

DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2009
BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES
FEBRUARY 2008

NAVY WORKING CAPITAL FUND

NAVY WORKING CAPITAL FUND (NWCF)

NWCF activities provide a wide range of goods and services to support the Department's ongoing operations to maintain overall military readiness and in support of the Global War on Terrorism (GWOT). There are five NWCF activity groups: Supply Management, Depot Maintenance, Research and Development, Base Support, and Transportation. The total annual cost of goods and services to be delivered by NWCF activity groups to their customers in FY 2008 and FY 2009 is projected to exceed \$24 billion. No major changes to the business base are expected in FY 2009 over FY 2008 levels.

Supply Management performs inventory management functions that result in the sale of aviation and shipboard components, ship's store stock, and consumables to a wide variety of customers. Costs related to supplying this material to the customer are recouped through stabilized rate recovery elements such as prior year gains and losses, inventory maintenance, repair costs including attrition, and local elements. Ensuring the right material is provided at the proper place, time, and cost is vital to equipping and sustaining our warfighting units. To this end, the Department continues to pursue initiatives to control costs and improve readiness.

A principal source of readiness for U.S. Naval and Marine Corps forces, Supply Management delivers logistics programs in areas of supply operations, contracting, resale, transportation, ordnance, food service, and other quality of life programs. Customer demand remains strong. The Marine Corps is leading a joint program for procurement of spares for the Mine Resistant Ambush Protection (MRAP) vehicles while also supporting increased customer provisioning and replenishment spares requirements for other systems.

The Navy Enterprise Resource Planning initiative is the DON's business initiative to standardize business processes, integrate operations, and optimize management of resources. Navy ERP is scheduled to roll-out to the Navy Supply in FY 2010 and will provide better tools to assess program costs and implement cost reducing procedures. These efforts, along with reducing weapon systems average age, will stem spare parts demand growth and allow the Navy to provide improved logistics support at lower cost.

Depot Maintenance provides maintenance, engineering, and logistics support to ensure a core industrial resource base essential for mobilization and includes naval aviation depots, Marine Corps depots for ground combat support equipment, and naval shipyards prior to FY 2007.

The Naval Aviation Depots (NADEPs) are continuing their vital support for the GWOT including efforts such as repair of crash damaged aircraft and the reactivation of "mothballed" helicopters to replace others lost in Southwest Asia. The NADEPs are also working to shape their workforce to better match the expected workload during the budget years and are beginning the process of merging into the overall Fleet Readiness Center (FRC) organization. Under the FRC concept, some of the component repair that has traditionally been performed at the three NADEP locations will instead be done at the naval air stations where intermediate level maintenance is currently performed. Some NADEP artisans will be relocated to the air stations but no change in their status under the NWCF organizational and financial structures is currently anticipated.

The Marine Corps Depots experienced a large influx of GWOT related workload for performance in FY 2007. This was largely due to repair of combat-damaged equipment and weapons systems, and the installation of armor plating on combat vehicles. GWOT related workload is expected to continue through FY 2009.

Norfolk and Portsmouth Naval Shipyards were realigned to mission funding beginning in FY 2007. The Puget Sound mission-funded pilot prototype was also made permanent. Shipyard NWCF budget estimates reflect residual NWCF workload that was inducted at the shipyards prior to their transfer to mission funding. Residual NWCF workload is expected to be completed by FY 2008.

Research and Development includes the Warfare Centers (Air, Sea, Undersea, and Space applications) and the Naval Research Laboratory. All of these activities provide research and development for warfare systems, engineering support for major weapons systems acquisition programs, or provide scientific research for improving materials, facilities, and services to the DON. Workload at the R&D activities remains robust and relatively constant between FY 2008 and FY 2009, in excess of \$10 billion annually.

- Space and Naval Warfare System Centers provide fleet support for command, control, and communication systems, and ocean surveillance, and the integration of those systems that overarch platforms.
- Naval Air Warfare Centers provide fleet support for naval aircraft engines, avionics, aircraft support systems and ship/shore/air operations.
- Naval Surface Warfare Centers provide fleet support for hull, mechanical, and electrical systems, surface combat systems, coastal warfare systems, and other offensive and defensive systems associated with surface warfare.
- Naval Undersea Warfare Centers provide fleet support for submarines, autonomous underwater systems, and offensive and defensive systems associated with undersea warfare.

- Naval Research Laboratory operates as the DoN's full spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems, and ocean, atmospheric, and space sciences and related technologies

The Base Support business area is comprised of the Facilities Engineering Commands (FECs) and the Naval Facilities Engineering Service Center (NFESC). The FECs (formerly known as Public Works Centers) provide base support to customers in the areas of utilities, facilities maintenance, and special projects. NFESC is a DON-wide technical center delivering quality products and services in energy and utilities, amphibious and expeditionary systems, environment, shore, ocean, and waterfront facilities.

Transportation is comprised of the Military Sealift Command (MSC) which supports the Fleets, Naval Sea Systems Command, Space and Naval Warfare Systems Command, Strategic Systems Programs, and the Air Force with unique vessels and programs. The three programs budgeted by MSC through the NWCF are: 1) Naval Fleet Auxiliary Force which provides support utilizing civilian mariner manned non-combatant ships for material support and ocean going tugs and salvage ships; 2) Special Mission Ships which provide unique seagoing platforms, operation of Navy Command Ships, and contracted Harbor Tugs; and 3) Afloat Prepositioning Force Navy which deploys advance material for strategic lifts for the Marine Expeditionary Forces. Transportation rates within the Military Sealift Command reflect the full implementation of peacetime force protection costs and cost containment measures to ensure more efficient operations. Activation changes include delivery of two additional T-AKE Class Dry Cargo/Ammunition ships in FY 2008 and two T-AKEs in FY 2009. Additionally, deactivations include one T-AFS Class Rescue and Salvage vessel in FY 2008 and two T-AFS in FY 2009.

The Department's goal is to maintain the cash balance in the seven to ten day range based on the average daily expenditure rate plus a six month projection of outlays to procure capital investments. The NWCF cash balance tends to trend toward the lower end of the cash goal in FY 2009. This trend is due primarily to the cumulative effect of prior congressional actions, return of excess accumulated operating results (AOR) due to prior year gains, and conservative cash projections due to business impacts in the budget year.

(Dollars in millions)

<u>Revenue</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	5,594.8	5,784.9	5,875.1
Supply - Marine Corps	164.8	140.4	138.7
Depot Maintenance - Ships	686.8	41.3	0.0
Depot Maintenance - Aircraft	1,970.2	1,942.4	1,982.5
Depot Maintenance - Marine Corps	469.9	411.5	379.7
R&D - Air Warfare Center	2,956.7	2,933.6	3,001.1
R&D - Surface Warfare Center	3,570.3	3,492.0	3,545.6
R&D - Undersea Warfare Center	1,068.3	1,095.6	1,088.6
R&D - SPAWAR Systems Center	2,299.6	2,127.9	1,925.3
R&D - Naval Research Laboratory	628.7	647.4	662.9
Transportation - MSC	2,291.3	2,438.6	2,348.9
Base Support - FECs	2,270.6	2,579.1	2,683.3
Base Support - NFESC	99.2	101.2	101.5
Totals	24,071.1	23,735.9	23,733.2

Cost of Goods Sold: (Operating)

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

(Dollars in millions)

<u>Operating Costs</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	5,509.1	6,531.0	6,670.1
Supply - Marine Corps	133.4	179.8	158.7
Depot Maintenance - Ships	726.8	42.9	0.0
Depot Maintenance - Aircraft	2,000.2	1,939.7	1,951.5
Depot Maintenance - Marine Corps	479.5	431.8	393.5
R&D - Air Warfare Center	2,964.7	2,925.5	3,028.9
R&D - Surface Warfare Center	3,566.8	3,489.2	3,562.2
R&D - Undersea Warfare Center	1,060.2	1,100.7	1,093.7
R&D - SPAWAR Systems Center	2,313.4	2,133.9	1,909.9
R&D - Naval Research Laboratory	618.8	659.0	673.5
Transportation - MSC	2,274.7	2,521.4	2,537.7
Base Support - FECs	2,308.0	2,589.6	2,648.9
Base Support - NFESC	104.5	101.2	102.3
Totals	24,060.3	24,645.6	24,731.0

Net Operating Results:

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

(Dollars in millions)

<u>Net Operating Results</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	-0.9	1.3	-1.7
Supply - Marine Corps	-9.9	-1.0	4.0
Depot Maintenance - Ships	-40.1	134.8	0.0
Depot Maintenance - Aircraft	-30.0	2.8	31.0
Depot Maintenance - Marine Corps	-9.7	-20.2	-13.9
R&D - Air Warfare Center	-7.9	8.1	-27.8
R&D - Surface Warfare Center	3.5	2.8	-16.6
R&D - Undersea Warfare Center	8.1	-5.1	-5.2
R&D - SPAWAR Systems Center	-13.8	-6.0	15.4
R&D - Naval Research Laboratory	6.9	-11.6	-10.6
Transportation - MSC	16.6	-82.9	-188.8
Base Support - FECs	-37.4	-10.5	34.4
Base Support - NFESC	-5.3	0.0	-0.8
Totals	-119.9	12.5	-180.4

