DEPARTMENT OF THE ARMY

FY 2001
BUDGET ESTIMATES

FEBRUARY 2000

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. 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 will undergo a major change in FY 2001 as we implement Single Stock Fund initiative by integrating our wholesale and retail divisions making a more efficient structure. After merging, the retail will no longer exist; the wholesale division will remain subdivided by commodity and managed by major subordinate commands under the Army Materiel Command as it is today. This initiative will streamline the Army's logistics and financial processes by enabling the customer to go directly to the national provider without first going through a retail stock fund "middleman." It will also provide total asset visibility of the Army's inventory, providing greater flexibility to optimize management of Army-owned assets.

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, and provides tenant support to Army and other DoD activities. There are currently five major depots in this activity group and one BRAC depot (Sacramento AD) (Sacramento will leave the activity group at the end of FY 2000). On October 1, 1999, this activity group transferred several ammunition storage depots and the ammunition storage missions from Anniston, Letterkenny and Red River Army depots to the Ordnance activity group.

Ordnance. This activity group manufactures, renovates, stores and demilitarizes ordnance materiel for all services within the Department of Defense and foreign military customers. On 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, transferred to the Ordnance Activity from the Depot Maintenance Activity. The activity group now consists of three arsenals, two ammunition plants, five ammunition storage depots and three munitions centers. The arsenals and plants provide depot operations, set assembly, tenant support and national procurement services for thin- and thick-walled cannon. In addition, they are also responsible for ammunition logistics management including follow-on procurement, production, maintenance, engineering, and integrated logistics support management.

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 Program (ASCP) was added to this activity group. It provides customers with fully competed commercial sources for the purchase of small and medium computers, software, networking infrastructure and support services.

PERSONNEL

The AWCF activities continue an overall downward trend as workload decreases and other initiatives streamline the infrastructure. In FY 2001, the workload currently being performed at two Central Design Activities, the Industrial Logistics Systems Center (ILSC) and the Logistics Systems Support Center (LSSC), will be done by a contractor under the Wholesale Logistics Modernization Program initiative.

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Civilian and military end strengths and regular workyears (Full Time Equivalents) by activity group:

	FY 1999	FY 2000	FY 2001
Supply Management			
Civilian End Strength	3,071	3,028	2,914
Civilian FTEs	3,172	3,082	2,950
Military End Strength	14	14	14
Military Work Years	14	14	14
Depot Maintenance			
Civilian End Strength	12,292	9,502	9490
Civilian FTEs	12,496	10,267	9,441
Military End Strength	32	22	22
Military Work Years	30	22	22
Ordnance			
Civilian End Strength	4,187	6,222	6,068
Civilian FTEs	4,576	6,298	6,042
Military End Strength	17	23	22
Military Work Years	17	23	22
Information Services			
Civilian End Strength	709	376	376
Civilian FTEs	776	601	373
Military End Strength	23	18	18
Military Work Years	63	18	18

COST OF GOODS & SERVICES PRODUCED (EXPENSES)

Costs are reflected below by activity group ($ in millions):

	FY 1999	FY 2000	FY 2001
Supply Management	6,456.7	6,454.2	4,840.5
Depot Maintenance	1,425.4	1,190.3	1,172.2
Ordnance	470.4	708.2	655.0
Information Services	122.2	159.7	106.0

Costs will decrease significantly in the Supply Management activity as the retail and wholesale divisions are merged in FY 2001. In Depot Maintenance, costs will decrease by $235 million from FY 1999 to FY 2000 mainly due to the transfer of the ammunition logistics mission to the Ordnance activity. Costs will remain relatively stable between FY 2000 and FY 2001. The FY 2000 Ordnance cost increase is primarily due to the transfer-in of the ammunition logistics mission from the Depot Maintenance Activity. The FY 2001 decrease is the result of a continued reduction in Ordnance workload. The Information Services Activity costs increase in FY 2000, in part, as a result of the transition to the Wholesale Logistics Modernization Program (WLMP) and decrease in FY 2001 as a result of WLMP implementation.

NET AND ACCUMULATED OPERATING RESULTS

The Army Working Capital Fund activity groups operate on a breakeven basis over the budget cycle. The Army sets annual revenue rates to achieve positive or negative results, in order to bring the Accumulated Operating Result (AOR) to zero in the budget year. The activity group's effectiveness is measured by comparing performance to goal. Net and accumulated operating results are reflected below ($ in millions):

	FY 1999	FY 2000	FY 2001
Supply Management			
Net Operating Results	47.6	(3.3)	27.7
Accumulated Operating Results	31.0	27.7	0.0
Depot Maintenance			
Net Operating Results	19.1	(26.7)	6.0
Accumulated Operating Results*	85.1	0.0	0.0
Ordnance			
Net Operating Results	(69.6)	(72.0)	13.9
Accumulated Operating Results*	(0.3)	(13.9)	0.0
Information Services			
Net Operating Results	(.7)	(.1)	7.6
Accumulated Operating Results	(7.5)	(7.6)	0

***Recoverable AOR

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UNIT COSTS

Unit costing is a methodology established to authorize and control costs. This methodology allows activities to respond to workload changes by setting goals to reduce costs when workload declines and to provide for the additional cost authority necessary to meet increased customer demand. The following displays actual unit costs for FY 1999 and estimated unit cost goals for FYs 2000 and 2001:

	FY 1999	FY 2000	FY 2001
Supply Management			
Retail: Cost/$ Gross Sales	$1.01	$1.00	$0.96
Wholesale: Cost/$ Gross Sales	$0.97	$0.99	$0.98
Depot Maintenance			
$ per Direct Labor Hour (DLH)	$113.28	$110.55	$113.84
Ordnance			
$ per Direct Labor Hour (DLH)	$119.13	$113.61	$106.84
Information Services			
Design Activities: $ per DLH	87.04	157.78	110.69
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. Positive operating results in the Supply Management activity in FY 1999 and FY 2000 brought prices down for our customers. 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 1999 and FY 2000, the rates of these two activity groups contain a surcharge to restore cash to the AWCF corpus.

	FY 1999	FY 2000	FY 2001
Supply Management	7.6%	1.5%	-4.2%
Depot Maintenance	12.7%	5.9%	7.1%
Ordnance	28.6%	-5.7%	3.6%
Information Services	11.8%	19.2%	-26.6%

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CUSTOMER RATES

In the Depot Maintenance, Ordnance and Information Services activities, 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 direct and overhead costs. The following table shows the direct labor hour/surcharge rates by activity group:

	FY 1999	FY 2000	FY 2001
Supply Management	25.3%	25.3%	18.8%
Depot Maintenance	$105.61	$111.87	$119.81
Ordnance	$105.12	$ 99.10	$102.70
Information Services	69.93	83.38	61.19

REVENUE

As the Army continues to downsize and require fewer supplies, equipment and services, customer orders decline. Revenue decreases for all activity groups except Ordnance. Increases in Ordnance revenue reflect the transfer in of ammunition storage depots and missions from the Depot Maintenance Activity. The spike in Information Services in FY 2000 is due to increased Single Stock Fund orders and initiating the Wholesale Logistics Modernization Program contract. The following table displays revenue by activity group ($ in millions):

	FY 1999	FY 2000	FY 2001
Supply Management (Net Sales)	6,474.2	6,429.0	4,705.8
Depot Maintenance	1,500.1	1,216.3	1,190.7
Ordnance	416.9	660.3	674.4
Information Services	121.5	159.6	113.5

WORKLOAD

In addition, the Supply Management activity gained efficiencies through continued efforts to reduce lead-times, resulting in fewer pipeline replacements. The decrease in the FY 2000 Depot Maintenance workload is partially a result of the transfer of several depots to the Ordnance activity. The remainder of the decrease in the FY 2000-01 workloads is due to reductions in customer

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

	FY 1999	FY 2000	FY 2001
Supply Management			
SMA Line Items Managed (#)	125,308	125,238	125,440
SMA Requisitions Received ($M)	$4,151.0	$3,911.6	$4,526.0
SMA Requisitions Received (#)	967,071	967,100	1,118,902
Receipts (#)	303855.2	306,597.0	306,499.0
Issues (#)	957872.7	928,449.0	880,381.0
Contracts Executed (#>$100K)	3,373	3,306	3,239
Depot Maintenance			
Direct Labor Hours (DLHs)	12,616	10,769	10,296
Ordnance			
Direct Labor Hours (DLHs)	3,981	6,234	6,131
Information Services			
Total Direct Labor Hours (DLHs) (000)	941.7	659.4	437.4
Central Design Activities DLHs (000)	926.9	640.4	418.4
Small Computer Program DLHs (000)	14.8	19.0	19.0

SUPPLY INVENTORY AND MATERIEL REPLACEMENT

Inventory of the Supply Management activity decreased by over $4 billion from FY 1994 ($13.4 billion) to FY 1999 ($9.4 billion). Force structure changes 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.

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

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

Each individual activity section addresses FY 99 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:

(The number of months of carry-over is calculated in accordance with OSD policy)

Depot maintenance carry-over gradually decreases from 3.8 months in FY 1999 to 3.3 months in FY 2001:

Depot Maintenance Carryover	FY 1999	FY 2000	FY 2001
($ in millions)			
New Orders	1,556.6	1,158.1	1,202.8
Carry-in	563.3	450.9	354.6
Gross Orders	2,119.9	1,609.0	1,557.4
Total Revenue	1,500.1	1,216.3	1,190.7
Carry-Over	619.8	392.7	366.7
Less: WIP	30.0	26.2	26.3
Less: BRAC, Non-DoD, FMS Intra/Inter DWCF (excluding SMA)	100.2	13.6	6.7
Less: Contract Liabilities	18.3	11.2	11.1
Net Carry-Over	471.3	341.7	322.6
Carry-Over in Months	3.8	3.4	3.3

Ordnance carry-over is projected to decrease from 7.1 months in FY 1999 to 3.2 months in FY 2001 as reflected below:

Ordnance Carryover	FY 1999	FY 2000	FY 2001
($ in millions)			
New Orders	452.1	653.9	612.5
Carry-In	304.8	315.8	309.5
Gross Orders	756.9	969.7	922.0
Total Revenue	416.9	660.3	674.4
Carry-Over	340.0	309.5	247.6
Less: WIP	16.2	16.2	16.2
Less: BRAC, Non-DoD FMS Intra/Inter DWCF (excluding SMA)	29.1	51.9	27.6
Less: Contract Liabilities	48.6	34.7	24.7
Net Carry-Over	246.2	206.7	179.1
Carry-Over in Months	7.1	3.8	3.2

Capital Budget

The AWCF activities are developing and maintaining operational capabilities through acquisition of production equipment, execution of minor construction projects, and development of software. Equipment is being acquired to replace obsolete and unserviceable equipment, modernize production and maintenance processes and eliminate environmental hazards. Software is being developed to improve business processes, data access, data utilization, and management decision making. The following table summarizes capital investments for FYs 1999-2001 ($ in millions):

	FY 1999	FY 2000	FY 2001
Supply Management	48.6	65.6	60.5
Depot Maintenance	31.8	17.6	17.6
Ordnance	16.6	22.1	29.4
Information Services	.3	0	0
Total	97.3	105.3	107.5

Each AWCF activity will address individual capital requirements.

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FUNCTIONAL DESCRIPTION

The Supply Management Army (SMA) Activity group will undergo major changes in FY 2001 as we implement our Single Stock Fund initiative by integrating our wholesale and retail divisions making a more efficient structure. After merging, the retail will no longer exist; the wholesale division will remain subdivided by commodity and managed by major subordinate commands under the Army Materiel Command as it is today. This initiative will streamline the Army's logistics and financial processes by enabling the customer to go directly to the national provider without first going through a retail stock fund "middleman." It will also provide total asset visibility of the Army's inventory, providing greater flexibility to optimize management of Army-owned assets. The SMA will continue to manage the prepositioned war reserves under Army control.

ACTIVITY GROUP COMPOSITION

The Supply Management Activity consists 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 Korea
USARPAC	Headquarters, U.S. Army Pacific Command
USARSO	Headquarters, U.S. Army Southern Command
AMC-ID	Headquarters, U.S. Army Materiel Command-Installation Division
DSS-W	Defense Supply Service-Washington

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-W 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

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BUDGET HIGHLIGHTS

Sales:

The Supply Management activity net sales are relatively stable between FY 1999 and 2000, but decrease significantly in FY 2001 with implementation of Single Stock Fund, when the Wholesale and Retail divisions are integrated into one level of management.

Indicator ($ in millions)	FY 1999	FY 2000	FY 2001
Net Sales	$6,474.2	$6,429.0	$4,705.8
Cost of Material Sold from Inventory	5,755.6	5,669.4	4,039.8
Obligations for Materiel (includes depot-level repair of DLRs)	5771.9	5664.8	3872.1
Credit for Returns	3,169.8	3,157.9	2,161.8

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 for supply management:

Indicator ($ in millions)	FY 1999	FY 2000	FY 2001
Net Operating Results	47.6	(3.3)	(27.7)
Accumulated Operating Results	31.0	27.7	0.0

Workload and Economic Assumptions:

Prices for Army-managed items have been adjusted downward an average of 4.2 percent in FY 2001. Positive operating results drove prices downward as strong

sales and ongoing efforts to reduce inventory levels (primarily lead-time stocks) resulted in lower replenishment and repair costs. The following presents general workload data and economic assumptions for the Wholesale Division:

Indicator	FY 1999	FY 2000	FY 2001
SMA Line Items Managed (#)	125,308	125,238	125,440
SMA Requisitions Received ($M)	$4,151.0	$3,911.6	$4,526.0
SMA Requisitions Received (#)	967,071.0	967,100.0	1,118,902.0
Receipts (#)	303,855.2	306,597.0	306,499.0
Issues (#)	957,872.7	928,449.0	880,381.0
Contracts Executed (# > $100 K)	3,373	3,306	3,239
Credit Returns ($M)	$3,169.8	$3,157.9	$2,161.8
Surcharge Rate (Composite)	25.3%	25.3%	18.8%
Customer Price Change (%)	7.6%	1.5%	-4.2%
SMA Purchases Inflation (%)	1.2%	1.5%	1.0%

Unit Cost:

Unit cost is a managerial control. It is measured by dividing gross materiel cost (the sum of total obligations and credit), by gross sales. The Retail Division buys and sells at the same price; its ratio therefore remains nearly one for one in FY 2000, but reflects an expected reduction as we merge the retail and wholesale divisions in FY 2001. The Wholesale Division remains relatively constant in FY 2000-01 by pursuing inventory reduction methods that permit it to sell materiel without replacement.

Unit Cost Goal	FY 1999	FY 2000	FY 2001
Retail	1.01	1.00	0.96
Wholesale	.97	0.99	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 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 1999	FY 2000	FY 2001
Civilian End Strength	3,071	3,028	2914
Civilian FTEs	3,172	3,082	2950
Military End Strength	14	14	14
Military Work Years	14	14	14

Inventory:

Inventory, revalued for unserviceability and potential disposal, declines through FY 2001 as a result of the Army's improved inventory management under the Total Army Inventory Management program, and efforts to reduce stock requirements by reducing administrative and procurement lead-times.

($ in millions)	FY 1999	FY 2000	FY 2001
Inventory ($M)	9,411	9,034	8,592

Supply Management Stock Availability:

Stock Availability measures the percentage of Supply Management Activity requisitions satisfied upon initial processing in the wholesale supply system. The target for Stock Availability, 85 percent demand satisfaction, is the basis for budget requirements for FY 1999 through FY 2001. Data provided reflects FY 1999 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 1999 as shown on the chart below.

