45.0
Gross Orders	197.7	165.3	171.2
Total Revenue	143.3	120.3	123.2

Army Working Capital Fund
FY 2000/2001 Biennial Budget Estimates
Information Services

Carry-Over	54.5	45.0	48.0
Less: WIP			
Less: BRAC, Non-DoD, FMS	18.7	13.2	14.2
Intra/Inter DWCF (excluding SMA)			
Less: Contract Liabilities			
Net Carry-Over	35.8	31.8	33.8
Carry-Over in Months	3.0	3.2	3.3

Capital Budget:

This activity group's capital project is for a Local Area Network upgrade for SDC-Lee. SDC-Lee anticipates the final phase will be completed in FY 1999.

	FY 1998	FY 1999	FY 2000
($M)			
ADPE & Telecommunications	0.3	0.3	0.0

Activity Group Capital Investment Summary
Information Services
($ in Millions)

Line No.	Description	FY 98 Quantity	FY 98 Total Cost	FY 99 Quantity	FY 99 Total Cost	FY 00 Quantity	FY 00 Total Cost
	AUTOMATED DATA PROCESSING						
98-1	Misc ADPE & Telecom Equip,<$500k	1	0.300	1	0.335		
	ADP TOTAL	1	0.300	1	0.335		
	INFORMATION SERVICES TOTAL	1	0.300	1	0.335		

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Information Services 15 Sep 98			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:
Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No

Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:
Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Replacement
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:
Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Information Services 15 Sep 98			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No

Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:
Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Productivity
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:
Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Information Services 15 Sep 98			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No

Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-Environmental
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Information Services 15 Sep 98			

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:
Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No

Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
EQUIPMENT-New Mission
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION **EQUIPMENT-New Mission** **($ in Thousands)**	A. Budget Submission FY 2000 Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Information Services 15 Sep 98			

	FY 98			**FY 99**			**FY 00**			**FY 01**		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

INFORMATION SERVICES CAPITAL INVESTMENT JUSTIFICATION
AUTOMATED DATA PROCESSING
($ in Thousands)

A. Budget Submission
FY 1999 Amended
Budget Estimates

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Information Services 15 Sep 98	98-1	Misc ADPE & Telecom Equip,<$500k	SDC-LEE

	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Miscellaneous ADPE & Telecom Equip, <$500K	1	300.000	300.000	1	335.000	335.000						
TOTAL	1		300.000	1		335.000						

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**
Current LAN has been in operation since 1989 and supports operations in 13 separate buildings on the Fort Lee installation as well as 4 different contractor sites off Post. The current system is completely saturated and is experiencing 5% downtime due to equipment failures as a result of system overload. Updated routers, switches, and installation of approximately a mile and a half of fiber optic cable are critically required to maintain support to users. In addition, workload is shifting to a higher ratio of contract support which will require installation of additional nodes.

b. **ANTICIPATED BENEFITS:**
Increased capacity of the LAN will provide upgraded services necessary to support development, testing and extensions of over 30 standard software systems to Worldwide DOD users.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**
Information Services activity group users and customers will continue to experience increased downtimes due to system failures. Downtimes will impact entries to financial accounting systems, the DA Standard Army Management Information Systems (STAMIS) Customer Service Office, links to the CECOM network for testing of Army tactical systems, and communications between SDC-Lee and its customers and headquarters elements.

d. **ECONOMIC ANALYSIS PERFORMED?** No, total cost of project less than $1M.

ECONOMIC INDICATORS:

Total Cost of the Project	$635	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION MINOR CONSTRUCTION ($ in Thousands)													A. Budget Submission FY 2000 Budget Estimates		
B. Component, Activity Group, Date Information Services 15 Sep 98				C. Line No			Item Description						D. Activity Identification		
	FY 98			FY 99			FY 00			FY 01					
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
TOTAL															

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION MINOR CONSTRUCTION ($ in Thousands)													A. Budget Submission FY 2000 Budget Estimates		
B. Component, Activity Group, Date Information Services 15 Sep 98				C. Line No			Item Description						D. Activity Identification		
	FY 98			FY 99			FY 00			FY 01					
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
TOTAL															