(Dollars in millions)

<u>Accumulated Operating Results</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	0.4	1.7	0.0
Supply - Marine Corps	-3.0	-4.0	0.0
Depot Maintenance - Ships	-134.8	0.0	0.0
Depot Maintenance - Aircraft	-33.8	-31.0	0.0
Depot Maintenance - Marine Corps	34.1	13.9	0.0
R&D - Air Warfare Center	19.7	27.8	0.0
R&D - Surface Warfare Center	13.8	16.6	0.0
R&D - Undersea Warfare Center	10.2	5.2	0.0
R&D - SPAWAR Systems Center	-9.4	-15.4	0.0
R&D - Naval Research Laboratory	22.2	10.6	0.0
Transportation - MSC	271.6	188.8	0.0
Base Support - FECs	-23.9	-34.4	0.0
Base Support - NFESC	0.8	0.8	0.0
Totals	167.9	180.4	0.0

Workload:

Workload projections for NWCF activities are consistent with Navy force structure and attendant support levels as well as those factors unique to each group. The table below displays year-to-year percentage changes in transportation ship days for MSC, changes in program costs for Base Support – PWC, and change in direct labor hours for all other industrial activity groups. For supply business areas, workload changes are indicated by gross sales:

<u>Workload</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	3.8%	3.2%
Supply - Marine Corps	7.8%	-1.4%
Depot Maintenance - Ships	na	na
Depot Maintenance - Aircraft	-3.4%	-2.2%
Depot Maintenance - Marine Corps	-18.2%	-15.3%
R&D - Air Warfare Center	2.0%	-3.5%
R&D - Surface Warfare Center	-1.6%	-2.6%
R&D - Undersea Warfare Center	-4.0%	-1.7%
R&D - SPAWAR Systems Center	0.4%	-3.1%
R&D - Naval Research Laboratory	6.0%	-0.4%
Transportation - MSC	4.9%	1.8%
Base Support - FECs	12.2%	2.3%
Base Support - NFESC	-2.9%	-0.1%

Treasury Cash Balance:

(Dollars in millions)

<u>Treasury Cash</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Beginning Cash Balance	1,244.5	1,156.4	937.7
Collections	23,779.6	23,882.5	23,698.3
Disbursements	23,995.0	24,062.2	23,831.3
Supplemental Appropriations			
Fuel	112.4	0.0	0.0
MSC Capital Hire Purchases	-101.0	-53.0	-16.6
Inventory Augmentation	83.5	14.0	0.0
War Reserve Material	32.4	0.0	0.0
Ending Cash Balance	1,156.4	937.7	788.1

Customer Rate Changes:

Approved composite rate changes from FY 2006 to FY 2007 and from FY 2007 to FY 2008 are displayed below. Proposed composite rate changes FY 2008 to FY 2009 (designed to achieve an accumulated operating result of zero) are as follows:

	(Percent Change)		
<u>Customer Rate Change</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply:			
Navy - Aviation Consumables	1.2%	6.3%	1.7%
Navy - Shipboard Consumables	3.8%	4.2%	1.2%
Navy - Aviation Repairables	2.2%	1.9%	1.9%
Navy - Shipboard Repairables	3.8%	4.2%	1.2%
MARCORPS Repairables	-13.0%	18.7%	8.0%
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	4.8%	2.5%	7.8%
Depot Maintenance - Marine Corps	-3.3%	3.1%	5.7%
R&D - Air Warfare Center	3.4%	1.4%	4.2%
R&D - Surface Warfare Center	3.5%	1.8%	2.9%
R&D - Undersea Warfare Center	3.5%	2.2%	2.8%
R&D - SPAWAR Systems Center	3.5%	2.7%	6.8%
R&D - Naval Research Laboratory	4.1%	2.3%	3.8%
Transportation - MSC			
Fleet Auxiliary	2.7%	8.7%	2.6%
Special Mission Ships	13.6%	-3.4%	18.7%
Afloat Prepositioning Ships	-29.5%	42.9%	-33.1%
Base Support - FECs			
East Coast Utilities	15.4%	6.0%	9.7%
East Coast - Other	3.6%	5.2%	3.2%
West Coast Utilities	3.2%	8.5%	6.2%
West Coast - Other	1.7%	4.2%	0.3%
Base Support - NFESC	-0.6%	6.8%	1.5%

Unit Costs:

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

<u>Unit Cost</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy (cost per unit of sales ¹):			
Wholesale	0.95	1.00	0.99
Retail	0.95	1.00	1.00
Supply - Marine Corps (cost per unit of sales ¹):			
Wholesale	1.20	0.73	0.87
Retail	0.97	0.94	0.93
Depot Maintenance - Ships (\$/Direct Labor Hour ²)	na	na	na
Depot Maintenance - Aircraft (\$/Direct Labor Hour)	171.72	172.61	177.82
Depot Maintenance - Marine Corps (\$/Direct Labor Hour)	122.54	135.02	145.33
R&D - Air Warfare Center (\$/Direct Labor Hour ²)	87.35	83.76	90.73
R&D - Surface Warfare Center (\$/Direct Labor Hour ²)	90.65	92.34	96.55
R&D - Undersea Warfare Center (\$/Direct Labor Hour ²)	92.41	96.10	99.72
R&D - SPAWAR Systems Center (\$/Direct Labor Hour ²)	95.09	95.84	103.56
R&D - Naval Research Laboratory (\$/Direct Labor Hour ²)	123.28	123.88	127.44
Transportation - MSC			
Fleet Auxiliary (\$/day) (\$000)	88.909	87.145	94.298
Special Mission Ships (\$/day) (\$000)	15.701	19.370	21.671
Afloat Prepositioning Ships (\$/day) (\$000)	71.276	87.383	77.534
Base Support - FECs Cost of Services	various	various	various
Base Support - NFESC (\$/direct Labor Hour ²)	98.07	98.58	98.25

¹ *excludes inventory augmentation and war reserve material obligations*

² *includes direct labor plus overhead costs*

Staffing:

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

(Strength in Whole Numbers)

<u>Civilian End Strength</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	7,743	7,718	7,718
Supply - Marine Corps	24	24	24
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	9,381	9,401	8,990
Depot Maintenance - Marine Corps	2,063	1,992	1,899
R&D - Air Warfare Center	10,057	10,103	10,034
R&D - Surface Warfare Center	13,954	13,777	13,378
R&D - Undersea Warfare Center	3,945	3,795	3,708
R&D - SPAWAR Systems Center	6,131	6,129	5,990
R&D - Naval Research Laboratory	2,357	2,503	2,503
Transportation - MSC	5,796	6,256	6,135
Base Support - FECs	8,711	9,214	9,233
Base Support - NFESC	369	374	374
Totals	70,531	71,286	69,986

(Workyears in Whole Numbers)

<u>Civilian Workyears</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	7,768	7,713	7,713
Supply - Marine Corps	24	24	24
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	9,466	9,485	9,151
Depot Maintenance - Marine Corps	2,086	2,012	1,908
R&D - Air Warfare Center	9,774	10,011	9,914
R&D - Surface Warfare Center	14,077	13,870	13,570
R&D - Undersea Warfare Center	3,981	3,789	3,723
R&D - SPAWAR Systems Center	5,966	6,084	5,948
R&D - Naval Research Laboratory	2,301	2,402	2,402
Transportation - MSC	7,459	7,807	7,821
Base Support - FECs	8,458	9,203	9,234
Base Support - NFESC	361	374	374
Totals	71,721	72,774	71,782

(Strength in Whole Numbers)

<u>Military End Strength</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	369	369	369
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	110	126	126
Depot Maintenance - Marine Corps	12	13	13
R&D - Air Warfare Center	211	198	198
R&D - Surface Warfare Center	293	279	275
R&D - Undersea Warfare Center	44	43	43
R&D - SPAWAR Systems Center	90	96	96
R&D - Naval Research Laboratory	82	72	72
Transportation - MSC	456	555	374
Base Support - FECs	78	78	78
Base Support - NFESC	3	3	3
Totals	1,748	1,832	1,647

(Workyears in Whole Numbers)

<u>Military Workyears</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	376	376	376
Supply - Marine Corps	0	0	0
Depot Maintenance - Ships	0	0	0
Depot Maintenance - Aircraft	95	121	121
Depot Maintenance - Marine Corps	3	13	13
R&D - Air Warfare Center	164	134	149
R&D - Surface Warfare Center	205	239	236
R&D - Undersea Warfare Center	38	37	37
R&D - SPAWAR Systems Center	75	78	78
R&D - Naval Research Laboratory	76	66	55
Transportation - MSC	477	542	371
Base Support - FECs	76	78	78
Base Support - NFESC	3	3	3
Totals	1,588	1,687	1,517

Performance Budgeting. The NWCF utilizes a wide range of cascading performance information in support of a broad spectrum of financial and program performance metrics employed in the Department of Defense. By its very nature as a revolving fund, the NWCF budget can be viewed as a performance budget that routinely identifies the full cost of specific business activity (such as Naval Aviation Depots or Supply Management) including identification of all financing sources to meet customer driven workload. As such, performance indicators (financial and programmatic) listed throughout the NWCF justification book, as well as the myriad of performance information contained in the various appropriation justification books, support the hierarchical composition starting with the Department of the Navy Balanced Scorecard, and merging with the DoD Balanced Scorecard, the OMB Program Assessment Rating Tool (PART), and culminating with the President’s Management Agenda. Key financial/program indicators include: Net Operating Result (NOR), Accumulated Operating Result (AOR), Sources of Revenue, NWCF Cash, Manpower Staffing, Unit Cost, Cost of Goods Sold, and Capital Investment Program.