1Q99	2Q99	3Q99	4Q99
85%	87%	86%	85%

Capital Budget:

The Capital Investment Program reengineers and transforms Army logistics into a distribution-based system that uses modernized information technology and distribution capability to replace logistics mass with logistics velocity. Through this software transformation, the Army will be able to replace our legacy systems; reduce stockage levels and fill requisitions faster; and improve managerial decision-making through real time data access and visibility necessary to effectively manage our supply chain.

A summary of the program:

Category ($ in millions)	FY 1999	FY 2000	FY 2001
Equipment	0	0	0
ADP	0	0	0
Software	48.6	65.6	60.5
TOTAL	48.6	65.6	60.5

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Revenue and Expenses
($ in Millions)

	FY 1999	FY 2000	FY 2001
Revenue			
Net Sales	6,474.2	6,429.0	4,705.8
Operations	6,386.3	6,346.5	4,655.6
Capital Surcharge	67.2	29.8	0.0
Depreciation exc Maj Const	20.7	52.7	50.2
Total Income:	6,474.2	6,429.0	4,705.8
Expenses			
Cost of Material Sold from Inventory	5,719.8	5,669.4	4,039.8
Salaries and Wages:	212.9	213.9	214.6
Military Personnel Compensation & Benefits	0.3	0.9	0.9
Civilian Personnel Compensation & Benefits	212.6	213.0	213.7
Travel & Transportation of Personnel	2.8	3.2	3.2
Materiel & Supplies (For Internal Operations)	2.7	2.5	2.2
Equipment	6.9	1.4	1.3
Other Purchases from Revolving Funds	192.8	172.8	184.7
Transportation of Things	61.0	67.7	68.9
Depreciation - Capital	20.7	52.7	50.2
Printing and Reproduction	0.3	0.8	0.8
Advisory and Assistance Services	18.1	13.5	13.3
Rent, Communication, Utilities & Misc. Charges	2.7	12.7	12.8
Other Purchased Services	112.0	136.9	142.1
Material Inflation	35.8	41.8	36.1
Loss/Obsolescence Obs (includes condemnation)	44.4	42.2	50.8
Safety of Use/Flight	23.8	22.7	19.6
Total Expenses:	6,456.7	6,454.2	4,840.5

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Revenue and Expenses
($ in Millions)

	FY 1999	FY 2000	FY 2001
Operating Result	17.5	(25.2)	(134.7)
Less Capital Surcharge Reservation	67.2	29.8	0.0
Other Changes Affecting NOR/AOR	(97.3)	(51.7)	(107.0)
Net Operating Result	47.6	(3.3)	(27.7)
Prior Year AOR	(16.6)	31.0	27.7
Accumulated Operating Result	31.0	27.7	0.0

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SOURCE OF REVENUE
($ in Millions)

	FY 1999	FY 2000	FY 2001
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	4,413.4	4,204.6	3,824.1
Operations & Maintenance, ARNG	392.9	401.0	350.4
Operations & Maintenance, AR	212.8	224.0	185.5
Subtotal, O&M:	5,019.1	4,829.6	4,360.0
Procurement Appropriations	77.2	77.4	75.4
RDTE	63.1	62.9	37.2
Military Personnel, Army	478.3	480.5	228.9
Other	46.6	47.2	42.3
Subtotal, Department of Army:	5,684.3	5,497.6	4,743.8
Department of Air Force	188.9	202.5	180.4
Department of Navy	64.4	68.5	59.7
US Marines	87.9	83.3	79.6
Department of Defense	701.7	749.3	614.8
Subtotal, Other DoD Services:	1,042.9	1,103.6	934.5
b. DWCF:			
Depot Maintenance, Army	220.9	220.4	211.1
Supply Management, Army (Retail)	2,794.8	2,583.9	713.6
Other DWCF:			
Subtotal DWCF:	3,015.7	2,804.3	924.7
c. Total DoD	9,742.9	9,405.5	6,603.0

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SOURCE OF REVENUE
(S in Millions)

		FY 1999	FY 2000	FY 2001
	DLA			
	Other Federal Agencies	11.8	14.7	9.8
	Foreign Military Sales	261.5	275.5	272.8
	Other	21.6	18.8	18.2
	Total New Orders:	10,037.8	9,714.5	6,903.8
2.	Carry-in Orders	0.0	0.0	0.0
3.	Total Gross Orders	10,037.8	9,714.5	6,903.8
4.	Change in Backlog	389.5	119.1	25.4
5.	Total Gross Sales	9,648.3	9,595.4	6,878.4
6.	Less: Returns for Credit	3,169.8	3,157.9	2,161.8
	Less: Allowances	4.3	8.5	10.8
	Plus: Credit Differential			
7.	Net Sales	6,474.2	6,429.0	4,705.8

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Changes in the Costs of Operation
($ in Millions)

		Expenses
FY 1999 Actual Cost		6,456.7
FY 2000 Estimate in President's Budget		5,932.2
Pricing Adjustments		0.0
Program Changes		522.0
Net Sales Increase	433.9	
Personnel Benefits	6.0	
Other Pur from Rev Funds	37.6	
Depreciation	27.8	
Other Pur Svcs	16.7	
FY 2000 Current Estimate		6,454.2

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Changes in the Costs of Operation
($ in Millions)

FY 2000 Current Estimate		6,454.2
Pricing Adjustments		(2.3)
Civilian Personnel	1.1	
Inflation Adjustment	(3.4)	
Program Changes		(1,611.4)
Fuel Inflation	23.6	
Civilian Personnel	(0.4)	
UH 60	8.0	
CDA	6.7	
Capital Surcharge	(29.8)	
Transportation	1.2	
Loss/Obsolescence	6.2	
Other Purchased Services	12.9	
Net Sales	(1,634.0)	
Dep-Captiol	(2.7)	
SOU/SOF	(3.1)	
FY 2001 Estimate		4,840.5

Army Working Capital Fund
FY 2001 Budget Estimate
Supply Management

Wholesale Only
Customer Price Change

	~~FY 1999~~	~~FY 2000~~	~~FY 2001~~
1. Gross Sales at Cost	2,981.2	2,959.2	3,607.7
2. Less Materiel Inflation Adjustment	35.8	41.8	36.1
3. Revised Gross Sales at Cost	2,945.4	2,917.4	3,571.6
4. Surcharge (dollars)	748.4	751.2	676.8
5. Change to Customers:			
a. Previous Years Surcharge (rate)	17.8%	25.3%	25.3%
b. This year's Surcharge divided by line 3 above ($)	26.6%	27.2%	20.0%
c. Percent change to customer	7.6%	1.5%	-4.2%

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

SUMMARY BY DIVISION
($ in Millions)

		CUSTOMER	NET	OBLIGATION TARGETS		
RETAIL		**ORDERS NET**	**SALES**	**OPERATING**	**MOB**	**TOTAL**
FORSCOM	FY 1999	1,474.9	1,479.4	1,473.4	0.0	1,473.4
	FY 2000	1,327.1	1,408.3	1,426.0	0.0	1,426.0
	FY 2001	436.7	518.7	448.9	0.0	448.9
USAREUR	FY 1999	914.6	847.5	893.1	0.0	893.1
	FY 2000	879.5	879.9	889.6	0.0	889.6
	FY 2001	371.3	371.3	354.6	0.0	354.6
TRADOC	FY 1999	640.4	730.3	756.6	0.0	756.6
	FY 2000	808.1	789.8	807.6	0.0	807.6
	FY 2001	483.7	488.8	478.3	0.0	478.3
USAEIGHT	FY 1999	302.8	279.5	277.5	0.0	277.5
	FY 2000	284.8	282.3	285.6	0.0	285.6
	FY 2001	185.3	190.2	174.7	0.0	174.7
USARPAC	FY 1999	190.8	193.5	193.9	0.0	193.9
	FY 2000	190.3	191.5	188.3	0.0	188.3
	FY 2001	109.4	127.1	103.2	0.0	103.2
USARSO	FY 1999	36.9	36.4	35.9	0.0	35.9
	FY 2000	21.6	21.5	21.7	0.0	21.7
	FY 2001	13.6	12.4	14.3	0.0	14.3
AMC-ID	FY 1999	263.0	281.8	257.8	0.0	257.8
	FY 2000	281.8	284.8	276.9	0.0	276.9
	FY 2001	193.3	200.4	194.0	0.0	194.0
DSS-W	FY 1999	11.7	12.4	12.0	0.0	12.0
	FY 2000	14.8	14.9	14.0	0.0	14.0
	FY 2001	5.1	5.3	5.0	0.0	5.0
NAMI	FY 2001	270.9	266.4	271.2	0.0	271.2
SUB-TOTAL	FY 1999	3,835.1	3,860.8	3,900.2	0.0	3,900.2
	FY 2000	3,808.0	3,873.0	3,909.7	0.0	3,909.7
	FY 2001	2,069.3	2,180.6	2,044.2	0.0	2,044.2

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

SUMMARY BY DIVISION
($ in Millions)

DIVISION		CUSTOMER ORDERS NET	NET SALES	OPERATING	MOB	TOTAL
WHOLESALE-CONSUMABLES						
ACALA						
	FY 1999	132.5	111.5	76.5	0.0	76.5
	FY 2000	125.6	110.6	83.1	0.0	83.1
	FY 2001	121.3	111.7	73.2	0.0	73.2
AMCOM-Air						
	FY 1999	155.4	132.2	95.3	0.0	95.3
	FY 2000	155.0	141.0	81.5	0.0	81.5
	FY 2001	135.8	126.8	84.7	0.0	84.7
CECOM						
	FY 1999	252.0	232.4	151.6	0.0	151.6
	FY 2000	226.4	228.8	119.1	0.0	119.1
	FY 2001	206.5	214.3	96.2	0.0	96.2
AMCOM-Missiles						
	FY 1999	34.3	38.4	21.6	0.0	21.6
	FY 2000	27.5	31.8	22.1	0.0	22.1
	FY 2001	22.8	25.5	23.3	0.0	23.3
SBCCOM						
	FY 1999	92.3	68.9	48.0	0.0	48.0
	FY 2000	88.0	78.0	60.0	25.2	85.2
	FY 2001	62.3	70.5	51.7	51.2	102.9
TACOM						
	FY 1999	262.4	243.1	171.8	0.0	171.8
	FY 2000	254.7	249.7	155.0	0.0	155.0
	FY 2001	238.4	231.5	138.7	0.0	138.7
SUB-TOTAL						
	FY 1999	928.9	826.5	564.8	0.0	564.8
	FY 2000	877.2	839.9	520.8	25.2	546.0
	FY 2001	787.2	780.2	467.8	51.2	519.0

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

SUMMARY BY DIVISION
($ in Millions)

DIVISION		NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS OPERATING	MOB	TOTAL
WHOLESALE-REPARABLES						
ACALA						
	FY 1999	187.3	145.7	89.4	0.0	89.4
	FY 2000	147.1	121.0	70.0	0.0	70.0
	FY 2001	204.8	179.2	77.4	0.0	77.4
AMCOM-Air						
	FY 1999	888.5	701.7	544.2	0.0	544.2
	FY 2000	780.0	671.1	501.4	5.7	507.1
	FY 2001	745.2	633.1	503.2	11.8	515.0
CECOM						
	FY 1999	266.2	261.1	203.2	0.0	203.2
	FY 2000	246.5	244.4	212.1	3.4	215.5
	FY 2001	261.8	255.6	229.9	6.5	236.4
AMCOM-Missiles						
	FY 1999	237.9	221.4	189.8	0.0	189.8
	FY 2000	249.8	249.6	191.9	0.0	191.9
	FY 2001	246.9	241.8	196.5	5.2	201.7
SBCCOM						
	FY 1999	3.2	2.3	3.0	0.0	3.0
	FY 2000	5.3	2.8	3.0	0.0	3.0
	FY 2001	3.1	2.0	3.3	0.0	3.3
TACOM						
	FY 1999	497.5	436.2	272.9	0.0	272.9
	FY 2000	426.2	419.2	344.9	8.0	352.9
	FY 2001	438.4	425.3	348.8	15.3	364.1
SUB-TOTAL						
	FY 1999	2,080.6	1,768.4	1,302.5	0.0	1,302.5
	FY 2000	1,854.9	1,708.1	1,323.3	17.1	1,340.4
	FY 2001	1,900.1	1,737.0	1,359.1	38.8	1,397.9

Army Working Capital Fund
FY 2001 Budget Estimates

Supply Management
SUMMARY BY DIVISION
($ in Millions)

DIVISION	NET CUSTOMER ORDERS	NET SALES	OBLIGATION TARGETS OPERATING	MOB	TOTAL
AMC MOB					
FY 1999	19.1	18.5	4.4	0.0	4.4
FY 2000	8.0	8.0	8.0	19.4	27.4
FY 2001	8.0	8.0	8.0	33.0	41.0
COST OF OPS					
FY 1999			612.3	0.0	612.3
FY 2000			625.2	0.0	625.2
FY 2001			619.3	0.0	619.3
CAPITAL					
FY 1999			58.6	0.0	58.6
FY 2000			65.6	0.0	65.6
FY 2001			60.5	0.0	60.5
COMMITMENT					
FY 1999			280.5	0.0	280.5
FY 2000			289.4	0.0	289.4
FY 2001			240.0	0.0	240.0
FATIGUE TESTING					
FY 1999			7.2	0.0	7.2
FY 2000			7.0	0.0	7.0
FY 2001			7.0	0.0	7.0
ESI					
FY 1999			42.9	0.0	42.9
FY 2000			90.0	0.0	90.0
FY 2001			0.0	0.0	0.0
WAR RESERVES					
FY 1999				0.0	0.0
FY 2000				61.7	61.7
FY 2001				123.0	123.0
TOTAL					
FY 1999	6,863.7	6,474.2	6,773.4	0.0	6,773.4
FY 2000	6,548.1	6,429.0	6,839.0	61.7	6,900.7
FY 2001	4,764.5	4,705.8	4,805.8	123.0	4,928.8

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

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

WEAPON SYSTEM/CATEGORY	FY 1999	FY 2000	FY 2001
Chemical Defense Equipment	35.9	41.8	39.6
Other Armament, Munitions and Chemi	62.6	66.8	61.0
AH-64	117.8	190.4	188.6
UH-60	167.3	179.3	176.1
OH-58D	100.9	86.9	84.6
CH-47D	114.5	74.2	65.9
T701C Engines	31.6	20.4	23.2
Air Delivery/Aviation/Troop Equipment	207.1	145.0	168.1
MSE	34.2	19.3	18.6
Night Vision Equipment	15.8	14.2	10.0
Batteries	56.7	46.5	37.6
Other Communications/Electronics	184.5	192.3	192.1
MLRS	8.2	17.4	26.1
PATRIOT	85.7	64.2	62.7
Other Missile Systems	85.9	73.0	74.8
M1 Series Tank	216.2	194.8	187.1
M88 Recovery Vehicle	42.6	52.8	40.7
M109 Howitzer	9.7	9.1	9.2
M198 Howitzer	8.9	6.7	5.9
M113 FOV	28.9	31.6	29.9
Bradley Fighting Vehicle	69.1	113.9	124.2
HMMWV	59.4	59.1	51.0
Tires	55.5	62.7	59.7
Other Tank & Automotive	68.2	81.7	109.5
TOTAL	1,867.2	1,844.1	1,846.2

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

MATERIAL INVENTORY DATA
FISCAL YEAR 1999
($ in Millions)