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
MINOR CONSTRUCTION
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
MINOR CONSTRUCTION
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION SOFTWARE ($ in Thousands)												A. Budget Submission FY 2000 Budget Estimates
B. Component, Activity Group, Date Information Services 15 Sep 98				C. Line No			Item Description					D. Activity Identification
	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION SOFTWARE ($ in Thousands)												A. Budget Submission FY 2000 Budget Estimates
B. Component, Activity Group, Date Information Services 15 Sep 98				C. Line No			Item Description					D. Activity Identification
	FY 98			FY 99			FY 00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000
Budget Estimates

B. Component, Activity Group, Date
Information Services 15 Sep 98

C. Line No | Item Description

D. Activity Identification

Element of Cost	FY 98 Quantity	FY 98 Unit Cost	FY 98 Total Cost	FY 99 Quantity	FY 99 Unit Cost	FY 99 Total Cost	FY 00 Quantity	FY 00 Unit Cost	FY 00 Total Cost	FY 01 Quantity	FY 01 Unit Cost	FY 01 Total Cost
TOTAL												

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:**

b. **ANTICIPATED BENEFITS:**

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:**

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

ECONOMIC INDICATORS:

Total Cost of the Project | Net Present Value of Benefits: | Benefit to Investment Ratio: | Payback Period:

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Information Services

($ in Thousands)

Category: SUMMARY

Program Year Authority			300.000			335.000												
	Prior FYs		**FY 98**			**FY 99**			**FY 00**			**FY 01**			**Outyears**		**TOTAL PROGRAM**	
Obligations:																		
Prior Fiscal Years	/		/			/												
FY 98			300.000	/	100.00%												300.000	100.00%
FY 99						335.000	/	100.00%									335.000	/ 100.00%
FY 00									/								/	
FY 01												/					/	
Total by FY			300.000			335.000											635.000	
Outlays:																		
Prior Fiscal Years	/		/			/												
FY 98			30.000	/	10.00%	120.000	/	40.00%	120.000	/	40.00%	30.000		10.00%			300.000	100.00%
FY 99						33.500	/	10.00%	134.000	/	40.00%	134.000	/	40.00%	33.50%	10.00%	301.835	/ 100.00%
FY 00									/			/			/		/	
FY 01												/			/		/	
Total by FY			30.000			153.500			254.000			164.000			0.335		601.835	
Unobligated Balance:																		
Prior Fiscal Years																		
FY 98																		
FY 99																		
FY 00																		
FY 01																		
Total by FY																		
Unexpended Obligations																		
Prior Fiscal Years																		
FY 98			270.000			150.000			30.000									
FY 99						301.500			167.500			33.500						
FY 00																		
FY 01																		
Total by FY			270.000			451.500			197.500			33.500						

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Information Services

($ in Thousands)

Category: Equipment

Program Year Authority

	Prior FYs *	FY 98	FY 99	FY 00	FY 01	Outyears	TOTAL PROGRAM
Obligations:							
Prior Fiscal Years							
FY 98		/ 100.00%					/ #VALUE!
FY 99			/ 100.00%				/ 100.00%
FY 00				/ 100.00%			/ 100.00%
FY 01					/ 100.00%		/ 100.00%
Total by FY							
Outlays:							
Prior Fiscal Years							
FY 98		/ 20.00%	/ 40.00%	/ 40.00%			/ 100.00%
FY 99			/ 20.00%	/ 40.00%	/ 40.00%		/ 100.00%
FY 00				/ 20.00%	/ 40.00%	/ 40.00%	/ 100.00%
FY 01					/ 20.00%	/ 80.00%	/ 100.00%
Total by FY							
Unobligated Balance:							
Prior Fiscal Years							
FY 98							
FY 99							
FY 00							
FY 01							
Total by FY							
Unexpended Obligations							
Prior Fiscal Years							
FY 98							
FY 99							
FY 00							
FY 01							
Total by FY							

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Information Services

($ in Thousands)