<u>Key NWCF Performance Integration:</u>				
	<u>DON</u> <u>Scorecard</u>	<u>DoD</u> <u>Scorecard</u>	<u>OMB</u> <u>PART</u>	<u>President’s</u> <u>Mgmt Agenda</u>
Naval Aviation Depots:	Combat Capability	Operational Risk	Aircraft Maintenance	Budget Integration
Marine Corps Depots:	Combat Capability	Operational Risk	Depot Maintenance	Budget Integration
R&D Warfare Centers:	Tech Insertion	Future Challenges	Multiple R&D	Budget Integration
Military Sealift:	Combat Capability	Operational Risk	Ship Operations	Budget Integration
Facilities Engineering:	Improved Business	Institutional Risk	Base Support	Budget Integration
Supply Management:	Combat Capability	Operational Risk	Spares & Repair Parts	Budget Integration

In accordance with the President’s Management Agenda, Budget and Performance Integration initiative, these programs will be assessed using the Program Assessment Rating Tool (PART). Remarks regarding program performance improvement can be located at the Expectmore.gov website.

(Dollars in Millions)

<u>Capital Purchase Program</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Supply - Navy	8.2	14.7	10.2
Supply - Marine Corps	0.0	0.0	0.0
Depot Maintenance - Ships	na	na	na
Depot Maintenance - Aircraft	38.9	43.1	40.8
Depot Maintenance - Marine Corps	4.0	5.1	4.9
R&D - Air Warfare Center	31.6	37.4	34.3
R&D - Surface Warfare Center	30.0	33.0	30.6
R&D - Undersea Warfare Center	15.9	15.4	15.6
R&D - SPAWAR Systems Center	8.9	8.7	7.9
R&D - Naval Research Laboratory	14.4	12.9	14.1
Transportation - MSC	12.0	14.4	14.3
Base Support - FECs	14.9	16.0	16.1
Base Support - NFESC	0.0	0.0	0.0
Totals	178.8	200.6	188.9
Equipment (Non-ADPE/Telecom)	84.3	104.3	94.9
ADPE and Telecommunications			
Equip	37.8	37.0	32.7
Software Development	23.0	24.7	18.7
Minor Construction	33.7	34.6	42.6
Totals	178.7	200.6	188.9

Depot Maintenance – Six Percent Capital Investment Plan

**Navy Working Capital Fund (NWCF)
Depot Maintenance – Six Percent Capital Investment Plan
Dollars in Millions**

	<u>Revenue</u>			<u>Budgeted Capital</u>			<u>Percent of Revenue</u>		
	<u>3-Year Average</u>			<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
	<u>04-06</u>	<u>05-07</u>	<u>06-08</u>				<u>4%</u>	<u>5%</u>	<u>6%</u>
Revenue									
Working Capital Fund	2,397.4	2,361.1	2,379.5	88.5	86.0	102.5			
Appropriations	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>						
Total Revenue	2,397.4	2,361.1	2,379.5				95.9	118.1	142.8
Working Capital Fund Depot Maintenance Investment									
WCF Capital Investment Program				43.1	48.2	45.7			
Sustainment, Restoration and Modernization				37.0	30.4	31.7			
DLA/Army/Air Force Fund Equipment				<u>8.4</u>	<u>7.4</u>	<u>8.2</u>			
Total WCF Investment				88.5	86.0	85.7			
Appropriated Funding									
MILCON				0.0	0.0	16.8			
Component Total				88.5	86.0	102.5			

The table above reflects data for two NWCF activity groups: the Naval Aviation Depots and the Marine Corps Depots. The six percent threshold is applicable at the Department of the Navy level, to include both NWCF and appropriated fund (shipyard) activities.

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NAVAL SHIPYARDS

Naval Shipyards

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
DEPOT MAINTENANCE - NAVAL SHIPYARDS**

ACTIVITY GROUP FUNCTION:

Naval Shipyards provide logistics support for assigned ships and service craft; perform authorized work in connection with construction, overhaul, repair, alteration, drydocking and outfitting of ships and craft as assigned; perform design, manufacturing, refit and restoration, research, development and test work, and provide services and material to other activities and units as directed by competent authority.

ACTIVITY GROUP COMPOSITION:

On 1 October 2006, Portsmouth and Norfolk Naval Shipyards transferred to mission funding as Atlantic Fleet activities. All four public shipyards (Portsmouth Naval Shipyard, Norfolk Naval Shipyard, Puget Sound Naval Shipyard / Intermediate Maintenance Facility) and Pearl Harbor Naval Shipyard / Intermediate Maintenance Facility) are mission funded for fiscal years 2007 through 2009. The costs reflected in this Navy Working Capital Fund (NWCF) submission are residual NWCF costs.

OVERVIEW FOR NAVAL SHIPYARDS:

Estimated revenue, costs, and operating results are:

Financial Profile:

<u>Revenue/Expense/Operating Results (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Revenue	\$686.7	\$41.3	\$0.0
Cost of Goods and Services	\$726.8	\$42.9	\$0.0
Operating Results	-\$40.1	-\$1.5	\$0.0
Other Changes Affecting AOR	-\$0.4	+\$136.3	\$0.0
Accumulated Operating Results (AOR)	-\$134.8	\$0.0	\$0.0

Revenue/Expense/Operating Results

This budget reflects actual FY 2007 residual NWCF costs of \$726.8 million, and estimated costs of \$42.9 million and \$0.0 million in FY 2008, and FY 2009, respectively for work that was funded and inducted at Portsmouth Naval Shipyard and Norfolk Naval Shipyard prior to FY 2007.

FY 2007 net operating results of -\$40.1 million are \$38.0 million below the estimate in the FY 2008 President's Budget. Fixed price losses at Norfolk Naval Shipyard, primarily for the SSBN 729 USS GEORGIA FY 05 Extended Refueling Overhaul (~ -\$32 million) and the SSN 766 USS CHARLOTTE FY 05 Depot Maintenance Period (~ -\$9 million), are the main reasons for the variance.

DEPARTMENT OF THE NAVY
DEPOT MAINTENANCE / SHIPYARDS
REVENUE AND EXPENSE
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
DATE: FEBRUARY 2008
DOLLARS IN MILLIONS

	FY 2007 CON	FY 2008 CON	FY 2009 CON
Revenue:			
Gross Sales			
Operations	686.8	41.3	.0
Surcharges	.0	.0	.0
Depreciation excluding Major Construction	.0	.0	.0
Other Income			
Total Income	686.8	41.3	.0
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	.0	.0	.0
Civilian Personnel	.5	.0	.0
Travel and Transportation of Personnel	8.0	.0	.0
Material & Supplies (Internal Operations	70.3	.0	.0
Equipment	.0	.0	.0
Other Purchases from NWC	.0	.0	.0
Transportation of Things	.0	.0	.0
Depreciation - Capital	.0	.0	.0
Printing and Reproduction	.0	.0	.0
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	.0	.0	.0
Other Purchased Services	633.1	34.1	.0
Total Expenses	711.9	34.1	.0
Work in Process Adjustment	15.7	8.7	.0
Comp Work for Activity Retention Adjustment	-.8	.0	.0
Cost of Goods Sold	726.8	42.9	.0
Operating Result	-40.1	-1.5	.0
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	136.3	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-40.1	134.8	.0
Other Changes Affecting AOR	-.4	.0	.0
Accumulated Operating Result	-134.8	.0	.0

Exhibit Fund-14 Revenue and Expenses

Activity Group Capital Investment Summary
Component: Department of the Navy
Activity Group: Depot Maintenance - Shipyards
Fiscal Year (FY) 2009 Budget Estimates

		February 2008 (\$ in Millions)					
Line Num	Description	FY 2007		FY 2008		FY 2009	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
1.0	Non ADP						
	Replacement		-		-		-
	Productivity		-		-		-
	New Mission		-		-		-
	Environmental		-		-		-
	Non ADP Total:		-		-		-
2.0	ADP						
	Hardware		-		-		-
	Telecommunications Equip.		-		-		-
	Other Support Equip.		-		-		-
	ADP Total:		-		-		-
3.0	Software						
	Software Projects > \$1.000M		-		-		-
	Software Projects < \$1.000M		-		-		-

Activity Group Capital Investment Summary
Component: Department of the Navy
Activity Group: Depot Maintenance - Shipyards
Fiscal Year (FY) 2009 Budget Estimates

February 2008
(\$ in Millions)

Line Num	Description	FY 2007		FY 2008		FY 2009	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
	Software Total:		-		-		-
4.0	Minor Construction						
	Replacement		-		-		-
	Productivity		-		-		-
	New Mission		-		-		-
	Environmental		-		-		-
	Minor Construction Total:		-		-		-
	Grand Total:		-		-		-
	Total Capital Outlays:		28.2		10.6		6.9
	Total Depreciation Expense:		-		-		-

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NAVAL AVIATION DEPOTS

Naval Aviation Depots

FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008

ACTIVITY GROUP FUNCTION

To provide responsive worldwide maintenance, engineering, and logistics support to the Naval Aviation Enterprise. The Naval Air Depots (NAVAIRDEPOTS) ensure a core industrial resource base essential for mobilization; repair aircraft, engines, and components, and manufacture parts and assemblies; provide engineering services in the development of hardware design changes, and furnish technical and other professional services on maintenance and logistics problems.