		---- Peacetime ----		
	Total	**Mobilization**	**Operating**	**Other**
1. Materiel Inventory BOP at Standard	15,288.8	2,284.6	5,702.6	7,301.6
2. Materiel Inventory BOP (revalued-memo)	9,565.6	1,804.5	4,536.2	3,224.9
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	87.1	685.4	(772.5)
b. Price Changes (memo)	747.0	148.3	283.8	314.9
c. Inventory Reclassified and Repriced	16,035.8	2,520.0	6,671.8	6,844.0
4. Receipts at Standard	6,137.7	9.7	6,128.0	0.0
5. Gross Sales	9,648.3	18.5	9,629.8	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(36.8)	(122.5)	268.1	(182.4)
b. Returns from Customers for Credit	4,760.2	0.0	2,570.9	2,189.3
c. Returns from Customers without Credit	2,075.7	0.0		2,075.7
d. Returns to suppliers (-)	(2,051.9)	0.0		(2,051.9)
e. Transfers to Property Disposal (-)	(2,002.4)	0.0		(2,002.4)
f. Issues/Receipts without Reimbursement + OR (-)	(0.2)			(0.2)
g. Other	448.0			448.0
h. Total Adjustments	3,192.6	(122.5)	2,839.0	476.1
7. Materiel Inventory EOP	15,717.8	2,388.7	6,009.0	7,320.1
8. Materiel Inventory EOP (revalued-memo)	9,410.4	1,900.4	4,377.8	3,132.2
a. Economic Retention (memo)	2,483.5			2,483.5
b. Policy Retention (memo)	400.9			400.9
c. Potential Excess (memo)	247.8			247.8
9. Materiel Inventory on Order EOP (memo)	2,162.2	14.7	2,147.5	

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

MATERIAL INVENTORY DATA
FISCAL YEAR 2000
($ in Millions)

		---- Peacetime ----		
	Total	**Mobilization**	**Operating**	**Other**
1. Materiel Inventory BOP at Standard	15,717.8	2,388.7	6,009.0	7,320.1
2. Materiel Inventory BOP (revalued-memo)	9,410.4	1,900.4	4,377.8	3,132.2
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	10.9	1,086.2	(1,097.1)
b. Price Changes (memo)	261.3	80.4	101.0	79.9
c. Inventory Reclassified and Repriced	15,979.1	2,480.0	7,196.2	6,302.9
4. Receipts at Standard	6,139.3	11.1	6,128.2	
5. Gross Sales	9,595.4	8.0	9,587.4	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(169.4)	(1.9)	(109.0)	(58.5)
b. Returns from Customers for Credit	4,407.5	0.0	1,997.7	2,409.8
c. Returns from Customers without Credit	2,182.8	0.0	0.0	2,182.8
d. Returns to suppliers (-)	(1,741.8)	(6.0)	(4.4)	(1,731.4)
e. Transfers to Property Disposal (-)	(1,835.8)	0.0	0.0	(1,835.8)
f. Issues/Receipts without Reimbursement + OR (-)	(25.6)			(25.6)
g. Other	(86.7)	16.4	(20.6)	(82.5)
h. Total Adjustments	2,731.0	8.5	1,863.7	858.8
7. Materiel Inventory EOP	15,254.0	2,491.6	5,600.7	7,161.7
8. Materiel Inventory EOP (revalued-memo)	9,034.4	1,796.4	4,154.0	3,084.0
a. Economic Retention (memo)	2,428.0			2,428.0
b. Policy Retention (memo)	409.9			409.9
c. Potential Excess (memo)	246.1			246.1
9. Materiel Inventory on Order EOP (memo)	1,953.5	65.7	1,887.8	

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

MATERIAL INVENTORY DATA
FISCAL YEAR 2001
($ in Millions)

		---- Peacetime ----		
	Total	**Mobilization**	**Operating**	**Other**
1. Materiel Inventory BOP at Standard	15,254.0	2,491.6	5,600.7	7,161.7
2. Materiel Inventory BOP (revalued-memo)	9,034.4	1,796.4	4,154.0	3,084.0
3. BOP Materiel Inventory Adjustments				
a. Reclassification Changes	0.0	39.4	1,245.4	(1,284.8)
b. Price Changes (memo)	(512.9)	(55.7)	(232.8)	(224.4)
c. Inventory Reclassified and Repriced	14,741.1	2,475.3	6,613.3	5,652.5
4. Receipts at Standard	3,734.1	21.7	3,712.4	0.0
5. Gross Sales	6,878.4	5.9	6,872.5	0.0
6. Materiel Inventory Adjustments				
a. Capitalizations + OR (-)	(16.8)	0.0	(354.9)	338.1
b. Returns from Customers for Credit	3,566.6	0.0	2,369.8	1,196.8
c. Returns from Customers without Credit	2,150.3	0.0	0.1	2,150.2
d. Returns to suppliers (-)	(834.5)	3.6	0.0	(838.1)
e. Transfers to Property Disposal (-)	(1,723.2)	0.0	0.0	(1,723.2)
f. Issues/Receipts without Reimbursement + OR (-)	(32.5)	(23.5)	(2.1)	(6.9)
g. Other	(132.8)	(7.8)	(53.1)	(71.9)
h. Total Adjustments	2,977.1	(27.7)	1,959.8	1,045.0
7. Materiel Inventory EOP	14,573.9	2,463.4	5,413.0	6,697.5
8. Materiel Inventory EOP (revalued-memo)	8,591.7	1,866.4	3,756.6	2,968.7
a. Economic Retention (memo)	2,518.6			2,518.6
b. Policy Retention (memo)	381.9			381.9
c. Potential Excess (memo)	68.2			68.2
9. Materiel Inventory on Order EOP (memo)	1,753.0	170.0	1,583.0	

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

Fuel Data
($ in Millions)

	Procured From DFSC			Procured by Service		
Product	Barrels (millions)	Cost Per Barrel ($)	Extended Price ($ M)	Barrels millions)	Cost Per Barrel ($)	Extended Price ($ M)
FY 1999						
AVGAS	0.000	139.86	0.0	0.000	139.86	0.0
MOGAS (L)	0.000	41.16	0.0	0.000	41.16	0.0
MOGAS (U)	0.313	33.60	10.5	0.175	33.60	5.9
JP-4	0.378	45.36	17.1	0.088	45.36	4.0
JP-5	0.480	35.70	17.1	0.000	35.70	0.0
DISTILLATES	0.358	33.60	12.0	0.510	33.60	17.1
RESIDUALS	0.157	21.00	3.3	0.232	21.00	4.9
GASOHOL	0.000	34.44	0.0	0.000	34.44	0.0
JP-8	1.066	34.86	37.2	0.079	34.86	2.8
TOTAL	2.752	35.35	97.3	1.084	31.95	34.6
FY 2000						
AVGAS	0.000	102.06	0.0	0.000	102.06	0.0
MOGAS (L)	0.000	34.02	0.0	0.000	34.02	0.0
MOGAS (U)	0.320	28.56	9.1	0.230	28.56	6.6
JP-4	0.277	33.60	9.3	0.090	33.60	3.0
JP-5	0.429	26.46	11.4	0.000	26.46	0.0
DISTILLATES	0.350	25.20	8.8	0.505	25.20	12.7
GASOHOL	0.000	28.98	0.0	0.000	28.98	0.0
JP-8	1.100	26.04	28.6	0.042	26.04	1.1
TOTAL	2.476	27.17	67.3	0.867	27.00	23.4

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

Fuel Data
($ in Millions)

	Procured From DFSC			Procured by Service		
	Barrels	Cost Per Barrel	Extended Price	Barrels	Cost Per Barrel	Extended Price
RESIDUALS	0.140	15.96	2.2	0.232	15.96	3.7
FY 2001						
AVGAS	0.000	157.92	0.0	0.000	157.92	0.0
MOGAS (L)	0.000	53.34	0.0	0.000	53.34	0.0
MOGAS (U)	0.300	45.78	13.7	0.125	45.78	5.7
JP-4	0.000	50.82	0.0	0.003	50.82	0.2
JP-5	0.420	43.26	18.2	0.000	43.26	0.0
DISTILLATES	0.325	41.16	13.4	0.435	41.16	17.9
RESIDUALS	0.070	27.30	1.9	0.000	27.30	0.0
GASOHOL	0.000	46.20	0.0	0.000	46.20	0.0
JP-8	0.687	42.42	29.1	0.040	42.42	1.7
TOTAL	1.802	42.36	76.3	0.603	42.25	25.5

Army Working Capital Fund
FY 2001 Budget Estimates
Supply Management

FY 20(BY)
WAR RESERVE MATERIAL (WRM)
STOCKPILE
($ in millions)

STOCKPILE STATUS			
	Total	**WRM Protected**	**WRM Other**
1. Inventory BOP @ std	2,491.6	2,448.9	42.7
2. Price Change	(55.7)	(53.7)	(2.0)
3. Reclassification	39.4	38.2	1.2
4. Inventory Changes	4.4	4.4	
a. Receipts @ std	21.7	21.7	
(1). Purchases	21.7	21.7	
(2). Returns from customers			
b. Issues @ std	(9.5)	(9.5)	
(1). Sales	(5.9)	(5.9)	
(2). Returns to suppliers	(3.6)	(3.6)	
(3). Disposals			
c. Adjustments @ std	(7.8)	(7.8)	
(1). Capitalizations			
(2). Gains and losses			
(3). Other	(7.8)	(7.8)	
5. Inventory EOP	2,479.9	2,437.8	41.9

STOCKPILE COSTS	
1. Storage	7.9
2. Management	
3. Maintenance/Other	
Total Cost	7.9

WRM BUDGET REQUEST	
1. Obligations @ cost	
a. Additional WRM	123.0
b. Replen. WRM	5.9
c. Repair WRM	
d. Assemble/Disassemble	
e. Other	
Total Request	128.9

Army Working Capital Fund
FY 2001 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 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 transferred 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. The Depot Maintenance activity group has five active maintenance depots (Anniston, Corpus Christi, Letterkenny, Red River, and Tobyhanna) and one depot (Sacramento) in BRAC status (will leave the activity at the end of FY 2000).

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 artillery and provides base support to tenants. Effective 1 October 2000, the Defense Non-tactical Generator and Rail Equipment Center will be transferred from the Ordnance activity group to the Depot Maintenance activity group and will be a subordinate activity of ANAD.

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

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

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

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

Army Working Capital Fund
FY 2001 Budget Estimates
Depot Maintenance

BUDGET HIGHLIGHTS

Civilian and military end strengths and FTEs are as follows:

	FY 1999	FY 2000	FY 2001
Civilian End Strength	12,292	9,502	9,490
Civilian FTEs	12,496	10,267	9,441
Military End Strength	32	22	22
Military Workyears	30	22	22

Personnel:

Several factors influence personnel levels reflected in this budget submission. While workload transfers and decreases and savings associated with the Quadrennial Defense Review (QDR) cause personnel reductions reflected in this budget, the transfer of functions to the Ordnance activity group is the driving force behind the substantial civilian manpower reduction (transfer out) between FY 1999 and FY 2000.

Costs, Operating Results and Rates:

	FY 1999	FY 2000	FY 2001
Costs of Goods & Services Produced (Expenses) ($M)	1,425.4	1,190.3	1,172.2
Costs of Goods and Services Sold ($M)	1,429.1	1,190.5	1,172.1
Net Operating Results ($M)	19.1	(26.7)	6.0
Recoverable Accumulated Operating Results ($M)	85.1	0.0	0.0
Customer Revenue Rate per DLH	$105.61	$111.87	$119.81
Percent Rate Change from Prior Year	12.70%	5.93%	7.10%
Unit Costs ($/DLH)	$113.28	$110.55	$113.84
DLH (000)	12,616	10,769	10,296

Costs:

The actual FY 1999 Costs of Goods Produced (CGP) and Cost of Goods Sold (CGS) were 6% lower than planned in the FY 2000 President's Budget. The FY 2000 CGP and CGS are projected to be 3% lower than programmed in the FY 2000 President's Budget. The cost decrease in FY 2000 from FY 1999 is due to the restructuring of the Depot Maintenance and Ordnance activity groups.

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Unit Costs:

Unit costs are calculated by dividing the Cost of Goods Sold by direct labor hours. The unit cost drop of $2.73 from FY 1999 to FY 2000 cannot be directly compared because of a change in activity structure due to the transfer out of missions to the Ordnance activity. Unit costs are expected to rise 3% ($3.29) from FY 2000 to FY 2001 due to direct labor hours declining by a greater percentage than Cost of Goods Sold.

Operating Results and Rates:

The FY 1999 Net Operating Result (NOR) of $19.1 million exceeded the budgeted NOR of $0.4 million, in part, due to revenue earned from a quarterly rate increase ($ 71.8) which offset losses and declining workload. The FY 2000 NOR is now projected to be a loss of $26.7 million, and will bring the long term Accumulated Operating Result (AOR) to zero. A NOR recovery factor is not required in FY 2001 to achieve a zero AOR in the budget year.

Carry-Over:

The number of months of carry-over is projected to remain relatively constant:

	FY 1999	FY 2000	FY 2001
New Orders ($ in millions)	$1,556.6	1,158.1	1,202.8
Carry-In	563.3	450.9	354.6
Gross Orders	2,119.9	1,609.0	1,557.4
Total Revenue	1,500.1	1,216.3	1190.7
Carry-Over	619.8	392.7	366.7
Less: WIP	30.0	26.2	26.3
Less: BRAC, Non-DoD, FMS Intra/Inter DWCF (excluding SMA)	100.2	13.6	6.7
Less: Contract Liabilities	18.3	11.2	11.1
Net Carry-Over	471.3	341.7	322.6
Carry-Over in Months	3.8	3.4	3.3

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Performance Indicators:

Performance indicators for the Depot Maintenance activity are schedule conformance (timeliness), NOR (financial), scrap/rework (quality) and fill rate (customer satisfaction). In FY 1999, the actual NOR was $19.1 million against a $0.4 program.