Category: Automated Data Processing

Program Year Authority		300.000				335.000														
	Prior FYs *	**FY 98**				**FY 99**				**FY 00**				**FY 01**				**Outyears**				**TOTAL PROGRAM**		
Obligations:																								
Prior Fiscal Years																								
FY 98		300.000	/	100.00%																		300.000	/	100.00%
FY 99						335.000	/	100.00%														335.000	/	100.00%
FY 00											/	100.00%											/	100.00%
FY 01															/	100.00%							/	100.00%
Total by FY		300.000				335.000																635.000		
Outlays:																								
Prior Fiscal Years																								
FY 98		30.000	/	10.00%		120.000	/	40.00%		120.000	/	40.00%		30.000		10.00%						300.000	/	100.00%
FY 99						33.500	/	10.00%		134.000	/	40.00%		134.000	/	40.00%		33.500		10.00%		335.000	/	100.00%
FY 00											/	20.00%			/	40.00%			/	40.00%			/	100.00%
FY 01															/	20.00%			/	80.00%			/	100.00%
Total by FY		30.000				153.500				254.000				164.000				33.500				635.000		
Unobligated Balance:																								
Prior Fiscal Years																								
FY 98																								
FY 99																								
FY 00																								
FY 01																								
Total by FY																								
Unexpended Obligations																								
Prior Fiscal Years																								
FY 98		270.000				150.000				30.000														
FY 99						301.500				167.500				33.500										
FY 00																								
FY 01																								
Total by FY		270.000				451.500				197.500				33.500										

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Information Services

($ in Thousands)

Category: Minor Construction

Program Year Authority

	Prior FYs *	FY 98	FY 99	FY 00	FY 01	Outyears	TOTAL PROGRAM
Obligations:							
Prior Fiscal Years							
FY 98		/ 100.00%					/ #VALUE!
FY 99			/ 100.00%				/ 100.00%
FY 00				/ 100.00%			/ 100.00%
FY 01					/ 100.00%		/ 100.00%
Total by FY							
Outlays:							
Prior Fiscal Years							
FY 98		/ 20.00%	/ 40.00%	/ 40.00%			/ 100.00%
FY 99			/ 20.00%	/ 40.00%	/ 40.00%		/ 100.00%
FY 00				/ 20.00%	/ 40.00%	/ 40.00%	/ 100.00%
FY 01					/ 20.00%	/ 80.00%	/ 100.00%
Total by FY							
Unobligated Balance:							
Prior Fiscal Years							
FY 98							
FY 99							
FY 00							
FY 01							
Total by FY							
Unexpended Obligations							
Prior Fiscal Years							
FY 98							
FY 99							
FY 00							
FY 01							
Total by FY							

*Fill in at Summary Level Only

Exhibit Fund 9c Capital Investment and Financing Summary
Department of Army
Information Services

($ in Thousands)

Category: Software

Program Year Authority

	Prior FYs *	FY 98	FY 99	FY 00	FY 01	Outyears	TOTAL PROGRAM
Obligations:							
Prior Fiscal Years							
FY 98		/					/ #VALUE!
FY 99			/ 100.00%				/ 100.00%
FY 00				/ 100.00%			/ 100.00%
FY 01					/ 100.00%		/ 100.00%
Total by FY							
Outlays:							
Prior Fiscal Years							
FY 98		/ 20.00%	/ 40.00%	/ 40.00%			/ 100.00%
FY 99			/ 20.00%	/ 40.00%	/ 40.00%		/ 100.00%
FY 00				/ 20.00%	/ 40.00%	/ 40.00%	/ 100.00%
FY 01					/ 20.00%	/ 80.00%	/ 100.00%
Total by FY							
Unobligated Balance:							
Prior Fiscal Years							
FY 98							
FY 99							
FY 00							
FY 01							
Total by FY							
Unexpended Obligations							
Prior Fiscal Years							
FY 98							
FY 99							
FY 00							
FY 01							
Total by FY							

*Fill in at Summary Level Only

Exhibit Fund 9d Capital Budget Execution
Department of Army
Information Services

($ in Millions)

FY 98

PROJECTS ON THE FY 1999 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
AUTOMATED DATA PROCESSING							
FY 98	Misc ADPE & Telecom Equip,<$500k	0.300		0.300	0.300		
FY 98							
FY 98							
FY 98							
	Total	0.300		0.300	0.300		

Exhibit Fund 9d Capital Budget Execution
Department of Army
Information Services

($ in Millions)

FY 99

PROJECTS ON THE FY 1999 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
AUTOMATED DATA PROCESSING							
FY 99	Misc ADPE & Telecom Equip,<$500k	0.335		0.335	0.335		
FY 99							
FY 99							
FY 99							
	Total	0.335		0.335	0.335		