ACTIVITY GROUP COMPOSITION

<u>Activities</u>	<u>Location</u>
NAVAIRDEPOT, Cherry Point	Cherry Point, NC
NAVAIRDEPOT, Jacksonville	Jacksonville, FL
NAVAIRDEPOT, North Island	San Diego, CA

BUDGET HIGHLIGHTS

General

The NAVAIRDEPOTS provide significant support to Fleet operations by overhauling and repairing a wide range of equipment and components. Their efforts include important workload related to the Global War on Terrorism (GWOT) such as the repair of crash damaged AV-8B and F/A-18 aircraft. The NAVAIRDEPOTS are also restoring “mothballed” CH-53 helicopters to operational status.

FY 2007 Net Operating Results (NOR) were -\$30.0 million, a variance of \$34.5 million from the FY 2008 President’s Budget that occurred primarily due to increased costs of aircraft repair and overhaul. The NAVAIRDEPOTS have been budgeted to have a positive NOR of \$2.8 million in FY 2008, which is consistent with the estimate in the FY2008 President’s Budget. In FY 2009 \$31.0 million is the budgeted NOR.

FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008

<u>Summary of Operations- Open NAVAIRDEPOTS</u>	(\$ in Millions)		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Orders	2,098.6	1,751.4	1,943.6
Revenue	1,970.2	1,942.4	1,982.5
Cost of Goods and Services	2,000.2	1,939.7	1,951.5
Revenue less Costs (NOR)	-30.0	2.8	31.0
Transfers	1.9	0.0	0.0
Total Fiscal Year Change AOR	-28.1	2.8	31.0
Accumulated Operating Result (AOR)	-33.8	-31.0	0.0

Orders. New reimbursable orders for FY 2007, FY 2008, and FY 2009 are \$2,098 million, \$1,751 million, and \$1,943 million respectively. FY 2007 new reimbursable orders include the receipt of Supplemental funding. FY 2008 and FY 2009 New Reimbursable Orders have decreased \$37.6 million and increased \$178.1 million from the FY 2008 President's Budget mainly attributed to the Components program.

Revenue. Revenue is \$1,970 million for FY 2007, \$1,942 million for FY 2008, and \$1,983 million for FY 2009.

Costs. Cost of Operations is \$2,000 million in FY 2007, \$1,940 million in FY 2008, and \$1,952 million in FY 2009.

Revenue less cost. Revenue less cost for FY 2007, FY 2008, and FY 2009 is -\$30.0 million, \$2.8 million, and \$31.0 million, respectively.

Net Cash Outlays.

	(In millions)		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Collections	\$1,954.4	\$1,927.4	\$1,966.5
Disbursements	\$1,931.8	\$1,961.3	\$1,933.0
Net Outlays	-\$22.6	\$33.9	\$-33.5

Stabilized Customer Rates.

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Composite Hourly Rate	\$174.96	\$179.40	\$193.44
Percent Year to Year Change	4.8%	2.5%	7.8%

**FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008**

Unit Cost Goals. The budget reflects the following FY 2007-2009 unit cost goals:

(\$ and DLHs in Millions)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Total Operating Cost	\$1,994.73	\$1,937.40	\$1,952.49
Direct Labor Hours (DLH)	11.616	11.224	10.980
Unit Cost	\$171.72	\$172.61	\$177.82
% Change Workload/DLHs		-3.4%	-2.2%
% Change Unit Cost		0.5%	3.0%

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

SUMMARY OF PERSONNEL RESOURCES

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Civilian Personnel:			
End Strength	9,379	9,401	8,990
FTE Workyears	9,624	9,484	9,151
Military Personnel:			
End Strength	110	121	121
Workyears	95	121	121
Contractor Personnel:			
Workyears	856	1,178	1,329

The NAVAIRDEPOTS budget reflects civilian workforce levels necessary to accommodate firm workload without the use of excessive overtime. The NAVAIRDEPOTS are using an aggressive VSIP strategy to assist in shaping the workforce. Contract personnel are used by the NAVAIRDEPOTS to address perturbations in workload. The purpose of the workforce shaping efforts are to increase the agility of the Naval Aviation Depot Enterprise to better manage demand fluctuations.

**FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008**

SUMMARY OF WORKLOAD INDICATORS:

	(Inducted Units)		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
AIRFRAMES	<u>569</u>	<u>518</u>	<u>541</u>
O&M,N	510	448	478
O&M,NR	49	62	47
RDT&E	6	5	13
Other	4	3	3
ENGINES	<u>1,204</u>	<u>1,114</u>	<u>1,313</u>
O&M,N	1,120	1,064	1,261
O&M,NR	27	9	16
RDT&E	15	15	12
Other	42	26	24

PERFORMANCE INDICATORS:

	<u>Goal</u>	<u>(Units)</u>		<u>FY2009</u>
		<u>FY2007</u>	<u>FY2008</u>	
Aircraft Scheduled		586	561	551
Aircraft Completed on Time		527	505	496
% Scheduled Work Completed on Time	90%	90%	90%	90%
Components Scheduled		66,060	54,098	53,737
Components Completed on Time		62,757	51,393	51,050
% Scheduled Work Completed on Time	95%	95%	95%	95%
Engines Scheduled		1,437	1,132	1,318
Engines Completed on Time		1,293	1,019	1,186
% Scheduled Work Completed on Time	90%	90%	90%	90%

**FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
NAVY WORKING CAPITAL FUND
NARRATIVE SUMMARY OF OPERATIONS
ACTIVITY GROUP: DEPOT MAINTENANCE AVIATION
NAVAL AIR DEPOT (NAVAIRDEPOTS)
February 2008**

SUMMARY OF CAPITAL INVESTMENT PROGRAM (CIP).

	(\$ in Millions)		
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Equipment-non ADPE &TELECOM	25.549	27.958	25.613
Equipment-ADPE &TELECOM	4.234	5.832	5.520
Software Development	5.174	3.400	3.000
Minor Construction	3.917	5.895	6.702
Total	\$38.874	\$43.085	\$40.835

CARRYOVER

The NAVAIRDEPOTS are above the outlay-based carryover ceiling for FY 2007 due to GWOT related workload. FY 2008 and FY 2009 are below the ceiling.

	(Dollars in Millions)		
Depot Maintenance - Aircraft	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
New Orders	\$2,098.6	\$1,751.4	\$1,943.6
Less Exclusions:			
Foreign Military Sales	\$35.6	\$27.7	\$28.2
Base Realignment & Closure	\$3.3	\$2.7	\$2.7
Other Federal Depts & Agencies	\$1.3	\$5.8	\$6.0
Non-Federal & Others	\$65.3	\$88.8	\$82.0
Major Range & Test Facility Base	\$0.0	\$0	\$0.0
Orders for Carryover Calculation	\$1,993.0	\$1,626.5	\$1,824.8
Composite Outlay Rate	67.9%	66.4%	67.0%
Carryover Ceiling Rate	32.0%	33.6%	32.9%
Carryover Ceiling	\$639.3	\$546.8	\$601.3
Balance of Customer Orders at Yr End	\$812.9	\$621.8	\$583.0
Less WIP	\$27.1	\$24.7	\$25.7
Less Exclusions:			
Foreign Military Sales	\$28.0	\$24.8	\$24.8
Base Realignment & Closure	\$2.5	\$3.1	\$3.1
Other Federal Depts & Agencies	\$13.0	\$3.9	\$1.3
Non-Federal & Others	\$20.2	\$22.3	\$18.8
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Carryover Budget	\$722.1	\$543.1	\$509.2

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Revenue and Expenses
Activity: Naval Air Depots
February 2008
(\$ in Millions)

	FY 2007 CON	FY 2008 CON	FY 2009 CON
Revenue:			
Gross Sales			
Operations	1,926.9	1,898.5	1,939.5
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	43.3	43.9	42.9
Other Income			
Total Income	1,970.2	1,942.4	1,982.5
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	9.1	9.4	9.7
Civilian Personnel	781.7	803.5	792.6
Travel and Transportation of Personnel	21.0	20.4	21.6
Material & Supplies (Internal Operations	521.2	566.0	565.6
Equipment	288.7	204.7	209.9
Other Purchases from NMCF	16.1	14.7	14.7
Transportation of Things	2.9	3.2	3.4
Depreciation - Capital	43.2	43.9	42.9
Printing and Reproduction	2.5	2.5	2.5
Advisory and Assistance Services	10.5	.1	.1
Rent, Communication & Utilities	38.2	42.6	42.8
Other Purchased Services	259.7	226.5	246.7
Total Expenses	1,994.7	1,937.4	1,952.5
Work in Process Adjustment	13.5	2.3	-1.0
Comp Work for Activity Reten Adjustment	-8.1	.0	.0
Cost of Goods Sold	2,000.2	1,939.7	1,951.5
Operating Result	-30.0	2.8	31.0
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-30.0	2.8	31.0
Other Changes Affecting AOR	1.9	.0	.0
Accumulated Operating Result	-33.8	-31.0	.0