Capital Budget:

The Capital Investment Program (CIP) for Depot Maintenance includes various pieces of equipment to improve productivity such as an automated liquid penetrant inspection system to improve the capacity, reliability and safety of testing turbine parts at Anniston Army Depot; a vacuum furnace to enable Anniston Army Depot to reclaim additional turbine engine parts; and, in FY 2001, plasma spray equipment at Red River Army Depot to enable worn Bradley Fighting Vehicle parts to be reclaimed. In FY 2000, the Tobyhanna Army Depot Local Area Network will be upgraded to work with the Windows computer environment to provide improved Computer Aided Design, Imaging and Video Teleconference capabilities. The CIP software budget includes the cost of fielding the Army Workload and Performance System to improve management processes, as well as contractor support for the Wholesale Logistics Modernization Program to improve the logistics process. Various minor construction projects will be implemented at each of the depots to improve safety, reliability, productivity and capacity. A summary of the program follows:

	FY 1999	FY 2000	FY 2001
($ in millions)			
Equipment	7.5	4.7	3.6
ADPE & Telecommunications		1.0	
Software	20.4	10.2	12.1
Minor Construction	3.9	1.7	1.9
Total	31.8	17.6	17.6

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Revenue and Expenses
($ in Millions)

	FY 1999	FY 2000	FY 2001
Revenue			
Gross Sales:	1,500.1	1,216.3	1,190.7
Operations	1,415.1	1,129.3	1,142.4
Surcharges	51.8	52.5	12.6
Depreciation excluding Major Construction	33.2	34.5	35.8
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
Total Income:	1,500.1	1,216.3	1,190.7
Expenses			
Salaries and Wages:	659.3	528.8	522.7
Military Personnel Compensation & Benefits	2.2	1.7	1.8
Civilian Personnel Compensation & Benefits	657.1	527.1	520.9
Travel & Transportation of Personnel	13.5	12.6	11.1
Materials & Supplies (For Internal Operations)	387.5	362.6	372.3
Equipment	17.9	16.6	19.3
Other Purchases from Revolving Funds	56.0	73.1	71.9
Transportation of Things	18.7	3.1	1.9
Depreciation - Capital	33.2	34.5	35.8
Printing and Reproduction	1.9	2.4	2.4
Advisory and Assistance Services	9.9	3.3	3.3
Rent, Communication, Utilities, & Misc. Charges	32.7	23.6	19.2
Other Purchased Services	194.8	129.6	112.2
Total Expenses:	1,425.4	1,190.3	1,172.2
Operating Result	74.7	26.0	18.5
Less Surcharge Reservations	51.9	52.5	12.6
JLSC			
Cash	51.9	52.5	12.6
Capital			
Non-Recoverable - Mil Pay/AMMO/LOG Transfer			
Other Changes Affecting NOR:	(3.7)	(0.2)	0.1
Other Inventory Adjustments			
Net Change in WIP	3.7	0.2	(0.1)
Recoverable Net Operating Result	19.1	(26.7)	6.0

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Operating Result	74.7	26.0	18.5
Less Surcharge Reservations	51.9	52.5	12.6
JLSC			
Cash	51.9	52.5	12.6
Capital			
Non-Recoverable - Mil Pay/AMMO/LOG Transfer			
Other Changes Affecting NOR:	(3.7)	(0.2)	0.1
Other Inventory Adjustments			
Net Change in WIP	3.7	0.2	(0.1)
Recoverable Net Operating Result	19.1	(26.7)	6.0
Prior Year Adjustments	101.9	(58.4)	(6.0)
Prior Year AOR	(126.5)	85.1	0.0
Accumulated Operating Result	(5.5)	0.0	0.0
Prior Year Non-Recoverable Amounts	90.6		
Recoverable AOR	85.1	0.0	0.0

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FY 2001 Budget Estimates
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Source of Revenue
($ in Millions)

	FY 1999	FY 2000	FY 2001
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	625.3	371.2	380.7
Operations & Maintenance, ARNG	4.3	11.5	8.3
Operations & Maintenance, AR	5.4	0.5	3.1
Subtotal, O&M:	635.0	383.3	392.1
Aircraft Procurement	5.7	17.5	21.1
Missile Procurement	11.3	18.4	19.4
Weapons & Tracked Combat Vehicles	83.2	92.8	96.8
Procurement of Ammunition	16.9	0.0	0.0
Other Procurement	54.0	38.3	38.8
Subtotal, Procurement:	171.1	167.1	176.2
RDTE	9.5	1.0	2.7
BRAC	38.8	4.4	0.6
Family Housing	0.8	0.5	0.5
Military Construction	0.2	0.0	0.0
Other	0.7	0.0	0.0
Subtotal, Department of Army:	856.0	556.2	572.1
Department of Air Force O&M	4.8	95.4	104.4
Department of Air Force Investment	0.0	0.0	0.0
Department of Navy O&M	44.5	71.2	99.9
Department of Navy Investment	0.0	0.0	0.0
US Marines O&M	4.3	6.8	6.9
Department of Defense O&M	0.0	7.0	7.0
Subtotal, Other DoD Services:	53.6	180.4	218.2
Other DoD Agencies:	47.9	6.3	10.2
Other DoD Agencies	47.9	6.3	10.2
CAWCF	0.0	0.0	0.0

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b.	DWCF:			
	Depot Maintenance, Army	12.1	1.4	1.6
	Ordnance, Army	0.0	18.0	18.2
	Supply Management, Army	416.1	339.9	331.6
	DECA	0.2	0.2	0.2
	DFAS	1.9	1.9	1.9
	DISA	4.6	3.2	3.3
	DLA	17.5	18.3	19.0
	JLSC	0.0	0.0	0.0
	TRANSCOM	0.2	0.0	0.0
	Other	122.3	11.2	1.5
	Subtotal, DWCF:	574.9	394.0	377.3
c.	Total DoD	1,532.3	1,136.8	1,177.8
d.	Other Orders:	24.1	21.3	25.0
	Other Federal Agencies	1.7	0.3	0.4
	Foreign Military Sales	15.9	19.7	23.3
	Trust Fund	0.0	0.0	0.0
	Nonappropriated	2.5	0.3	0.3
	Non-Federal Agencies	4.0	1.0	0.9
	Total New Orders:	1,556.4	1,158.1	1,202.8
2.	Carry-in Orders	563.3	450.9	354.6
3.	Total Gross Orders	2,119.7	1,609.0	1,557.3
4.	Funded Carry-over	619.6	392.7	366.6
5.	Total Gross Sales	1,500.1	1,216.3	1,190.7
6.	Number of Months of Carry-Over	3.8	3.4	3.3

Army Working Capital Fund
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Depot Maintenance

Changes in the Costs of Operations
($ in Millions)

			Expenses
FY 1999	**Actual Cost**		1,425.404
FY 2000	**Estimate in President's Budget**		1,232.290
Estimated Impact in FY 2000 of Actual FY 1999 Actions			0.200
	WIP Adjustment	0.200	
Pricing Adjustments			0.100
	Pay Raise	1.800	
	General Inflation	(1.700)	
Program Changes			(42.289)
	PMRT (JLSC) Systems	1.261	
	DLA	(4.913)	
	DFAS	6.363	
	Other intrafund purchases	(5.576)	
	Civilian personnel costs due to QDR slippage	5.050	
	VERA/VSIP for QDR Slippage	(2.828)	
	Enlisted personnel costs	0.104	
	Civilian Personnel costs due to change in workload	(21.591)	
	Equipment purchases	0.342	
	Materials and supplies costs due to changes in workload	(43.234)	
	BRAC costs due to		
	Travel	2.373	
	Transportation	1.486	
	Materials and Supplies	3.590	
	Other Purchased Services	24.010	
	Depreciation	(8.726)	
FY 2000	**Current Estimate**		1,190.301

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FY 2000	**Current Estimate**		1,190.301
Pricing Adjustments			30.439
	Annulization of Prior Year Pay Raises	6.062	
	Pay price growth	12.384	
	Price Growth	10.893	
	FY 2001 Pay Raise	(0.700)	
	FY 2001 Non-pay inflation	(2.400)	
	FY 2001 Fuel inflation	1.800	
	FY 2001 Pay Adjustment	2.400	
Program Changes			(48.565)
	Miltary Personnel Compensation	0.075	
	Civilian Personnel Compensation	(26.278)	
	Travel	(1.574)	
	Material & Supplies for Internal Operations	3.392	
	Equipment Purchases	2.436	
	Other Intrafund (fund) purchases	(2.278)	
	Transportation	(1.322)	
	Capital Investment Depreciation	1.266	
	Other Purchased Services	(24.282)	
FY 2001	**Estimated Cost**		1,172.175

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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 Military Services and allied Services. Ordnance activities manufacture, renovate, store and demilitarize materiel for all branches of DoD. The activities also provide ammunition logistics functions (i.e., receipts, issues, inventory, surveillance, maintenance and rewarehousing) for all U.S. Military Services.

The Ordnance business activity manufactures and sells 155MM howitizers, 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. It also provides logistics support management, which includes follow-on procurement, production, maintenance, engineering, and integrated logistics, support management. In addition, several of the Ordnance installations are involved in the receipt, storage, issue, 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).

On October 1, 1999, five ammunition storage depots (Sierra, Tooele, Blue Grass, Savanna, and Seneca) and the ammunition storage missions at Anniston, Red River and Letterkenny Army Depots, transferred to the Ordnance Activity from the Depot Maintenance Activity. This transfer brings all ammunition-related functions under a single manager and enables consistent pricing for all ammunition-related goods and services. On October 1, 2000, the Defense Non-tactical Generator and Rail Equipment Center (DGRC) will be transferred to the Depot Maintenance Activity Group.

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.

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

On October 1, 1999, the following depot maintenance activities realigned their ammunition-related functions under one single manager to the Ordnance activity group.

Sierra Army Depot (SIAD) **Herlong, CA**
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 (TEAD) **Tooele, UT**
Stores, maintains, distributes, and demilitarizes conventional ammunition.

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Blue Grass Army Depot (BGAD) **Richmond, KY**
Stores, maintains, distributes and demilitarizes conventional ammunition.

Savanna Army Depot Activity (SVDA) **Savanna, IL**
Stores, maintains, distributes and demilitarizes conventional ammunition and war reserve material. Scheduled for closure in FY 2000 as a result of BRAC 95.

Seneca Army Depot Activity (SEDA) **Romulus, NY**
Stores, maintains, distributes, and demilitarizes munitions. Scheduled for closure in FY 2000 as a result of BRAC 95.

The ammunition/logistics functions for the following activities also became part of Ordnance in FY 2000:

Red River Munitions Center (RRMC) **Texarkana, TX**
Stores, maintains, distributes, and demilitarizes conventional ammunition.

Letterkenny Munitions Center (LEMC) **Chambersburg, PA**
Stores, maintains, distributes, and demilitarizes conventional ammunition.

Anniston Munitions Center (ANMC) **Anniston, AL**
Stores, maintains, distributes, and demilitarizes conventional ammunition.

Budget Highlights

Personnel:

This budget submission reflects a personnel increase in FY 2000 due to the transfer of the ammunition/logistics function (2,364 FTEs) from the Depot Maintenance activity group. In FYs 2000 and FY 2001, there are decreases due to the decline in workload at Rock Island and Watervliet due to Quadrennial Defense Review (QDR) reductions related to Base Support Outsourcing, Ammunition Demilitarization and reengineering of functions. Personnel levels are further reduced by the Base Realignment and Closure of Seneca (FY 2000/2001) and Savanna (FY 2000) Army Depot Activities.

	FY 1999	FY 2000	FY2001
Civilian End Strength	4,187	6,222	6,068
Civilian FTEs	4,576	6,298	6,042
Military End strength	17	23	22
Military Workyears	17	23	22

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Cost, Operating Results and Rates:

	FY 1999	FY 2000	FY 2001
Cost of Goods & Services Produced ($M)	470.4	708.2	655.0
Cost of Goods & Services Sold ($M)	474.2	708.2	655.0
Net Operating Results ($M)	(69.6)	(72.0)	13.9
Accumulated Operating Results ($M)	(0.3)	(13.9)	0.0
Customer Revenue Rate per DLH	$105.12	$99.10	$102.70
Percent Change from Prior Year	28.6%	-5.7%	3.6%
Unit Costs ($/DLH	$119.13	$113.61	$106.84
DLH (000)	3,981	6,234	6,131

Costs:

In FY 2000 costs increase due to the expansion of the activity group, partially offset by QDR and BRAC related personnel reductions. In FY 2001 costs decrease due to declining workload and the personnel reductions related to QDR and BRAC in FY 2000. In addition, a large drop in materials and supplies will occur in FY 2001. This anomaly is due to several FY 1999 programs at Pine Bluff Arsenal slipping to FY 2000 due to testing problems and failures, and delayed receipt of materials.

Unit Costs:

The unit cost is calculated by dividing cost of goods sold by direct labor hours. The unit cost reduction in FY 2000 is due to the addition of lower cost installations transferring from the Depot Maintenance activity and personnel reductions occurring in late FY 1999.

Operating Results and Rates:

The FY 1999 Net Operating Result (NOR) loss of $69.6 million exceeded the budgeted NOR of -$38.6 million in part due to planned workload not materializing, programs slipping, and adjusted customer funding. The addition of the depots ammunition centers in FY 2000 should provide some stability to this Activity Group. However, FY 2000 is projected to still have significant losses due to continued decreases in workload. This reinforces the fact that workload is declining faster than the activity can reduce their infrastructure. In FY 2001 the projected NOR is $13.9 million with customer rates set to achieve a zero

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Accumulated Operating Result (AOR). The FY 2001 Ordnance budget includes a request of $51.3 million to cover costs associated with Industrial Mobilization Capacity (IMC) (formerly called Unutilized Plant Capacity [UPC]) maintained for surge/replenishment requirements of which $25.2 million is for Watervliet Arsenal. The IMC funding increase stabilizes rates and preserves the capability to produce specialty weapons and other items that cannot be supplied by private industry. The FY 1999 rate included a cash surcharge of $8.00 per direct labor hour. The FY 2000 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 1999, the NOR was 80.5% below budget projections primarily due to workload slippages, planned programs that did not materialize, and a delay in personnel reductions.

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 is not relevant. A longer carry-over timeframe accommodates the longer lead-time requirements associated with the manufacturing process. The carry-over from FY 1999 was greater than projected in the FY 2000/2001 President's Budget due to production slippages at Pine Bluff Arsenal. Carryover decreases from 7.1 months in FY 1999 to 3.2 months in FY 2001. This is mainly due to the workload decline and the different mix of orders coming into the activity with the addition of ammunition storage and logistics workload.

($ in millions)	FY 1999	FY 2000	FY 2001
New Orders	452.1	653.9	639.1
Carry-in	304.8	315.8	309.5
Gross Orders	756.9	969.7	922.0
Total revenue	416.9	660.3	674.4
Carry-over	340.0	309.5	247.6
Less: WIP	16.2	16.2	16.2
Less: BRAC, Non-DOD, FMS, Intra/Inter DWCF (Excluding SMA)	29.1	51.9	27.6
Less: Contract Liabilities	48.6	34.7	24.7
Net Carry-over	246.2	206.7	179.1
Carry-over in Months	7.1	3.8	3.2

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Capital Budget:

The Ordnance Capital Investment Program (CIP) is outlined in the table below. In FY 2000, a fluid bed mixer will be replaced and a bulk dunnage incinerator will be purchased to increase productivity at Pine Bluff Arsenal. In FY 2001, a 4 axis machining center will be replaced at Rock Island Arsenal and a Material Feed System will be installed for the Supercritical Water Oxidizer system at Pine Bluff Arsenal to increase productivity. The Minor Construction program will fund projects to replace or upgrade installation facilities that contribute to production deficiencies, use excessive resources, lack energy conservation, or do not comply with regulatory requirements addressing health, safety, environment and security concerns. Sierra Army Depot will purchase Automated Data Processing Equipment (ADPE) to upgrade its dial central office. Software purchases such as the enterprise resource planning systems and the Army Workload and Performance System (AWPS) will provide state of the art software technology. The AWPS project is congressionally mandated to better manage complex workload and personnel strategies for depot maintenance, ammunition, base operations, logistics and manufacturing workload.