Fiscal Year (FY) 2009 Budget Estimates
 Navy Working Capital Fund
 Source of Revenue
 Activity: Naval Air Depots
 February 2008

	FY 2007 CON -----	FY 2008 CON -----	FY 2009 CON -----
1. New Orders	2,099	1,751	1,944
a. Orders from DoD Components	1,320	1,033	1,187
Department of the Navy	1,289	999	1,156
O & M, Navy	999	701	850
O & M, Marine Corps	0	0	0
O & M, Navy Reserve	50	57	52
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	213	217	219
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	0	1	1
Procurement, Marine Corps	0	0	0
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	25	22	32
Military Construction, Navy	0	0	0
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	0	1
Other Marine Corps Appropriations	0	0	0
Department of the Army	1	1	1
Army Operation & Maintenance	1	1	1
Army Res, Dev, Test, Eval	0	0	0
Army Procurement	0	0	0
Army Other	0	0	0
Department of the Air Force	24	24	23
Air Force Operation & Maintenance	21	22	21
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	3	2	2
Air Force Other	0	0	0
DOD Appropriation Accounts	7	8	7
Base Closure & Realignment	3	3	3
Operation & Maintenance Accounts	2	4	2
Res, Dev, Test & Eval Accounts	1	2	1
Procurement Accounts	1	0	0
Defense Emergency Relief Fund	0	0	0
DCD Other	0	0	0
b. Orders from other WCF Activity Groups	676	596	640
c. Total DoD	1,996	1,629	1,827
d. Other Orders	102	122	116
Other Federal Agencies	1	6	6
Foreign Military Sales	36	28	28
Non Federal Agencies	65	89	82

Fiscal Year (FY) 2009 Budget Estimates
 Navy Working Capital Fund
 Source of Revenue
 Activity: Naval Air Depots
 February 2008

	FY 2007 CON -----	FY 2008 CON -----	FY 2009 CON -----
2. Carry-In Orders	685	813	622
3. Total Gross Orders	2,783	2,564	2,565
a. Funded Carry-Over before Exclusions	813	622	583
b. Total Gross Sales	1,970	1,942	1,982
4. End of Year Work-In-Process (-)	-27	-25	-26
5. Non-DoD, BRAC, FMS, Inst. MRIFB (-)	-64	-54	-48
6. Net Funded Carryover	722	543	509

Note: Line 4 (End of Year Work-In-Process)
 Is adjusted for Non-DoD, BRAC & FMS
 and Institutional MRIFB

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Changes in the Cost of Operations
Activity Group: Naval Air Depot (NAVAIRDEPOTS)
Date: February 2008
Dollars in Millions

	Total Costs
FY 2007 Actuals	1,994.7
FY 2008 President's Budget	1,829.7
Pricing Adjustments:	3.1
Annualization of Pay Raises	0.0
Civilian Personnel	0.0
Military Personnel	0.0
Pay Raise	2.4
Civilian Personnel	2.4
Military Personnel	0.0
Fuel Changes	2.2
Material/Supplies/Equipment	-0.3
Intrafund	0.0
Travel/Transportation	0.0
Other Purchases	-1.2
Efficiency Initiatives	-2.4
Program Changes:	99.6
Airframes work	30.1
Engines work	13.9
Components work	38.6
Other Support work	11.3
Modification work	5.8
Logistics/Engineering work	-0.1
Other Changes	7.4
Depreciation	1.0
FECA	-0.9
Aircraft Rework by Contract	2.3
Facility Maintenance	2.2
DISA Megacenter	0.5
Equipment Maintenance	1.1
Other	1.2
FY 2008 Estimate:	1,937.4

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Changes in the Cost of Operations
Activity Group: Naval Air Depot (NAVAIRDEPOTS)
Date: February 2008
Dollars in Millions

	Total Costs
FY 2008 Estimate:	1,937.4
Pricing Adjustments:	43.1
Annualization of Pay Raises	7.4
Civilian Personnel	7.3
Military Personnel	0.1
Pay Raise	16.9
Civilian Personnel	16.7
Military Personnel	0.2
Fuel Changes	-2.4
Material/Supplies/Equipment	14.3
Intrafund	1.9
Travel/Transportation	0.2
Other Purchases	4.8
 Productivity Initiatives	 0.0
 Program Changes:	 -27.1
Airframes work	-38.0
Engines work	10.4
Components work	-6.9
Other Support work	4.2
Modification work	3.1
Logistics/Engineering work	0.1
 Other Changes	 -0.9
Depreciation	-0.9
One Less Paid Day	-3.1
FECA	0.3
Other	2.8
 FY 2009 Estimate:	 1,952.5

Activity Group Capital Investment Summary
 Department of the Navy
 NADEPS
 FY09 PRES BUDGET
 \$ in Millions

Line #	Description	FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment - Replacement Capability - Productivity Capability - New Mission Capability - Environmental Capability	42	25.549	46	27.458	42	24.563
2	ADPE and Telecom Equipment - Computer Hardware (Production) - Computer Software (Operating) - Telecommunications - Other Computer & Telecom Spt Equip	1	0.347	3	1.618	3	1.260
		3	3.887	4	4.214	3	4.260
3	Software Development - Projects = or > \$1M (List Separately) - Projects < \$1M	6	4.200	3	3.000	3	3.000
		3	0.974	1	0.400		
4	Minor Construction - Replacement Capability - Productivity Capability - New Mission Capability - Environmental Capability	7	3.792	11	3.795	12	4.602
		2	0.125	9	2.100	9	2.100
	Grand Total	64	\$38.874	79	\$43.085	75	\$40.835
	Total Capital Outlays		\$25.215		\$48.303		\$33.166
	Total Depreciation Expense		\$43.250		\$43.900		\$42.934

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES					
Department of the Navy / Naval Air Systems Command		FY 2009 PRES BUDGET				Naval Air Depots	
#001 - Non-ADPE and Telecommunications / Replacement Capabilities		FY 2007		FY 2008		FY 2009	
		Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost
Non-ADPE and Telecommunications Equipment		42	608	46	597	42	585
Replacement Equipment		42	25,549	46	27,458	42	24,563
Total		42	25,549	46	27,458	42	24,563
Justification:							
<p>1) The existing equipment allows the three Naval Air Depots to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, S-3 Viking, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.</p> <p>2) The proposed capital investments maintain the Depot's equipment infrastructure by replacing existing plant equipment that has reached the end of their economic life due to age and wear. This equipment includes such items as lathes, mills, test stands, fixtures, grinders, laboratory and production test equipment, paint equipment, furnaces, autoclaves, cleaning and plating equipment and foundry equipment. Replacement of this equipment will continue to maintain the Depot's infrastructure and their capability to achieve their individual missions.</p> <p>3) Economic analyses have been performed.</p> <p>4) There are no savings or cost avoidances. The new equipment directly replaces old, worn out, existing equipment required to maintain the depots infrastructure.</p> <p>5) If the equipment is not replaced the Naval Air Depots would lose the capability to perform their mission.</p>							

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES			
(\$ in Thousands)		FY 2009 PRES BUDGET		Naval Air Depots	
#001 - Non-ADPE and Telecommunications / <i>New Mission Capabilities</i>		FY 2007		FY 2008	
		Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost
Department of the Navy / Naval Air Systems Command					
Non-ADPE and Telecommunications Equipment					
<i>New Mission Equipment</i>					
Total					
Justification: <ol style="list-style-type: none"> 1) The existing equipment allows the three Naval Air Depots to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, S-3 Viking, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight. 2) The new equipment will provide new capability and capacity that cannot be met with current equipment and facilities. Additional cranes will be added to work areas and new storage areas to provide workers with the basic equipment needed to perform their tasks. Powder coating will be added to improve the paint shops capacity. A closed circuit security system is inadequate and will be upgraded. 3) Economic analyses have been performed. 4) There are no cost savings or avoidances as the projects are based upon capability or capacity requirements, not dollar savings. 5) If the projects are not implemented, the depot's capability and capacity will be restricted resulting in longer turn-around-times to provide aircraft and parts to the fleet. 					