($ in millions)	FY 1999	FY 2000	FY 2001
Equipment	10.6	8.0	13.5
Minor Construction	1.9	3.4	7.9
ADPE & Telecommunications	.8	2.0	3.3
Software	3.3	8.7	4.7
TOTAL Army Working Capital Fund	16.6	22.1	29.4

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Revenue and Expenses
($ in Millions)

	FY 1999	FY 2000	FY 2001
Revenue			
Gross Sales:	416.9	660.3	674.4
Operations	392.0	615.6	652.4
Surcharges	12.3	24.1	5.5
Depreciation excluding Major Construction	12.6	20.6	16.5
Major Construction Depreciation			
Other Income	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income:	416.9	660.3	674.4
Expenses			
Salaries and Wages:	256.2	356.3	345.1
Military Personnel Compensation & Benefits	0.2	2.0	1.9
Civilian Personnel Compensation & Benefits	256.0	354.3	343.2
Travel & Transportation of Personnel	2.3	6.5	5.7
Materials & Supplies (For Internal Operations)	75.6	112.4	90.3
Equipment	6.1	14.1	12.1
Other Purchases from Revolving Funds	24.1	57.1	57.3
Transportation of Things	1.1	10.4	8.7
Depreciation - Capital	12.6	20.6	16.5
Printing and Reproduction	1.1	0.8	0.7
Advisory and Assistance Services	0.9	2.1	1.9
Rent, Communication, Utilities, & Misc. Charges	11.8	23.1	22.0
Other Purchased Services	78.6	104.8	94.7
Total Expenses:	470.4	708.2	655.0
Operating Result	(53.5)	(47.9)	19.4
Less Surcharge Reservations	12.3	24.1	5.5
Cash (Current Year)	12.3	18.3	0.0
Cash (Carried Over)	0.0	5.7	5.5
Other Changes Affecting NOR:	(3.8)	0.0	0.0
Other Inventory Adjustments	0.0	0.0	0.0
Net Change in Work in Process	3.8	0.0	0.0

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Revenue and Expenses
($ in Millions)

	FY 1999	FY 2000	FY 2001
Net Operating Result	(69.6)	(72.0)	13.9
Prior Year Adjustments	32.2	58.4	0.0
Prior Year Accumulated Operating Result	30.3	(0.3)	(13.9)
Accumulated Operating Result	(7.1)	(13.9)	0.0
Non-Recoverable Amounts	6.9	0.0	0.0
Recoverable Accumulated Operating Result	(0.3)	0.0	0.0
Memo:			
Beginning Work in Process	20.0	16.2	16.2
Ending Work in Process	16.2	16.2	16.2
Cost of Goods Sold:	474.2	708.2	655.0

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Source of Revenue
($ in Millions)

	FY 1999	FY 2000	FY 2001
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	163.3	272.8	306.1
Operations & Maintenance, ARNG	0.1	0.4	0.4
Operations & Maintenance, AR	0.0	0.1	0.1
Subtotal, O&M:	163.4	273.2	306.6
Aircraft Procurement	8.1	2.4	2.0
Missile Procurement	1.3	0.7	0.4
Weapons & Tracked Combat Vehicles	40.9	48.2	37.5
Procurement of Ammunition	79.0	106.5	106.0
Other Procurement	18.7	18.4	13.0
Subtotal, Procurement:	147.9	176.3	158.8
RDTE	17.2	17.5	13.0
BRAC	3.3	3.8	0.8
Family Housing	1.1	2.2	2.0
Military Construction	1.4	0.3	0.0
Other	3.5	2.7	4.7
Subtotal, Department of Army:	337.9	476.1	486.0
Department of Air Force O&M	2.5	10.4	12.2
Department of Navy O&M	8.2	6.7	4.7
US Marines O&M	6.4	3.4	3.8
Department of Defense O&M	0.6	0.6	0.5
Subtotal, Other DoD Services:	17.7	21.1	21.1
Other DoD Agencies:	23.8	16.3	18.6

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Source of Revenue
($ in Millions)

b.	DWCF:			
	Depot Maintenance, Army	6.9	1.8	2.5
	Information Services, Army	0.0	0.0	0.0
	Ordnance, Army	0.0	0.0	0.0
	Supply Management, Army	37.0	50.3	49.5
	DECA	0.0	0.5	0.5
	DFAS	2.7	2.7	2.9
	DISA	0.0	0.0	0.0
	DLA	0.1	0.1	0.1
	JLSC	0.0	0.0	0.0
	TRANSCOM	(0.0)	0.0	0.0
	Other	13.9	11.4	14.0
	Subtotal, DWCF:	60.5	66.7	69.4
c.	Total DoD	440.0	580.1	595.1
d.	Other Orders:	12.1	73.8	17.4
	Other Federal Agencies	2.5	3.7	3.9
	Foreign Military Sales	3.9	30.0	0.2
	Trust Fund	0.0	0.0	0.0
	Nonappropriated	0.7	20.3	6.8
	Non-Federal Agencies	5.1	19.7	6.4
	Total New Orders:	452.1	653.9	612.5
2.	Carry-in Orders	304.8	315.8	309.5
3.	Total Gross Orders	756.9	969.7	922.0
4.	Funded Carry-over	340.0	309.5	247.6
5.	Total Gross Sales	416.9	660.3	674.4
6.	Number of Months of Carry-Over	7.1	3.8	3.2

Army Working Capital Fund
FY 2001 Budget Estimates
Ordnance

Changes in Costs of Operation
($ in Millions)

			Expenses
FY 1999	**Actual Cost**		470.4
FY 2000	**Estimate in President's Budget**		672.1
Pricing Adjustments			0.1
Program Changes			36.0
	Additional DFAS Costs	5.6	
	Supplies/Materials	26.1	
	Maintenance, Road/Rail Repair	9.3	
	Severence	0.4	
	Reduced BRAC	(8.0)	
	APE Workload	8.3	
	Caretaker/Decap	4.5	
	Other Workload Mix	(10.2)	
FY 2000	**Current Estimate**		708.2

Army Working Capital Fund
FY 2001 Budget Estimates
Ordnance

Changes in Costs of Operation
($ in Millions)

FY 2000	**Current Estimate**		708.2
Pricing Adjustments			18.8
	Annualization of Prior Year Pay Raises		4.0
	FY 2000 Pay Raise		9.3
	Civilian Personnel	9.3	
	Military Personnel	0.1	
	Fund Price Changes		2.0
	General Purchase Inflation		3.4
Productivity Initiatives and Other Efficiencies			(3.6)
	Redesign IOC	(0.1)	
	Management HQ Fee	(0.9)	
	Capital Investment P	(0.1)	
	Employee Suggestion Program	(0.1)	
	Value Engineering	(2.5)	
	Methods and Standards	(0.0)	
Program Changes			(68.3)
	Supplies/Materials	(27.7)	
	Severance	(6.8)	
	Reduced BRAC	(17.6)	
	Mobile Rail Trans	(4.7)	
	Personnel Reduction	(8.4)	
	Other Workload Mix	(3.1)	
FY 2001	**Estimated Cost**		655.0

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Functional Description

The primary mission of the Information Systems activity group is to provide for the development and operational sustainment of automated information systems and software. This mission provides a multitude of services including requirements analysis and definition, system design, development, testing, integration, implementation support, and documentation 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 for the purchase of small and medium computers, software, networking infrastructure, and support services.

The Information Systems business is currently restructuring in order to improve the support provided to the wholesale logistics business. This activity group is shifting away from the traditional model of an in-house activity toward one that takes advantage of the skills, products, and services provided by the private sector. Industrial Logistics Systems Center (ILSC) and Logistics Systems Support Center (LSSC) will reduce their workforce to a Retained Government Organization (RGO) of 67 personnel as a result of the implementation of the Wholesale Logistics Modernization Program (WLMP) contract.

The U.S. Army Communications and Electronics Command (CECOM) located at Fort Monmouth, NJ, exercises management control over the activity group.

ACTIVITY GROUP COMPOSITION

1. **Central Design Activities (CDA's)**
   a. Industrial Logistics Systems Center (ILSC) Chambersburg, PA
   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 System (RASFIARS)
   - Army Self Service Supply Center (ASSSC)
   - AMC Automated Manpower Management Information System (AAMMIS)
   - Automated Financial Entitlements System (AFES)

b. 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)

c. Software Development Center – Lee (SDC-Lee) Ft Lee, VA

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)

d. Software Development Center – Wash (SDC-Wash) Fairfax, VA*

Systems Supported:

Acquisition Information Management (AIM)
Housing Operations Management System (HOMES)
Military Police Management Information System (MPMIS)
Standard Installation/Division Personnel Systems (SIDPERS-3)
The Army Authorization Documentation System – Redesign (TAADS-R0

*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 May 2000 due to delayed completion of the facility at Fort Meade.

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

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

Budget Highlights

Personnel:

Civilian end strength will decline to 376 authorizations at the beginning of the 4th quarter of FY 2000 primarily due to Wholesale Logistics Modernization Program (WLMP) implementation.

Military end strength will remain constant from FY 2000 through FY 2001.

	FY 1999	FY 2000	FY 2001
Civilian End Strength	709	376	376
Civilian FTEs	776	601	373
Military End Strength	23	18	18
Military Workyears	63	18	18

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Costs, Operating Results and Rates:

	FY 1999	FY 2000	FY 2001
Costs of Goods and Services Produced (Expenses) ($M)	122.169	159.725	105.944
Costs of Goods and Services Sold ($M)	122.169	159.725	105.944
Net Operating Results ($M)	(0.687)	(0.140)	7.586
Recoverable Accumulated Operating Results ($M)	(7.446)	(7.586)	0.000
Customer Revenue Rate per DLH	$69.93	$83.38	$61.19
Percent Rate Change from Prior Year	11.80%	19.23%	-26.61%
Unit Costs ($/DLH)	$87.04	$157.78	$110.69
DLH (000)	942	659	437

Costs:

FY 2000 costs increase by 31% ($37.6 million) over FY 1999 levels. This significant increase is the result of the implementation of the Wholesale Logistics Modernization Program and Single Stock Fund. In FY 2001, costs will decrease 34% ($53.8 million) from FY 2000 levels. The major driver of this cost reduction is the loss in personnel costs as a result of outsourcing of ILSC and LSSC:

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 decreases in FY 2001 but not to the pre FY 2000 levels. Unit costs are distorted by the transition of the workforce at ILSC and LSSC from organic to contractor in the 4th quarter of FY 2000.

Operating Results and Rates:

Revenue increases substantially from FY 1999 to FY 2000. This increase in revenue is primarily due to receipt of QDR reimbursements for personnel reductions at ILSC and LSSC associated with award of the WLMP contract and Single Stock Fund orders. Costs increase, as well, due to the increased workload, award of the WLMP contract and elimination of carryover work. Revenues, costs, and rates return to more normal levels in FY 2001 as QDR, DFAS and SSF orders are reduced. The composite rate is reduced to $61.19 in FY 2001 a decrease of 26.6% from the FY 2000 rate.

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Performance Indicators:

The Information Services Activity Group has performance goals of achieving the budgeted Net Operating Result (NOR) and Direct Labor Hours (DLH's). The performance indicators for the Small Computer Program are: customer satisfaction; timeliness of customer receipt of products; and acquisition streamlining. 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 five complaints per month) and ensuring comparability with Indefinite Delivery Indefinite Quantity (IDIQ)/GSA contract prices.

Carry-over:

Carry-over is a mix of contractor and organic workload. Carry-over will be reduced from over 3 months to less than one month at the end of FY 2000 as a result of the WLMP contractor developing new processes as well as maintaining legacy systems.

	FY 1999	FY 2000	FY 2001
($M)			
New Orders	113.833	136.082	115.472
Carry-In	48.082	28.104	4.601
Gross Orders	161.915	164.186	120.074
Total Revenue	121.481	159.585	113.530
Carry-Over	40.434	4.601	6.543
Less WIP			
Less BRAC, Non-DoD, FMS	10.612	0.066	0.065
Intra/Inter DWCF (excluding SMA)			
Less Contract Liabilities			
Net Carry-Over	29.822	4.536	6.478
Carry-Over in Months	2.95	0.34	0.68

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Capital Budget:

There is one capital project for a LAN upgrade at SDC-Lee, which will be completed by the end of FY 1999.

	FY 1999	FY 2000	FY 2001
($M)			
Equipment			
ADPE & Telecommunications	0.335		
Software			
Minor Construction			
Total	0.335		

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Revenue and Expenses
($ in Millions)

	FY 1999	FY 2000	FY 2001
Revenue			
Gross Sales:	121.481	159.585	113.530
Operations	121.401	159.459	113.404
Surcharges			
Depreciation excluding Major Construction	0.080	0.126	0.126
Major Construction Depreciation			
Other Income			
Refunds/Discounts (-)			
Total Income:	121.481	159.585	113.530
Expenses			
Salaries and Wages:	58.401	56.150	27.060
Military Personnel Compensation & Benefits	2.517	1.520	1.583
Civilian Personnel Compensation & Benefits	55.884	54.630	25.477
Travel & Transportation of Personnel	2.196	3.473	1.180
Materials & Supplies (For Internal Operations)	1.267	0.608	0.419
Equipment	1.419	4.324	1.657
Other Purchases from Revolving Funds	3.011	3.580	3.065
Transportation of Things	0.021	0.012	0.000
Depreciation - Capital	0.080	0.126	0.126
Printing and Reproduction	0.061	0.065	0.043
Advisory and Assistance Services	2.036	2.976	2.950
Rent, Communication, Utilities, & Misc. Charges	5.004	5.604	5.408
Other Purchased Services	48.673	82.807	64.035
Total Expenses:	122.169	159.725	105.944

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Revenue and Expenses
($ in Millions)

	FY 1999	FY 2000	FY 2001
Operating Result	(0.687)	(0.140)	7.586
Net Operating Result	(0.687)	(0.140)	7.586
Prior Year Adjustments	10.810		
Prior Year Accumulated Operating Result	(17.569)	(7.446)	(7.586)
Accumulated Operating Result	(7.446)	(7.586)	0.000
Non-Recoverable Amounts			
Recoverable Accumulated Operating Result	(7.446)	(7.586)	0.000

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Source of Revenue
($ in Millions)

	FY 1999	FY 2000	FY 2001
1. New Orders			
a. Orders from DoD Components:			
Department of Army			
Operations & Maintenance, Army	59.666	67.343	54.578
Operations & Maintenance, ARNG	0.373	0.559	0.605
Operations & Maintenance, AR	0.031	0.058	0.058
Subtotal, O&M:	60.070	67.960	55.241
Aircraft Procurement			
Missile Procurement			
Weapons & Tracked Combat Vehicles			
Procurement of Ammunition			
Other Procurement	0.189	0.165	0.166
Subtotal, Procurement:	0.189	0.165	0.166
RDTE	0.071	0.116	0.117
BRAC			
Family Housing	3.816	5.312	3.972
Military Construction			
Other	0.149		
Subtotal, Department of Army:	64.295	73.553	59.495
Department of Air Force O&M	0.120	0.031	0.032
Department of Air Force Investment	0.007	0.013	0.014
Department of Navy O&M	0.523	0.004	0.005
US Marines O&M	0.025		
Department of Defense O&M	2.089	2.469	2.318
Subtotal, Other DoD Services:	2.765	2.517	2.369
Other DoD Agencies:	0.944	0.134	0.135
Other DoD Agencies	0.916	0.134	0.135
CAWCF	0.028		

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Source of Revenue
($ in Millions)

		FY 1999	FY 2000	FY 2001
b.	DWCF:			
	Depot Maintenance, Army	6.980	7.952	7.915
	Information Services, Army	0.046	0.085	0.085
	Ordnance, Army			
	Supply Management, Army	28.633	37.944	32.491
	DECA			
	DFAS	5.054	7.908	7.230
	DISA			
	DLA	2.993	4.674	4.594
	JLSC			
	TRANSCOM	0.343	0.218	0.220
	Other	0.046	0.085	0.085
	Subtotal, DWCF:	44.095	58.865	52.620
c.	Total DoD	112.100	135.070	114.620
d.	Other Orders:	1.734	1.012	0.853
	Other Federal Agencies	0.352	0.298	0.301
	Foreign Military Sales	0.623	0.705	0.543
	Trust Fund			
	Nonappropriated	0.759	0.009	0.009
	Non-Federal Agencies			
	Total New Orders:	113.833	136.082	115.472
2.	Carry-in Orders	48.082	28.104	4.601
3.	Total Gross Orders	161.915	164.186	120.074
4.	Funded Carry-over	40.434	4.601	6.543
5.	Total Gross Sales	121.481	159.585	113.530
6.	Number of Months of Carry-Over	2.95	0.34	0.68

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Changes in the Costs of Operation
($ in Millions)

			Expenses
FY 1999	**Actual Cost**		122.169
FY 2000	**Estimate in President's Budget**		111.125
Estimated Impact in FY 2000 of Actual FY 1999 Actions			2.781
	Workload Increase	1.285	
	Increased travel costs	1.496	
Pricing Adjustments			0.276
Program Changes			45.543
	Decreased Civilian Personnel Costs	(0.303)	
	Increased Contract Costs	41.929	
	PCS Costs	1.316	
	Equipment	2.383	
	Increased DFAS costs	0.218	
FY 2000	**Current Estimate**		159.725

Army Working Capital Fund
FY 2001 Budget Estimates
Information Services

Changes in the Costs of Operation
($ in Millions)

			Expenses
FY 2000	**Current Estimate**		159.725
Pricing Adjustments			3.263
	Annualization of Prior Year Pay Raises		0.508
	FY 2000 Pay Raise		1.236
	Civilian Personnel	1.175	
	Military Personnel	0.060	
	Fund Price Changes		0.085
	General Purchase Inflation		1.434
Productivity Initiatives and Other Efficiencies			(52.618)
	WLMP implemented at ILSC & LSSC	(30.655)	
	WLMP implemented at ILSC & LSSC	(2.063)	
	WLMP contract efficiencies	(19.900)	
	Other (specify)		
	Other (specify)		
Program Changes			(4.426)
	Equipment	(2.833)	
	Decreased contract cost	(1.593)	
FY 2001	**Estimated Cost**		105.944

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

Line No.	Description	FY 99 Quantity	FY 99 Total Cost	FY00 Quantity	FY00 Total Cost	FY 01 Quantity	FY 01 Total Cost
	EQUIPMENT-Replacement						
	SUBTOTAL						
	EQUIPMENT- Productivity						
	SUBTOTAL						
	EQUIPMENT- Environmental						
	SUBTOTAL						
	EQUIPMENT- New Mission						
	SUBTOTAL						
	EQUIPMENT TOTAL						
	AUTOMATED DATA PROCESSING						
	ADP TOTAL						

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

Line No.	Description	FY 99 Quantity	FY 99 Total Cost	FY00 Quantity	FY00 Total Cost	FY 01 Quantity	FY 01 Total Cost
	MINOR CONSTRUCTION						
	MINOR CONSTRUCTION TOTAL						
	SOFTWARE						
00-2	Wholesale Logistics Modernization Program			1	25.087	1	28.318
98-1	CCSS Century Date Change	2	3.934	3	0.342		
98-14	Common Operating Environment (COE)	1	12.364	1	4.287	1	6.240
99-4	Commercial Asset Visibility (CAV II)	16	2.280	12	1.000	28	2.770
98-15	Vision 2010	1	3.285				
98-3	Integrated Sustainment Maintenance (ISM)	3	3.995				
98-2	LOGSA Century Date Change	1	4.146				
98-9	Lateral Redistribution	1	1.500				
96-20	Materiel Management System (MMS)	1	1.460				
97-6	Single Stock Fund (SSF)	2	15.623	2	34.869	2	23.125
	SOFTWARE TOTAL	26	48.587	19	65.585	32	60.453
	SUPPLY MANAGEMENT TOTAL	26	48.587	19	65.585	32	60.453

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management, Army 28 Feb 00	00-2	Wholesale Logistics Modernization Program	Army Materiel Command

	FY 99			FY00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Contractor Support				1	25,087.000	25,087.000	1	28,318.000	28,318.000
TOTAL				1		25,087.000	1		28,318.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The current Army standard logistics systems are based on 25-year-old computer technology and depend on large layered inventory levels to support a forward deployed force against the Cold War enemy. The current process is characterized by a lack of flexibility, has resulted in separate wholesale and retail systems, and suffers from long shipping times and limited visibility of the supply pipe-line. The Army must reengineer its logistics processes to provide the flexibility to support today's CONUS-based power projection scenarios and utilize modern information technology enablers that will provide real time visibility of the entire logistics supply chain and support the Revolution in Military Logistics.

b. **ANTICIPATED BENEFITS:** The Wholesale Logistics Modernization Program is a ten-year project to correct the noted deficiencies. It will enable the Army to take advantage of commercial expertise, experience, and investments in process improvement and information technology. The Army Materiel Command (AMC) will be able to perform business process reengineering (BPR), adopt market-driven business practices, and provide significantly improved services. The new process will help us achieve synchronization with Global Combat Support System - Army. The Army will retain Intellectual Property Rights to all documentation with regard to BPR reports and system description and implementation plans. The Supply Management portion of the ten-year investment will total $215 M, part of a $400M program, which also includes the Depot Maintenance business area.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** AMC will be forced to maintain inefficient and unduly expensive wholesale logistics processes due to the limitations of the current automated system, the Commodity Command Standard System. The system contains processes that are outdated, expensive to maintain, and technically vulnerable. The COBOL 74 compiler supporting the system is no longer supported by the manufacturer. These deficiencies will preclude the Army from providing an agile logistics support capability as required by the Revolution in Military Logistics.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes. An Economic Analysis was done by the Cost Analysis Division, Directorate for Resource Management, CECOM, Ft. Monmouth, N.J.

ECONOMIC INDICATORS:

Total Cost of the Project $53,405 Net Present Value of Benefits: ($45,100) Benefit to Investment Ratio: Payback Period:

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date				C. Line No	Item Description		D. Activity Identification		
Supply Management, Army 28 Feb 00				98-1	CCSS Century Date Change		Army Materiel Command		
	FY 99			**FY00**			**FY 01**		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Labor-CDA	1	1,967.000	1,967.000	1	212.000	212.000			
Labor-CONTR	1	1,967.000	1,967.000	1	130.000	130.000			
				1					
TOTAL	2		3,934.000	3		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 and the system will fail, causing the failure of the Army Materiel Command mission.

b. **ANTICIPATED BENEFITS:** All date fields in CCSS must be assessed and fixed to ensure continued system operational capability after the turn of the millennium.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Immediate and catastrophic system failure will result in an unprecedented failure to meet business performance goals in activities involving status accounting, forecasting, financial management, requisition processing and other logistics support functions. This system failure will pose an immediate threat to total Army readiness.

d. **ECONOMIC ANALYSIS PERFORMED?** N/A.

ECONOMIC INDICATORS:

Total Cost of the Project $10,562 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 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management, Army 28 Feb 00	98-14	Common Operating Environment (COE)	Army Materiel Command

	FY 99			FY00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software	1	12,364.000	12,364.000	1	4,287.000	4,287.000	1	6,240.000	6,240.000
TOTAL	1		12,364.000	1		4,287.000	1		6,240.000

Narrative Justification:

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

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

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

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

ECONOMIC INDICATORS:

Total Cost of the Project $38,675 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 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Supply Management, Army 28 Feb 00	99-4	Commercial Asset Visibility (CAV II)	Army Materiel Command

	FY 99			FY00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Labor	1	980.000	980.000	1	500.000	500.000	1	1,430.000	1,430.000
Travel	1	175.000	175.000	1	100.000	100.000	1	300.000	300.000
Initial Contracts	13	25.000	325.000	10	40.000	400.000	26	40.000	1,040.000
Navy (FMSO)	1	800.000	800.000						
TOTAL	16		2,280.000	12		1,000.000	28		2,770.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** Under Commodity Command Standard System (CCSS), the Inventory Control Points (ICPs) have limited visibility of assets being repaired at commercial contractors sites. There is no automated system to provide accountability reporting, notification of shipment, nor a method to correct financial or inventory imbalances. Physical inventories done at 11 contractor sites showed that CCSS had an inaccuracy rate of 62.9%. Inventory results showed that assets totaling $90M were unaccounted for at the ICPs and assets totaling $8.5M were unaccounted for at the contractors' sites. The program plans to deploy the system at 18-20 contractor sites Army-wide during FY99.

b. **ANTICIPATED BENEFITS:** Commercial Asset Visibility (CAV) II is a PC-based system that facilitates reporting by a contractor's site. This reporting provides asset visibility, utilizing asset management transactions, to indicate receipts, induction's, completions, shipments, disposals, etc. CAV II is a Joint Initiative managed by Naval Supply (NAVSUP) with all the services participating. It provides the interface with CCSS for enhanced visibility of assets being repaired at commercial contractor sites. CAV II increases asset visibility in CCSS, improves shipping procedures, measures repair turn-around time, and monitors contractor performance. Continued deployment will correct financial and inventory imbalances in CCSS and contractor accountable records. Accurate databases will reduce unnecessary procurements by the ICPs, and optimize stock availability.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The estimated 10 deployments planned for FY00 and 26 deployments planned for FY 01 will not be realized. Financial and inventory imbalances in CCSS and the contractors' records will continue to escalate. DA recognized a materiel weakness on lack of accurate visibility of components repaired under National Maintenance Contracts which resulted in DA direction that CAV II implementation be expedited at all Army ICPs.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$6,050	Net Present Value of Benefits:	$45,800	Benefit to Investment Ratio:	8.6	Payback Period:	10 years

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE ($ in Thousands)										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission		
B. Component, Activity Group, Date Supply Management, Army 28 Feb 00				C. Line No 97-6		Item Description Single Stock Fund (SSF)				D. Activity Identification Army Materiel Command		
	FY 99			FY 00			FY 01					
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
Travel Contracts	1	200.000	200.000	1	200.000	200.000	1	200.000	200.000			
	1	15,423.000	15,423.000	1	34,669.000	34,669.000	1	22,925.000	22,925.000			
TOTAL	2		15,623.000	2		34,869.000	2		23,125.000			

Narrative Justification:

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

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

CONTINUED ON NEXT PAGE

ECONOMIC INDICATORS:

Total Cost of the Project $87,335 Net Present Value of Benefits: Benefit to Investment Ratio: Payback Period:

SUPPLY MANAGEMENT CAPITAL INVESTMENT JUSTIFICATION SOFTWARE ($ in Thousands)										A. Budget Submission FY 2000-2001 Amended Budget Estimate Submission		
B. Component, Activity Group, Date Supply Management, Army 28 Feb 00				C. Line No 97-6			Item Description Single Stock Fund (SSF)			D. Activity Identification Army Materiel Command		
	FY 99			FY 00			FY 01					
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost			
TOTAL												

Narrative Justification:

CONTINUED FROM PRECEDING PAGE.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The business rule changes being developed in the SSF are part of the foundation for the development of the WLMP objective system and of the GCSS-A. If funding is not approved, the Army Stock Fund will continue to process in an inefficient horizontal structure, which may jeopardize readiness. As downsizing minimizes funding and resources, the redundancies of processing wholesale and retail systems must be minimized. Also, efficiencies must be gained in the redistribution of assets.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes. The initial EA was performed in FY1997. This officially approved EA is currently being updated based on DA's revision of the Campaign Plan. The SSF was directed under Defense Resource Management Directives (DRMD) 901 and 927J, November 1989.

ECONOMIC INDICATORS:

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

Exhibit Fund 9d Capital Budget Execution
Department of Army
Supply Management
28 Feb 00
($ in Millions)

FY 1999

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
AUTOMATED DATA PROCESSING							
MINOR CONSTRUCTION							
SOFTWARE							
FY 99	CCSS Century Date Change	2.854	1.080	3.934	3.934		Reprogram **in** $1,480K from **DM** (SDS MRP II). Reprogram **out** $400 K to LOGSA CDC
FY 99	Common Operating Environment (COE)	11.364	1.000	12.364	12.364		Reprogrammed **in** from SIIR
FY 99	Commercial Asset Visibility (CAV II)	2.280		2.280	2.280		
FY 99	Vision 2010	3.285		3.285	3.285		
FY 99	Integrated Sustainment Maintenance (ISM)	3.995		3.995	3.995		
FY 99	LOGSA Century Date Change	0.746	3.400	4.146	4.146		Reprogrammed **in** $3,000K from DM (SDS MRP II) and $400 K from CCSS CDC.
FY 99	Lateral Redistribution	1.500		1.500	1.500		
FY 99	Materiel Management System (MMS)	1.460		1.460	1.460		
FY 99	CCSS Defense Logistics Mgmt. System	3.920	(3.920)				Reprogrammed **out** to SSF
FY 99	Single Item Inventory Record (SIIR)	1.000	(1.000)				Reprogrammed **out** to COE
FY 99	Single Stock Fund (SSF)	11.703	3.920	15.623	15.623		Reprogrammed **in** from CCSS DLMS
	Total	44.107	4.480	48.587	48.587		

Exhibit Fund 9d Capital Budget Execution
Department of Army
Supply Management
28 Feb 00
($ in Millions)

FY 2000

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
AUTOMATED DATA PROCESSING							
MINOR CONSTRUCTION							
SOFTWARE							
FY 00	Wholesale Logistics Modernization Program	10.900	14.187	25.087	25.087		Reprog $11,305K **from** COE, $132K **from** AEPS, and $2,750K **from** Operating Budget
FY 00	CCSS Century Date Change	0.342		0.342	0.342		
FY 00	Common Operating Environment (COE)	17.349	(13.062)	4.287	4.287		Reprog $11,305K **to** WLMP, $2,625 **to** SSF, and $868K **from** AEPS
FY 00	#REF!	1.000	(1.000)				Reprog $132K **to** WLMP and $868K **to** COE
FY 00	Commercial Asset Visibility (CAV II)	1.000		1.000	1.000		
FY 00	Single Stock Fund	32.244	2.625	34.869	34.869		Reprog $2,625K **from** COE
	Total	62.835	2.750	65.585	65.585		

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

Line No.	Description	FY 99 Quantity	FY 99 Total Cost	FY00 Quantity	FY00 Total Cost	FY 01 Quantity	FY 01 Total Cost	
	EQUIPMENT-Replacement							
99-01	Various Capital Equipment (<$500K)	10	2.634	4	1.375	8	3.030	
	SUBTOTAL	10	2.634	4	1.375	8	3.030	
	EQUIPMENT- Productivity							
99-02	CNC Machining Center Retrofit	1	0.889					
00-01	Automated Liquid Penetrant Inspection Sys			1	0.900			
00-02	Vacuum Furnace			1	0.950			
00-03	ASRS Positioner Controls Upgrade			1	0.829			
00-04	Chemical Cleaning System			1	0.623			
01-01	Plasma Spray Equipment					1	0.550	
99-03	Automated Storage & Retrieval Sys (TYAD)	1	1.075					
99-05	Auto Storage & Retrieval System (CCAD)	1	2.403					
99-06	Auto Storage & Retrieval Sys (LEAD)	1	0.499					
	SUBTOTAL	4	4.866	4	3.302	1	0.550	
	EQUIPMENT- Environmental							
	SUBTOTAL							
	EQUIPMENT- New Mission							
	SUBTOTAL							

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

Line No.	Description	FY 99 Quantity	FY 99 Total Cost	FY00 Quantity	FY00 Total Cost	FY 01 Quantity	FY 01 Total Cost	
	EQUIPMENT TOTAL	14	7.500	8	4.677	9	3.580	
	AUTOMATED DATA PROCESSING							
00-05	LAN Switching Upgrade			1	0.965			
	ADP TOTAL			1	0.965			
	MINOR CONSTRUCTION							
99-07	Miscellaneous Minor Constr Proj <$500K	10	3.891	8	1.690	5	1.918	
	MINOR CONSTRUCTION TOTAL	10	3.891	8	1.690	5	1.918	
	SOFTWARE							
99-08	Army Workload and Performance System	1	3.188	1	2.713	1	3.599	
00-06	Wholesale Logistics Modernization Program			1	6.913	1	7.500	
99-09	SDS/ Manufact. Resources Prog. (MRP)	1	4.730					
99-10	SDS Common Operating Environmt (COE)	1	3.980			1	1.000	
99-13	SDS Century Date Change	6	1.654	6	0.600			
99-12	DM Interfaces	1	3.982					
99-04	Rotary Wing Aircraft Sustainment Prog. (RWASP)	1	2.885					
	SOFTWARE TOTAL	11	20.419	8	10.226	3	12.099	
	Activity TOTAL	35	31.810	25	17.558	17	17.597	