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES			
Department of the Navy / Naval Air Systems Command		FY 2009 PRES BUDGET		Naval Air Depots	
#002 - ADPE and Telecommunications Capabilities		FY 2007		FY 2008	
		Quant	Total Cost	Quant	Total Cost
		Unit Cost		Unit Cost	
ADPE and Telecommunications Equipment					
Computer Hardware (Production)		1	347	3	1,618
Computer Software (Operating System)		3	1,296	4	4,214
Other Computer & Telecommunications Spt Equipment		4	1,643	7	5,832
Total					
Justification:		<p>ROJECTS ABOVE \$1M: (All in OTHER EQUIPMENT category)</p> <p>FY07</p> <p>1. DEFENSE MAINTENANCE SYSTEM HARDWARE UPGRADE \$1.500M CHERRY POINT</p> <p>1) The existing system provides Data Management (DM) services to the depot.</p> <p>2) The purpose of project is to phase the upgrade of the DM high capacity server systems with higher speed processors and to increase the memory, disk space, and storage space.</p> <p>3) An economic analysis has been performed.</p> <p>4) A cost avoidance of \$575,661 per year will begin in FY08.</p> <p>5) If not acquired, the systems will become overloaded and reach critical capacity rendering them unable to handle the volumes of data from a variety of DM applications.</p> <p>2. SYSTEM HARDWARE SWITCH \$1.485M JACKSONVILLE</p> <p>1) The existing system provides telephone and voice messaging to Building 101.</p> <p>2) This proposed telephone switch will provide NADEP Jax Building 101 with a homogenous telephone system sized to serve the entire building, will provide voice messaging to all phones, and will be capable of transition into IP telephony.</p> <p>3) An economic analysis has been performed.</p> <p>4) A savings of \$21,750 and cost avoidance of \$547,000 per year will begin in FY08.</p> <p>5) If not acquired, existing equipment will no longer be supportable. Vendors currently providing remanufactured parts will stop providing this service in the near future when it becomes unprofitable (system is too old). Phone services will be diminished critically below current levels and would impact efficiency of all day-to-day operations.</p>			

FY08

1. WEB SERVER CONSOLIDATION (CARZ)

- 1) The existing system provides Data Management (DM) services to the depot.
 - 2) The purpose of the project is to reduce the Navy's Information Technology (IT) footprint as mandated by Cyber Asset Reduction condition Zebra (CARZ).
 - 3) An economic analysis has not been performed. This is a mandated project.
 - 4) Cost savings has not been determined.
 - 5) If not acquired, the mandated project will not be executed.
2. DEFENSE MAINTENANCE SYSTEM UPGRADE PHASE II \$1.51M CHERRY POINT
- 1) The existing system provides Data Management (DM) services to the depot.
 - 2) The purpose of project is to phase the upgrade of the DM high capacity server systems with higher speed processors and to increase the memory, disk space, and storage space.
 - 3) An economic analysis has been performed.
 - 4) There will be no cost savings or avoidances. There is no alternative but to upgrade the equipment.
 - 5) If not acquired, the systems will become overloaded and reach critical capacity rendering them unable to handle the volumes of data from a variety of DM applications.

FY09

1. DEFENSE MAINTENANCE SYSTEM UPGRADE PHASE III \$1.51M CHERRY POINT

- 1) The existing system provides Data Management (DM) services to the depot.
 - 2) The purpose of project is to phase the upgrade of the DM high capacity server systems with higher speed processors and to increase the memory, disk space, and storage space.
 - 3) An economic analysis has been performed.
 - 4) There will be no cost savings or avoidances. There is no alternative but to upgrade the equipment.
 - 5) If not acquired, the systems will become overloaded and reach critical capacity rendering them unable to handle the volumes of data from a variety of DM applications.
2. UPGRADE UNIX SERVER #2 \$1.5M NORTH ISLAND
- 1) The existing system provides DM services to the depot.
 - 2) This project will replace the Central Processing Unit (CPU) and memory boards on the RP8400 servers which will stabilize the computer environment, increase processing power, and refresh servers that have reached end-of-life.
 - 3) An economic analysis has been performed.
 - 4) There will be no cost savings or avoidances. There is no alternative but to upgrade the equipment.
 - 5) If not acquired, there will be increased maintenance and server downtime which will have an adverse effect on F/A-18 C/D and E/F aircraft.

3. STORAGE ARRAY EXPANSION \$1.25M NORTH ISLAND

- 1) The existing equipment provides inventory and labor management data to the depot.
- 2) This project will increase the storage array by 23 terabytes.
- 3) An economic analysis has been performed.
- 4) There will be no cost savings or avoidances. There is no alternative but to increase the storage capacity.
- 5) If not acquired, important DM systems will not function properly.

COMPUTER SOFTWARE (OPERATING SYSTEM)

- 1) The existing software provides various data management services to the depot.
- 2) The subject projects will provide a complete enterprise monitoring solution for the DM system and also provide a means to track and document internal audits within the Depot.
- 3) Economic analyses have been performed.
- 4) There are no cost savings or avoidances associated with these projects.
- 5) If not implemented, the Depot will be greatly restricted in its DM operations.

OTHER COMPUTER & TELECOMMUNICATION SUPPORT EQUIPMENT

- 1) The existing equipment provides various telecommunications and DM services throughout the depots.
- 2) The subject projects will provide enhancements to various business process applications, enhancements to the automated storage system, and connection of telecommunications equipment to newly constructed facilities.
- 3) Economic analyses have been performed to determine the least costly methods.
- 4) A savings of \$29,760 per year will begin in FY09 and cost avoidance of \$463,365 per year will begin in FY08.
- 5) If not implemented, the depot will experience diminished DM and communication capabilities which will have a detrimental effect on day to day operations.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FY 2009 PRES BUDGET		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES			
Department of the Navy / Naval Air Systems Command		#003 - Software (SUPPLY TRANSFORMATION, PHASE II)		Naval Air Depots			
		FY 2007		FY 2008		FY 2009	
Software		Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost	Quant Unit Cost	Total Cost
SUPPLY TRANSFORMATION, PHASE II		3	733				
TOTAL		3	2,200				
		3	2,200				

Justification:

The existing system provides Navy Depot Management Systems (NDMS) for the depots. This project will implement additional Commercial-Off-The-Shelf (COTS) modules for the NDMS Program Application Suite. Functionality enhancements include improved system and material availability for the depot, increased accuracy of material demand forecasts, and also serves to benefit the Functional Area Manager (FAM) software application footprint reduction. An Economic Analysis has been performed. Projected savings (\$781,000) and cost avoidances (\$1.44M) will begin in FY09. Denial of the Supply Transformation effort will adversely impact Depot operations for material requirements limiting the ability to plan, schedule and execute Maintenance Repair & Overhaul (MRO), thereby negatively impacting availability of assets to the fleet. The system delivery date is Mid-2008. This is not a spiral development, it is COTS. The software is Externally developed. license fees are not applicable, purchased with FY06 CPP funds.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FY 2009 PRES BUDGET		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES					
Department of the Navy / Naval Air Systems Command		#003 - Software (INTERMEDIATE & DEPOT INTEGRATION)		Naval Air Depots					
				FY 2007		FY 2008		FY 2009	
				Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Software		3	667	2,000					
INTERMEDIATE & DEPOT INTEGRATION		3	667	2,000					
TOTAL									

Justification:

The existing system provides Navy Depot Management Systems (NDMS) for the depots. This project will implement end-to-end integration of Organizational, Intermediate, & Depot (O, I, & D) level maintenance management information systems. Integration from all three levels of maintenance will provide enhanced logistics information, production planning accuracy, and root cause analysis of maintenance problems. An Economic Analysis has been performed. The total combined Phase I and Phase II project is expected to show savings of \$349,376 and cost avoidance of \$107,503 per year to begin in FY10. Denial of the I&D Integration effort would negatively affect the ability to successfully integrate the Intermediate and Depot level activities and systems, reducing targeted efficiencies. Integration is expected to be completed by end of FY09. This project is not a spiral development.

The software is Internally developed with contractor support services. There are no applicable license fees for this project.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION **FISCAL YEAR (FY) 2009 BUDGET ESTIMATES**

(\$ in Thousands) **FY 2009 PRES BUDGET**

Department of the Navy / Naval Air Systems Command #003 - Software (I & D INTEGRATION, PHASE II) Naval Air Depots

	FY 2007		FY 2008		FY 2009	
	Quant	Total Cost	Quant	Total Cost	Quant	Total Cost
Software			3	1,000	3	1,000
I & D INTEGRATION, PHASE II			3	1,000	3	1,000
TOTAL			3	1,000	3	1,000

Justification:

The existing system provides Navy Depot Management Systems (NDMS) for the depots. This project supports Depot migration toward a single set of Business Rules and Processes and continues the effort to support, interface, and merge the Depot level management information systems into a comprehensive Naval Aviation Enterprise (NAE) maintenance and repair solution. An economic analysis has been performed. The total combined Phase I and Phase II project is expected to show savings of \$349,376 and cost avoidance of \$107,503 per year to begin in FY10. Denial of this effort will impact the ability of the NAE community to make time-critical supply chain management and production decisions resulting in aircraft entering a Not Mission Capable Maintenance/Supply (NMCM/NMCS) status. Integration is expected to be completed by end of FY09. This project is not a spiral development. The software is Internally developed with contractor support services. There are no applicable license fees.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES					
Department of the Navy / Naval Air Systems Command		FY 2009 PRES BUDGET		Naval Air Depots			
#003 - Software (Various Projects < \$1M)							
		FY 2007		FY 2008		FY 2009	
		Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost
		Total Cost		Total Cost		Total Cost	
Software							
<i>Various Projects < \$1M</i>		3	325	1	400		
TOTAL		3	325	1	400		
Justification:							
<p>The existing systems provide financial reporting information for the depots, but is a combination of various different applications at each depot. This makes it extremely difficult to generate the common reports needed to assess the financial health of the enterprise. This project will upgrade the current systems to deploy the Corporate Automated Financial Information System (CAFIS) to all 3 depots which will standardize the A-11 planning and execution budget processes. An Economic Analysis has not been performed. This project has been mandated by management. Projected savings and/or cost avoidances have not been calculated. Denial of this effort will adversely impact the reporting of financial information to the Commander Naval Air Forces (CNAF) Command. The projected system delivery date is 1st/2nd quarter FY09. This project is not a spiral development. The software is a combination of internally and externally developed. Separately identify license fees are not applicable, purchased with FY06 CPP funds.</p>							