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	99-01	Various Capital Equipment (<$500K)	All Depots

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Various Other Equip (<$500K)	10	263.400	2,634.000	4	343.750	1,375.000	8	378.750	3,030.000
TOTAL	10		2,634.000	4		1,375.000	8		3,030.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** This project 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 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	$7,039	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	00-01	Automated Liquid Penetrant Inspection Sys	Anniston Army Depot

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	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 (ALPIS) 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.

b. **ANTICIPATED BENEFITS:** The ALPIS 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. The anticipated benefits include: 1) Increased capacity - The system will have the ability to process large parts which currently may only be tested using the less reliable solvent removable process. 2) Increased reliability - The most important benefit of the system is the increased reliability of test results. With aging of the Turbine Engine system, it is essential that Anniston can 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 the operators exposure to penetrant solution and vapors, and minimizing the handling of heavy parts throughout the inspection process.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** 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 1500 Turbine Engine Program, which will become more demanding as the Turbine Engine System ages. Major Weapons System supported: M1 Abrams Tank

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

ECONOMIC INDICATORS:

Total Cost of the Project	$900	Net Present Value of Benefits:	$1,100	Benefit to Investment Ratio:	2.2	Payback Period:	4.6 years

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date		C. Line No	Item Description	D. Activity Identification
Depot Maintenance	28 Feb 00	00-02	Vacuum Furnace	Anniston Army Depot

	FY99			FY00			FY01		
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 would have to be purchased. Major weapons systems supported: M1 Abrams Tank

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

ECONOMIC INDICATORS:

Total Cost of the Project	$950	Net Present Value of Benefits:	$10,000	Benefit to Investment Ratio:	11.5	Payback Period:	1.25 Yrs

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	00-03	ASRS Positioner Controls Upgrade	Anniston Army Depot

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ASRS Positioner Controls Upgrade				1	829.000	829.000			
TOTAL				1		829.000			

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, M113 Armored Personnel Carrier FOV, and M198 Towed Howitzer. The Automated Storage and Retrieval System (ASRS) houses $70 to $75 million of inventory. 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 obsolete 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 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 which 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 repairs for the controls will be greatly decreased. Since the upgraded controls will incorporate the latest in 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 the completion of Anniston's various maintenance missions.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$829	Net Present Value of Benefits:	$956	Benefit to Investment Ratio:	2.2	Payback Period:	5.4

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	00-04	Chemical Cleaning System	Anniston Army Depot

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	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 disassembles engines in Building 130 and then uses forklifts to move the components to Building 409 and 411 for chemical cleaning. After cleaning, the components are returned to Building 130 for repair and reassembly. This increases the product's cost and risks damaging the components by accident and exposure to the elements. The new cleaning process, which will be located in Building 130, will accommodate the M113 Family of Vehicles (FOV), 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:** The 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 parts can be moved with hoists and conveyors instead of having to use forklifts to move them in and out of work bays.

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

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

ECONOMIC INDICATORS:

Total Cost of the Project	$623	Net Present Value of Benefits:	$930	Benefit to Investment Ratio:	2.5	Payback Period:	4.1

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	Activity Identification
Depot Maintenance 28 Feb 00	01-01	Plasma Spray Equipment	Red River Army Depot

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Plasma Spray Equipment							1	550.000	550.000
TOTAL							1		550.000

Narrative Justification:

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

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

c. IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The cost of overhauling the BFV will remain high. By continuing to replace versus reclaim components, the Army will forego expected program savings of over $6.2M over the 10-year expected life of the equipment. In addition, the ancillary benefits in part mobility and fuel savings will not be realized.

d. ECONOMIC ANALYSIS PERFORMED? YES.

ECONOMIC INDICATORS:

Total Cost of the Project	$550	Net Present Value of Benefits:	$3,244	Benefit to Investment Ratio:	6.9	Payback Period:	5.2

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	00-05	LAN Switching Upgrade	Tobyhanna Army Depot

Element of Cost	FY99 Quantity	FY99 Unit Cost	FY99 Total Cost	FY00 Quantity	FY00 Unit Cost	FY00 Total Cost	FY01 Quantity	FY01 Unit Cost	FY01 Total Cost
LAN Switching Upgrade				1	965.154	965.154			
TOTAL				1		965.154			

Narrative Justification:

a. CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS: The current Local Area Network (LAN) primarily consists of a 100 megabyte Fiber Distribution Data ring and a 10 megabyte shared Ethernet hub. The current LAN will not be able to handle the increased traffic as the depot transitions to a total Windows NT desktop environment, as well as to Computer Guided Design, Imaging and Video Teleconferencing. An upgrade is needed to the existing system, which frequently slows down or freezes up.

b. ANTICIPATED BENEFITS: Moving to a switched network environment will give each depot end user a dedicated 10 Megabyte per second (MBS) Ethernet with the ability of going to 100 MBS. This will reduce the number of 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? No. Status Quo is not applicable.

ECONOMIC INDICATORS:

Total Cost of the Project	$965	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 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	99-07	Miscellaneous Minor Constr Proj <$500K	All Depots

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Various Minor Construction Projects <$500K	10	389.125	3,891.250	8	211.250	1,690.000	5	383.600	1,918.000
TOTAL	10		3,891.250	8		1,690.000	5		1,918.000

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 exposure to cadmium and trinitrotoluene (TNT), 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 costs, and address environmental and health concerns.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Installation 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. E**CONOMIC ANALYSIS PERFORMED?** Yes.

ECONOMIC INDICATORS:

Total Cost of the Project	$7,499	Net Present Value of Benefits:	Benefit to Investment Ratio:	Payback Period:

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	99-08	Army Workload and Performance System	All Depots

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
AWPS	1	3,188.000	3,188.000	1	2,713.000	2,713.000	1	3,599.000	3,599.000
TOTAL	1		3,188.000	1		2,713.000	1		3,599.000

Narrative Justification:

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 HQ, Army Materiel Command, Major Subordinate Commands and Depots 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 the noted material weakness. Decisions to make personnel reductions are prohibited, by law, until AWPS is operational at the maintenance depots.

d. ECONOMIC ANALYSIS PERFORMED? No Exempt, mandated by Congress.

ECONOMIC INDICATORS:

Total Cost of the Project	$13,541	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	00-06	Wholesale Logistics Modernization Program	CECOM

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Contractor Support				1	6,913.000	6,913.000	1	7,500.000	7,500.000
TOTAL				1		6,913.000	1		7,500.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The current Army standard logistics systems are based on 25 year old computer technology and depend on large layered inventory levels to support a forward deployed force against the Cold War enemy. The current process is characterized by a lack of flexibility, has resulted in separate wholesale and retail systems, and suffers from long shipping times and limited visibility of the supply pipe-line. The Army must reengineer its logistics processes to provide the flexibility to support today's CONUS-based power projection scenarios and utilize modern information technology enablers that will provide real time visibility of logistics processes and support the Revolution in Military Logistics.

b. **ANTICIPATED BENEFITS:** Wholesale Logistics Modernization Program is a ten-year project to correct the noted deficiencies. It will enable the Army to take advantage of commercial expertise, experience, and investments in process improvement and information technology. The Army Materiel Command (AMC) will be able to perform business process reengineering (BPR), adopt market-driven business practices, and provide significantly improved services. The new process will help us achieve synchronization with Global Combat Support System - Army. The Army will retain Intellectual Property Rights to all documentation with regard to BPR reports and system description and implementation plans. The Depot Maintenance portion of the ten-year investment will total $59 M, part of a $400M program, which also includes the Supply Management business area.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** AMC will be forced to maintain inefficient and unduly expensive wholesale logistics processes due to the limitations of the current automated system, the Standard Depot System. The system contains processes that are outdated, expensive to maintain, and technically vulnerable. The COBOL 74 compiler supporting the system is no longer supported by the manufacturer. These deficiencies will preclude the Army from providing an agile logistics support capability as required by the Revolution in Military Logistics.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes. An Economic Analysis was done by the Cost Analysis Division, Directorate for Resource Management, CECOM, Ft. Monmouth, N.J.

ECONOMIC INDICATORS:

Total Cost of the Project	$14,413	Net Present Value of Benefits:	($12,000)	Benefit to Investment Ratio:	Payback Period:

DEPOT MAINTENANCE CAPITAL INVESTMENT JUSTIFICATION
SOFTWARE
($ in Thousands)

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	99-10	SDS Common Operating Environmt (COE)	Various Depots

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development	1	3,980.000	3,980.000				1	1,000.000	1,000.000
TOTAL	1		3,980.000				1		1,000.000

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The current technology, involving numerous disparate unique and bridge systems at the various Major Subordinate Commands (MSC) and Separate Reporting Activities (SRA) impedes technology insertions and business process improvements, limits end user access, and causes logistics maintenance costs to rise with each change. The obsolete design characteristics hamper efforts to introduce business process improvements. This combination of archaic structure, lack of documentation, and outdated technology makes it extremely difficult to respond to rapidly changing business requirements which demand modern technology.

b. **ANTICIPATED BENEFITS:** This effort will enable AMC to comply with DoD policy, including Joint Vision 2010 (Joint Chiefs of Staff Implementation Policy, CJCSI 3010.01), Defense Planning Guidance for FY 1999-2003 and the May 1997 Quadrennial Defense Review. These directives require all organizations to reduce logistics support costs and consolidate functions that are being performed at multiple locations. There are currently 8,940 unique and bridge systems across AMC, of which roughly 40% support depot maintenance activities. These must be consolidated and linked to enable AMC to accomplish business process improvements. There also must be a standard technical architecture in place to allow the insertison of new command unique systems. This initiative will create a common operating environment across MSC's and SRA's that will interface with the WLMP system and allow the end users to perform all business functions from a single workstation. It will also enable AMC to reduce the number of unique applications that operate at different sites and lower support costs by doing so.

IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT: The Army wholesale Depot Maintenance System will remain inefficient and costly, in spite of significant upgrades, such as Wholesale Logistics Modernization Program (WLMP). This effort will complement WLMP by providing a complete technology architecture to all wholesale logistics processes and by helping to reduce support costs and infrastructure needs for the distributed and outdated Army Depot Maintnenace System.

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

ECONOMIC INDICATORS:

Total Cost of the Project $17,447 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 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Depot Maintenance 28 Feb 00	99-13	SDS Century Date Change	All Depots

	FY99			FY00			FY01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SDS Century Date Change	6	275.666	1,653.996	6	100.000	600.000			
TOTAL	6		1,653.996	6		600.000			

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.

ECONOMIC ANALYSIS PERFORMED? Exempt. DoD Directed.

ECONOMIC INDICATORS:

Total Cost of the Project $5,645 Net Present Value of Benefits: N/A Benefit to Investment Ratio: N/A Payback Period: N/A

Exhibit Fund 9d Capital Budget Execution
Department of Army
Depot Maintenance
28 Feb 00
($ in Millions)

FY 1999

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 99	Various Capital Equipment (<$500K)	2.601	0.033	2.634	2.634		Reprogram **in** fr CNC 5-Axis Machining Center project.
	EQUIPMENT-Productivity						
FY 99	CNC 5-Axis Machining Center	0.923	(0.923)				Reprogram **out** to CNC Mach. Ctr. Retrofit (890K) and Var. Cap. Equip. (33K)
FY 99	CNC Machining Center Retrofit		0.889	0.889	0.889		Reprogram **in** fr CNC 5-Axis Mach. Ctr. (890K). Reprog **out** to **ORD** activities (1K)
FY 99	Automated Storage & Retrieval Sys (TYAD)	1.075		1.075	1.075		
FY 99	Auto Storage & Retrieval System (CCAD)	2.403		2.403	2.403		
FY 99	Auto Storage & Retrieval Sys (LEAD)	0.499		0.499	0.499		
AUTOMATED DATA PROCESSING							
MINOR CONSTRUCTION							
FY 99	Miscellaneous Minor Constr Proj <$500K	3.925	(0.034)	3.891	3.891		Reprogram $25K **out** to **ORD** activities. Reprogram $9K **out** to **FY98** Var. Minor Construct
SOFTWARE							
FY 99	Army Workload and Performance System	1.565	1.623	3.188	3.188		Reprogram **in** fr SDS/MRP ($1,280K) and ORD activities (343K).
FY 99	SDS/ Manufact. Resources Prog. (MRP)	10.490	(5.760)	4.730	4.730		Reprogram **out** of $4,480K to **SMA** activities (for Y2K) and $1,280K to AWPS.
FY 99	SDS Common Operating Environmt (COE)	3.980		3.980	3.980		
FY 99	SDS Defense Log. Mgmt Sys (DLMS)	1.262	(1.262)				Reprogram **out** of $1,150K to SDS CDC, 16K to **ORD** activities, $57K out to FY98 Whirl Tower, and $9K to **FY98** Var Minor Construction. Project **cut** by $30 K.
FY 99	SDS Century Date Change	0.504	1.150	1.654	1.654		Reprogram **in** of $1,150K fr SDS DLMS
FY 99	DM Interfaces	3.982		3.982	3.982		
FY 99	Rotary Wing Acrft Sustainment Proj		2.885	2.885	2.885		Funds reprogrammed **from OMA** to Capital Investment Program
	Total	33.209	(1.399)	31.810	31.810		

Exhibit Fund 9d Capital Budget Execution
Department of Army
Depot Maintenance
28 Feb 00
($ in Millions)

FY 2000

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 00	Various Capital Equipment (<$500K)	1.375		1.375	1.375		
	EQUIPMENT-Productivity						
FY 00	Automated Liquid Penetrant Inspection Sys	0.900		0.900	0.900		
FY 00	Vacuum Furnace	0.950		0.950	0.950		
FY 00	ASRS Positioner Controls Upgrade	0.829		0.829	0.829		
FY 00	Chemical Cleaning System	0.623		0.623	0.623		
AUTOMATED DATA PROCESSING							
FY 00	LAN Switching Upgrade	0.965		0.965	0.965		
MINOR CONSTRUCTION							
FY 00	Miscellaneous Minor Constr Proj <$500K	2.435	(0.745)	1.690	1.690		Reprog $413K **to** SDS CDC and $332K **to** FY98 Whirl Tower Relocation Project
SOFTWARE							
FY 00	Army Workload and Performance System	2.713		2.713	2.713		
FY 00	Wholesale Logistics Modernization Program	2.900	4.013	6.913	6.913		Reprog $2,713K **from** SDS COE and $1,300K **from** Operating Budget
FY 00		2.720	(2.720)				Reprog $2,713K **to** WLMP and $7K **to** SDS CDC
FY 00	SDS Century Date Change	0.180	0.420	0.600	0.600		Reprog $413K **from** Misc Minor Construct Proj and $7K **from** SDS COE
	Total	16.590	0.968	17.558	17.558		

Activity Group Capital Investment Summary
Ordnance
($ in Millions)

Line No.	Description	FY 99 Quantity	FY 99 Total Cost	FY00 Quantity	FY00 Total Cost	FY 01 Quantity	FY 01 Total Cost	
	EQUIPMENT-Replacement							
98-A3	Various Capital Equipment <$500k	23	5.518	16	4.680	52	12.055	
98-A2	Finisher for Rotational Parts	1	0.976					
00-A2	Fluid Bed Mixer			1	1.678			
01-A6	4 Axis Machining Center					1	0.779	
	SUBTOTAL	24	6.494	17	6.358	53	12.834	
	EQUIPMENT- Productivity							
00-A3	Bulk Dunnage Incinerator			1	1.067			
01-A3	Mat'l Feed For Supercritical Water Oxidizer					1	0.625	
	SUBTOTAL			1	1.067	1	0.625	
	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	26	10.624	19	8.054	54	13.459	

Activity Group Capital Investment Summary
Ordnance
($ in Millions)

Line No.	Description	FY 99 Quantity	FY 99 Total Cost	FY00 Quantity	FY00 Total Cost	FY 01 Quantity	FY 01 Total Cost	
	AUTOMATED DATA PROCESSING							
97-A9	Miscellaneous ADPE <$500k	4	0.856	4	1.326	10	3.324	
00-A5	Dial Central Office (DCO) Upgrade			1	0.650			
	ADP TOTAL	4	0.856	5	1.976	10	3.324	
	MINOR CONSTRUCTION							
98-A6	Minor Construction <$500k	7	1.859	11	3.387	26	7.900	
	MINOR CONSTRUCTION TOTAL	7	1.859	11	3.387	26	7.900	
	SOFTWARE							
M98-03	Army Workload & Performance Sys (AWPS)	1	3.279	1	4.715	1	4.674	
00-A6	Enterprise Resource Planning (ERP)			1	3.971			
	SOFTWARE TOTAL	1	3.279	2	8.686	1	4.674	
	Activity TOTAL	38	16.618	37	22.103	91	29.357	

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	98-A3	Various Capital Equipment <$500k	Various Installations

	FY 99			FY00			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
Replacement	10	166.900	1,669.000	10	289.600	2,896.000	31	216.320	6,705.920			
Productivity	11	255.818	2,813.998	5	272.200	1,361.000	20	243.450	4,869.000			
Environmental	2	517.659	1,035.318	1	423.000	423.000	1	480.000	480.000			
New Mission												
TOTAL	23		5,518.316	16		4,680.000	52		12,054.920			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** This category of projects replaces various equipment items which have outlived their useful lives, become uneconomical to repair, or become unsafe to operate. Examples include Machine Matching & Planing Equipment, Extruding Press, Robot Handling System, Gun Tube Inspection System, and Abrasive Water Jet System.

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. Replacement of obsolete, worn or unrepairable equipment is essential if the Army is to continue to provide in-house support capabilities in a timely and cost effective manner, and provide safe and environmentally compliant work places.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$22,253	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	00-A2	Fluid Bed Mixer	Pine Bluff Arsenal (PBA)

	FY 99			FY00			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	1678.000	1,678.000						
TOTAL				1		1,678.000						

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 cannot be relied upon for dependable production. This project will replace one of these original fluid bed mixers. The munitions supported by these mixers are: the M18 Colored Smoke Grenades, the M83 Teraphthalic Acid 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 reiliability of the new machines will place PBA in a better position to avoid a schedule slippage by using multiple shifts.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** The original mixers are badly worn and the potential for a major failure of these machines is great. Parts are difficult to obtain, requiring a long time to acquire. These parts' shortages would result in an extended period, when the production schedule could not be met. Such a major failure, and the related downtime, would seriously impede PBA's Smoke Grenade and Smoke Pot manufacturing capability. The Army and other Services will experience shortfalls to both the War Reserve and training requirements. The newer machines will result 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:	$172.9	Benefit to Investment Ratio:	1.1	Payback Period:	N/A per EA

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	01-A6	4 Axis Machining Center	Rock Island Arsenal (RIA)

	FY 99			FY00			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	779.000	779.000			
TOTAL							1		779.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The current machine can not be economically rebuilt and must be replaced. It can no longer maintain the level of precision that is required by manufacturing drawings. For the last 11 years, the current machine has been operating 3 shifts a day and reliability and heavy maintenance are now an economic issue. This machine is required to manufacture critical parts for the M119/M198 Howitzers and M182 Gun Mount for the M109A6 Paladin.

b. **ANTICIPATED BENEFITS:** This machine is required for the manufacture of lightweight small dimensional parts. The acquisition of this new machine would mean faster machining times, more safety features, and newer technology.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Failure to execute this project will impact cost and scheduling of current and future armament products. In addition, the new machine will better meet Occupational Safety and Health Act (OSHA) requirements to protect the operator from exposure to moving parts and debris.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$779	Net Present Value of Benefits:	$57.8	Benefit to Investment Ratio:	1.1	Payback Period:	N/A per EA

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	00-A3	Bulk Dunnage Incinerator	Pine Bluff Arsenal (PBA)

	FY 99			FY00			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	1,067.000	1,067.000						
TOTAL				1		1,067.000						

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 very large items which were 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 via the Car Bottom Furnace. The material being disposed of includes 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 the 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 this inefficient, “temporary” operation. The Car Bottom Furnace will require high maintenance and/or premature replacement, due to its heavy use.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$1,067	Net Present Value of Benefits:	$13,288.8	Benefit to Investment Ratio:	13.5	Payback Period:	N/A per EA

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	01-A3	Mat'l Feed For Supercritical Water Oxidizer	Pine Bluff Arsenal (PBA)

	FY 99			FY00			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	624.600	624.600			
TOTAL							1		624.600			

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; the SCWO is designed to oxidize (not incinerate) loose, pulverized smoke mixtures. Oxidation will eliminate large amounts of toxic particulate smoke matter more completely and cleanly prior to discharge into the atmosphere. All substances treated in the SCWO must be either liquified or a slurry mixture. By contrast, the Bulk Dunnage Incinerator burns moderate sized solid combustible materials, such as contaminated cardboard or wood packaging materials (dunnage). Since the SCWO was a prototype within the Army, the original design didn't include the capability to store and automatically feed the particulate matter into the system. Like an incinerator this system requires continuous operation. Both operators and material handlers must work “around the clock” to keep the system in operation. This SCWO will be staffed in two - twelve hour shifts while it is in operation.

b. **ANTICIPATED BENEFITS:** This project will equip the SCWO system with waste material storage facilities to maintain a twelve hour supply of waste material, and an automated, continuous feed system. The project will reduce the need for material handlers to a single shift. Only the system operator(s) would be required during the second shift. The resultant cost avoidance of these additional personnel is the crux of this project.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** PBA will need to employ additional material handlers to support the continuous operation of this waste disposal system. Additional personnel costs of about $250,000 per year will be incurred which will then have to be passed to their customers.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$625	Net Present Value of Benefits:	$10.74	Benefit to Investment Ratio:	1.0	Payback Period:	N/A per EA

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

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date				C. Line No			Item Description			D. Activity Identification		
Ordnance		28 Feb 00		00-A4			Thermal Arc Spray System			McAlester Army Ammo Plant		
	FY 99			**FY00**			**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	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 has the potential poison the environment; in addition, it provides limited protection against corrosion.

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 McAlester Army Ammunition Plant (McAAP) to establish this capability. Without it McAAP might lose some or all of its bomb workload.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes. The Status Quo is not an option; therefore no NPV, BIR, or Payback have been calculated.

ECONOMIC INDICATORS:

Total Cost of the Project	$629	Net Present Value of Benefits:	$1,166	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
AUTOMATED DATA PROCESSING
($ in Thousands)

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	97-A9	Miscellaneous ADPE <$500k	Various Ordnance Installations

	FY 99			FY00			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	4	214.000	856.000	4	331.500	1,326.000	10	332.400	3,324.000			
TOTAL	4		856.000	4		1,326.000	10		3,324.000			

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 and administrative costs will rise. Users will be unable to communicate with higher headquarters, other installations, and customers via electronic means. Data will be at risk for release to unauthorized users.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$5,506	Net Present Value of Benefits:	N/A	Benefit to Investment Ratio:	N/A	Payback Period:	N/A

ORDNANCE CAPITAL INVESTMENT JUSTIFICATION
AUTOMATED DATA PROCESSING
($ in Thousands)

A. Budget Submission
FY 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	00-A5	Dial Central Office (DCO) Upgrade	Sierra Army Depot

	FY 99			FY00			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	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 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 $8-10 M.

d. **ECONOMIC ANALYSIS PERFORMED?** Yes. The status quo is not an option.

ECONOMIC INDICATORS:

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 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	98-A6	Minor Construction <$500k	Various Installations

	FY 99			FY00			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
Minor Construction	7	265.571	1,858.997	11	307.909	3,386.999	26	303.846	7,899.996			
TOTAL	7		1,858.997	11		3,386.999	26		7,899.996			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** This program will replace or upgrade installation facilities that contribute to production deficiencies, use excessive resources, lack energy conservation, or do not comply with regulatory requirements addressing health, safety, environmental and security concerns. Examples of projects required for health and safety compliance include Fire Suppression Systems, Blast Chamber Facility ,and Watermain Loop. Examples of projects that correct workload/production deficiencies are alterations to the Industrial Repair Facility and Construct Pump Test Facility. Examples of projects that correct excessive use of resources/lack of energy conservation are Container Stuffing Pad and Heat/Insulate Ground Level Warehouses . Examples of environmental projects are Sewage Plant Remediation, Upgrade Production Engineering Lab Wastewater Utilities, and Admin Building for an Environmental Lab.

b. **ANTICIPATED BENEFITS:** These projects correct health/safety/security deficiencies by 1) providing fire suppression, 2) decreasing exposure to hazards from open-air burning and detonation of conventional ammunition, 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, installations will not comply with health, safety, environmental and security requirements. They may also fail to accomplish present and future workload requirements.

d. E**CONOMIC ANALYSIS PERFORMED?** Yes.

ECONOMIC INDICATORS:

Total Cost of the Project	$13,146	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 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	M98-03	Army Workload & Performance Sys (AWPS)	Various Installations

	FY 99			FY00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
AWPS	1	3,279.000	3,279.000	1	4,715.000	4,715.000	1	4,674.000	4,674.000
TOTAL	1		3,279.000	1		4,715.000	1		4,674.000

Narrative Justification:

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, improved 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 & Performance System (AWPS).

b. **ANTICIPATED BENEFITS:** AWPS will assist HQ, Industrial Operations Command (IOC) and other Major Subordinate Commands 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. The investment in AWPS purchases programming, training, site engineering, documentation and technical support.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** AWPS is approaching validation of the Maintenance and Ammunition modules. Without additional funding, work needed to complete certification, training, and implementation of these modules, and development and fielding of the Base Operations module cannot be accomplished.

d. **ECONOMIC ANALYSIS PERFORMED?** No. Exempt. Congressional Mandate.

ECONOMIC INDICATORS:

Total Cost of the Project	$12,668	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 2000-2001 Amended
Budget Estimate Submission

B. Component, Activity Group, Date	C. Line No	Item Description	D. Activity Identification
Ordnance 28 Feb 00	00-A6	Enterprise Resource Planning (ERP)	Rock Island Arsenal (RIA)

	FY 99			FY00			FY 01		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software (incl. license fees, site survey, business process re-engineering, interfaces, training, implementation & infrastruct)				1	3,971.000	3,971.000			
TOTAL				1		3,971.000			

Narrative Justification:

a. **CAPABILITY OF EXISTING EQUIPMENT AND SHORTCOMINGS:** The current Manufacturing Resource Planning (MRP) system is based on obsolete legacy technology, and its mid- and long-term sustainability is questionable. This places the business of the enterprise at great risk and is limits the competitive edge that emerging technology offers. The existing legacy MRP system does not include the logistics support and base operations missions.

b. **ANTICIPATED BENEFITS:** RIA has three missions: manufacturing, logistics support, and base operations. The three missions require different approaches but share a common need for enterprise reporting. By procuring a state-of-the-market, commercial-off-the-shelf, ERP solution, which will be used for all three missions, RIA will replace existing systems, which are nearing the end of their productive life cycles, improve productivity , promote the use of industry's best business practices, and achieve the ultimate goal of reducing operational costs.

c. **IMPACT WITHOUT PROPOSED CAPITAL INVESTMENT:** Without this project RIA will retain the current MRP system and other non-integrated systems with increased costs and degradation of services. They run the risks of increased downtime, loss of functionality, operating losses and cash drains due to the under-recovery of overhead and unexpected indirect labor expenses resulting from downtime.

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

ECONOMIC INDICATORS:

Total Cost of the Project	$3,971	Net Present Value of Benefits:	$1,593	Benefit to Investment Ratio:	1.4	Payback Period:	6.3 Yrs

Exhibit Fund 9d Capital Budget Execution
Department of Army
Ordnance
28 Feb 00
($ in Millions)

FY 1999

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 99	Various Capital Equipment <$500k	8.072	(2.554)	5.518	5.518		Reprogrammings **out** of $2,038K to ORD AWPS, $343K to **DM** AWPS. $8K to FY98 Var MC, and $166K to Misc ADPE. Reprogramming **in** of 1K fr **DM**
FY 99	Finisher for Rotational Parts	0.976		0.976	0.976		
	EQUIPMENT-Environmental						
FY 99	Air Pollution Controls Upgrade	4.130		4.130	4.130		
AUTOMATED DATA PROCESSING							
FY 99	Miscellaneous ADPE <$500k	0.649	0.207	0.856	0.856		Reprog **in** of $166K fr Var. Cap. Eq. For Security Telecom Sys at RIA Reprog **in** of $41K fr DM activities
MINOR CONSTRUCTION							
FY 99	Minor Construction <$500k	1.859		1.859	1.859		
SOFTWARE							
FY 99	Army Workload & Performance Sys (AWPS)	1.241	2.038	3.279	3.279		Reprogramming **in** of $2,038K fr Var. Cap. Eq. to devel/field Ammo Module
	Total	16.927	(0.309)	16.618	16.618		

Exhibit Fund 9d Capital Budget Execution
Department of Army
Ordnance
28 Feb 00
($ in Millions)

FY 2000

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
	EQUIPMENT-Replacement						
FY 00	Various Capital Equipment <$500k	7.760		7.760	4.680	3.080	Apply asset to AWPS to support increase
FY 00	Fluid Bed Mixer	1.678		1.678	1.678		
	EQUIPMENT- Productivity						
FY 00	Bulk Dunnage Incinerator	1.067		1.067	1.067		
	EQUIPMENT- Environmental						
FY 00	Thermal Arc Spray System	0.629		0.629	0.629		
AUTOMATED DATA PROCESSING							
FY 00	Miscellaneous ADPE <$500k	1.747		1.747	1.326	0.421	Apply asset to AWPS to support increase
FY 00	Dial Central Office (DCO) Upgrade	0.650		0.650	0.650		
MINOR CONSTRUCTION							
FY 00	Minor Construction <$500k	4.365		4.365	3.387	0.978	Apply asset to AWPS to support increase
SOFTWARE							
FY 00	Army Workload & Performance Sys (AWPS)	0.236		0.236	4.715	(4.479)	Assets applied from Var. Cap. Equip., Misc ADPE & MC for mandated increase to support program needs
FY 00	Enterprise Resource Planning (ERP)	3.971		3.971	3.971		
	Total	22.103		22.103	22.103		

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

Line No.	Description	FY 99 Quantity	FY 99 Total Cost	FY00 Quantity	FY00 Total Cost	FY 01 Quantity	FY 01 Total Cost	#REF!
	AUTOMATED DATA PROCESSING							
98-1	Misc. ADPE & Telecom Equip. <$500K	1	0.335					
	ADP TOTAL	1	0.335					
	INFORMATION SERVICES TOTAL	1	0.335					

Exhibit Fund 9d Capital Budget Execution
Department of Army
Information Services
28 Feb 00
($ in Millions)

FY 1999

PROJECTS ON THE FY 2001 PRESIDENT'S BUDGET

FY	Approved Project Title	Approved Project Amount	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
EQUIPMENT							
AUTOMATED DATA PROCESSING							
FY 99	Misc. ADPE & Telecom Equip. <$500K	0.335		0.335	0.335		
MINOR CONSTRUCTION							
SOFTWARE							
	Total	0.335		0.335	0.335		