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES					
(\$ in Thousands)		FY 2009 PRES BUDGET		FY 2009			
Department of the Navy / Naval Air System Command		#004 - Minor Construction		Naval Air Depots			
		FY 2007		FY 2008		FY 2009	
		Quant	Total	Quant	Total	Quant	Total
		Unit	Cost	Unit	Cost	Unit	Cost
Minor Construction							
Replacement		7	542	11	345	12	384
Productivity			3,792		3,795		4,602
New Mission		2	169	9	233	9	233
Environmental			125		2,100		2,100
Total		9	435	20	295	21	6,702
Justification:							
<p>1) The existing facilities allows the three Naval Air Depots to achieve our mission by performing routine and emergency maintenance, repair, and modifications for Navy and Marine aircraft, and associated systems and components. Aircraft supported include the F/A 18 Hornet, E-2C Hawkeye, C-2A Greyhound, S-3 Viking, P-3 Orion, H-53 Sea Stallion, SH-60 Seahawk, EA-6B Prowler, UH-1N Huey, AH-1 Super Cobra, AV-8B Harrier and the CH-46 Sea Knight.</p> <p>2) New minor construction projects will allow the Naval Air Depots to design, construct, upgrade, restore, and replace the facilities and structures that are required to achieve their mission. No project is greater than the \$750,000 maximum threshold.</p> <p>3) Economic analyses were performed to determine the least costly method to achieve the desired results.</p> <p>4) No cost avoidance or savings were estimated. Minor construction projects provide the facilities in which work is to be performed, not to provide savings.</p> <p>5) If minor projects are not approved the facilities will deteriorate and adversely affect mission achievement.d-9B must contain a statement that no minor construction project exceeds the current MILCON threshold.</p>							

FY 2009 DON BUDGET SUBMISSION
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2008

ITEM LINE #	ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
	1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)					
6 DF 7 EL 0236 P R	X-RAY EQUIPMENT UPGRADE	0.015	.000	0.015		
6 DF 7 EL 0085 P R	HYDROGEN FLUORIDE FURNACE REPLACEMENT	0.015	.000	0.015		
6 DF 7 EL 0325 P R	ELECTRONIC SECURITY & ALARM CONTROL CENTER SYSTEM UPGR	0.015	.000	0.015		
6 DF 7 EL 0231 P R	AIR TURBINE STARTER TEST CELL REPLACEMENT	0.015	.000	0.015		
6 DC 7 EL 0570 P R	UPGRADE WHIRL TOWER INSTALLATION	0.200	.000	0.200		
6 DF 8 EL 0225 P R	UPGRADE T400 TEST CELL #6	2.400	.000	2.400		
6 DF 8 EL 0092 P R	REPLACE WHIRLTOWER ROTOR HEAD	2.200	.000	2.200		
6 DF 8 EL 0207 P R	REPLACE TEST CELL DATA ACQUISITION SYSTEM	1.940	.000	1.940		
6 DE 8 EL 0454 P R	REPLACE VACUUM FURNACE	1.800	.000	1.800		
6 DC 8 EL 0599 P R	REPLACE AUTOMATIC WIRE ANALYZER TEST SYSTEM	1.750	(1.750)	0.000	Cancellation	NAVAIR Program Management Activity (PMA) will fund this project to establish capability.
6 DC 8 EL 0595 P R	UPGRADE TEST CELL #20 CONTROL SYSTEM	1.700	.000	1.700		
6 DF 8 EL 0341 P R	REPLACE JIG GRINDER	1.260	.000	1.260		
6 DE 8 EL 0456 P R	REPLACE ELECTROCHEMICAL GRINDEF	1.250	.000	1.250		
6 DE 8 EL 0480 P R	PROCURE MACHINING CENTER	1.200	.000	1.200		
	SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)	15.760	(1.750)	14.010		See above.
DN EU 0000	1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)	17.211	(3.263)	13.948		6 projects had price increases, 3 had price decreases, 8 were cancelled, 3 were moved to FY07, and 3 were added resulting in a net decrease.
	2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM	32.971	(5.013)	27.958		
DN MC 0000	3. MINOR CONSTRUCTION	4.090	1.805	5.895		2 projects had price increases, 7 were cancelled, and 11 were added resulting in a net increase.
	TOTAL NON-ADP CAPITAL PURCHASES PROGRAM (>\$1M)	37.061	(3.208)	33.853		
6 DF 8 KL 0238 G R	DEFENSE MAINT SYSTEM UPGRADE PHASE II & III	1.510	.000	1.510	New	Deputy Chief of Naval Operations mandates reduction of IT Infrastructure. Current server infrastructure cannot meet task.
7 DC 8 KL 0683 G R	WEB SERVER CONSOLIDATION CARZ	.000	1.200	1.200		
	SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)	1.510	1.200	2.710		2 projects were added at NI
DN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	1.514	1.608	3.122		
	2. TOTAL ADPE & TELECOMMUNICATIONS	3.024	2.808	5.832		
7 DF 8 DL 0585 G R	I&D INTEGRATION, PHASE II	1.000	.000	1.000		
7 DE 8 DL 0585 G R	I&D INTEGRATION, PHASE II	1.000	.000	1.000		
7 DC 8 DL 0585 G R	I&D INTEGRATION, PHASE II	1.000	.000	1.000		
	3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)	3.000	0.000	3.000		
DN DU 0000	3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)	0.000	0.400	0.400		CAFIS project added at JAX per Navair
	3. TOTAL SOFTWARE DEVELOPMENT	3.000	0.400	3.400		
	TOTAL ADP CAPITAL PURCHASES PROGRAM	6.024	3.208	9.232		
	GRAND TOTAL CAPITAL PURCHASES PROGRAM	43.085	0.000	43.085		

FY 2009 DON BUDGET SUBMISSION
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
DEPOT MAINTENANCE - AVIATION DEPOTS
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2009

ITEM LINE #	ITEM DESCRIPTION	Original Request	Change	Revised Request	Classification of Change	Explanation/Reason for Change
6 DF 8 EL 0225	P R UPGRADE T400 TEST CELL #6	.022	.000	.022		
6 DF 8 EL 0092	P R REPLACE WHIRLTOWER ROTOR HEAD	.022	.000	.022		
6 DF 8 EL 0207	P R REPLACE TEST CELL DATA ACQUISITION SYSTEM	.022	.000	.022		
6 DF 8 EL 0341	P R REPLACE JIG GRINDER	.022	.000	.022		
6 DF 9 EL 0041	P R HELICOPTER BLADE DEPAINTING SYSTEM	2.550	(2.550)	.000	Deferral	Follow on to Technology insertion project. Can defer to FY10.
6 DF 9 EL 0186	P R SANDING BOOTH/DUST COLLECTOR REPLACEMENT B4224	.000	1.600	1.600	New	Existing system producing vapors harmful to workers.
6 DF 9 EL 0251	P R REPLACE HORIZONTAL BORING MILL	.000	1.425	1.425	New	Existing system is high maintenance and becoming inaccurate.
6 DF 9 EL 0232	P R REPLACE VERTICAL GRINDER	.000	1.100	1.100	New	Existing system is high maintenance and becoming inaccurate.
6 DE 9 EL 0476	P R REPLACE CNC LASER PUNCH PRESS	1.410	.000	1.410		
6 DE 9 EL 0377	P R REPLACE CNC CYLINDRICAL GRINDER	1.400	(1.400)	0.000	Cancellation	Project cancelled due to workload changes.
6 DE 9 EL 0479	P R REPLACE WALK-IN BLAST BOOTH	0.000	1.520	1.520	New	New Requirement.
SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)		5.448	1.695	7.143		
DN EU 0000		20.187	(1.717)	18.470		1 project had a price increase, 8 were cancelled, 6 were deferred, 6 were added for a net decrease.
2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM		25.635	(0.022)	25.613		
DN MC 0000	3. MINOR CONSTRUCTION	4.945	1.757	6.702		9 projects had price increases, 3 were cancelled, 1 deferred, 4 were added resulting in a net increase.
TOTAL NON-ADP CAPITAL PURCHASES PROGRAM		30.580	1.735	32.315		
1a. ADPE & TELECOMMUNICATIONS (>\$1M)						
6 DF 8 KL 0238	G R DEFENSE MAINT SYSTEM UPGRADE PHASE II & III	1.510	.000	1.510		
7 DC 9 KL 0588	G R UPGRADE UNIX SERVER #2	1.500	.000	1.500		
7 DC 9 KL 0587	G R STORAGE ARRAY EXPANSION	1.250	.000	1.250		
SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)		4.260	0.000	4.260		
DN KU 0000	1b. ADPE & TELECOMMUNICATIONS (<\$1M)	2.995	(1.735)	1.260		2 projects were cancelled and 1 deferred at CP
2. TOTAL ADPE & TELECOMMUNICATIONS		7.255	(1.735)	5.520		
7 DC 8 DL 0585	G R I & D INTEGRATION, PHASE II	1.000	.000	1.000		
7 DE 8 DL 0585	G R I & D INTEGRATION, PHASE II	1.000	.000	1.000		
7 DF 8 DL 0585	G R I & D INTEGRATION, PHASE II	1.000	.000	1.000		
3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)		3.000	0.000	3.000		
DN DU 0000	3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)	0.000	0.000	0.000		
3. TOTAL SOFTWARE DEVELOPMENT		3.000	0.000	3.000		
TOTAL ADP CAPITAL PURCHASES PROGRAM		10.255	(1.735)	8.520		
GRAND TOTAL CAPITAL PURCHASES PROGRAM		40.835	0.000	40.835		

Fiscal Year (FY) 2009 Budget Estimate
Navy Working Capital Fund
Material Inventory Data
Activity Group: Depot Maintenance/NAVAIRDEPOTS
Date: February 2008
(\$ in Millions)

FY 2007

		<u>Total</u>		<u>Mobilization</u>		----- Peacetime -----	
						<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$	62.0	\$	-	\$	62.0	\$ -
<u>Purchases</u>							
A. Purchases to Support Customer Orders	\$	792.9	\$	-	\$	792.9	\$ -
B. Purchase of long lead items in advance of customer orders		-		-		-	-
C. Other Purchases		-		-		-	-
D. Total Purchases	\$	792.9	\$	-	\$	792.9	\$ -
<u>Material Inventory Adjustments</u>							
A. Material Used in Maintenance	\$	809.9	\$	-	\$	809.9	\$ -
B. Disposals, theft, losses due to damages		-		-		-	-
C. Other reductions		-		-		-	-
D. Total inventory adjustments	\$	809.9	\$	-	\$	809.9	\$ -
Material Inventory EOP	\$	45.0	\$	-	\$	45.0	\$ -

Fiscal Year (FY) 2009 Budget Estimate
Navy Working Capital Fund
Material Inventory Data
Activity Group: Depot Maintenance/NAVAIRDEPOTS
Date: February 2008
(\$ in Millions)

FY 2008

		<u>Total</u>		<u>Mobilization</u>		----- Peacetime -----	
						<u>Operating</u>	<u>Other</u>
Material Inventory BOP	\$	45.0	\$	-	\$	45.0	\$ -
<u>Purchases</u>							
A. Purchases to Support Customer Orders	\$	789.7	\$	-	\$	789.7	\$ -
B. Purchase of long lead items in advance of customer orders		-		-		-	-
C. Other Purchases		-		-		-	-
D. Total Purchases	\$	789.7	\$	-	\$	789.7	\$ -
<u>Material Inventory Adjustments</u>							
A. Material Used in Maintenance	\$	770.6	\$	-	\$	770.6	\$ -
B. Disposals, theft, losses due to damages		-		-		-	-
C. Other reductions		-		-		-	-
D. Total inventory adjustments	\$	770.6	\$	-	\$	770.6	\$ -
Material Inventory EOP	\$	64.1	\$	-	\$	64.1	\$ -

Fiscal Year (FY) 2009 Budget Estimate
Navy Working Capital Fund
Material Inventory Data
Activity Group: Depot Maintenance/NAVAIRDEPOTS
Date: February 2008
(\$ in Millions)

FY 2009

		<u>Total</u>		<u>Mobilization</u>		----- Peacetime -----		<u>Operating</u>		<u>Other</u>
Material Inventory BOP	\$	64.1	\$	-	\$	64.1	\$	-		-
<u>Purchases</u>										
A. Purchases to Support Customer Orders	\$	-	\$	-	\$	-	\$	-		-
B. Purchase of long lead items in advance of customer orders		770.3		-		770		-		-
C. Other Purchases		-		-		-		-		-
D. Total Purchases	\$	770.3	\$	-	\$	770.3	\$	-		-
<u>Material Inventory Adjustments</u>										
A. Material Used in Maintenance	\$	775.4	\$	-	\$	775.4	\$	-		-
B. Disposals, theft, losses due to damages		-		-		-		-		-
C. Other reductions		-		-		-		-		-
D. Total inventory adjustments	\$	775.4	\$	-	\$	775.4	\$	-		-
Material Inventory EOP	\$	59.0	\$	-	\$	59.0	\$	-		-

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MARINE CORPS DEPOTS

Marine Corps Depots

**DEPARTMENT OF NAVY
NAVY CAPITAL WORKING CAPITAL FUND
DEPOT MAINTENANCE ACTIVITY GROUP- MARINE CORPS DEPOTS
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
FEBRUARY 2008**

Activity Group Functions:

The mission of the Marine Corps Depot Maintenance Activity Group (DMAG) is to provide quality products and responsive maintenance support services required to maintain a core industrial base in support of mobilization, surge and reconstitution requirements. The maintenance functions, performed by the DMAG include repair, rebuild, modification, and Inspect and Repair Only as Necessary (IROAN) for all types of ground combat and combat support equipment. Marine Corps, other Department of Defense (DOD) activities, as well as Foreign Military Sales (FMS) customers utilize the DMAG maintenance services. Performance of maintenance related services such as preservation, testing, technical evaluation, calibration, and fabrication of automated test equipment are examples of other functions performed.

Activity Group Composition:

The DMAG is comprised of two Multi-Commodity Maintenance Centers located in Albany, Georgia and Barstow, California. The Maintenance Centers are under the Marine Corps Logistics Command. The Centers maintain virtually identical capabilities in order to provide support to Marine Corps operation units, regardless of the unit geographical location. In order to support these functions, the Marine Corps Maintenance Centers maintain over 70 skill sets in a wide variety of diversified personnel.

Significant Changes in Activity Group:

The DMAG Fiscal Year (FY) 2009 budget submission continues to reflect significant fluctuations in workload as a result of battle-damaged equipment and weapons systems returning from the current Global War on Terrorism (GWOT). Marine Corps equipment requires timely repair in order to reconstitute the Operating Forces and the Marine Corps' Maritime Prepositioning Forces (MPF) Program. This additional demand is expected to continue through FY 2009.

Financial Profile:

<u>Revenue/Expense/Operating Results (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Revenue	\$469.9	\$411.5	\$379.7
Cost of Goods and Services	\$479.5	\$431.8	\$393.5
Operating Results	-\$9.7	-\$20.2	-\$13.9
Other Changes Affecting AOR	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Accumulated Operating Results (AOR)	\$34.1	\$13.9	\$0.0

FY 2007 revenue was five percent below the FY 2007 estimate in the FY 2008 President's Budget. Major workload efforts include repair of battle damaged LAVs, MK48s, and Amphibious Assault Vehicles (AAV) Inspect and Repair Only As Necessary (IROAN).

FY 2008 and FY 2009 revenue is expected to decline 12% and 8% respectively from the previous FY. This operating tempo decline is the result of a decrease in specifically identified GWOT workload. However, the DMAG can maintain its current OPTEMPTO if more GWOT workload is assigned to it. FY 2008 and FY 2009 revenue is also impacted by negative surcharges in each year resulting in order to achieve an AOR of zero in FY 2009.

Cash Collections, Disbursements and Net Outlays

<u>Collections/Disbursements/Outlays (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Collections	\$488.1	\$401.8	\$381.2
Disbursements	\$527.9	\$383.9	\$396.0
Net Outlays	\$39.8	-\$17.9	\$14.8

The trends in collections, disbursements, and net outlays are consistent with current workload estimates.

New Orders:

<u>Reimbursable Orders (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
FY 2009 Budget Estimates	\$462.0	\$239.9	\$360.5

FY 2008 new orders remain relatively consistent with the FY 2008 President's Budget estimate. FY 2009 new orders are forecasted to be significantly higher than previous estimates. The increase in workload is due to the expectations of additional demand for repair of combat-ravaged equipment and weapons systems returning from the current GWOT. The DMAG must also manage and schedule its workload based on availability of assets to be inducted, parts and components deliveries and carryover concerns.

<u>Workload</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Direct Labor Hours (000)	2,909	2,831	2,708
Overtime as a Percent of Total Direct Hours	19.7%	16.6%	16.7%

As the Marine Corps continues to execute the influx of additional orders, civilian direct labor hours are expected to increase significantly from the FY 2008 President's Budget in FY 2008 and FY 2009. Overtime as a percent of total direct labor hours remains relatively stable over the budget period.

Staffing:

<u>Civilian / Military End Strength & Workyears</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Civilian End Strength	2,063	1,992	1,899
Civilian Workyears	2,086	2,012	1,908
Military End Strength	12	13	13
Military Workyears	3	13	13

Civilian end strength and workyear changes since the FY 2008 President's Budget reflect the strength levels required to execute the customer negotiated Master Work Schedule (MWS) that includes expedites and GWOT workload.

Changes in funded workload will require a personnel reduction of 84 civilian end strength for FY 2008 and 93 for FY 2009. These decreases include 20 VSIPs in order to

restructure the workforce. The majority of the projected personnel reductions will be achieved primarily through the release of temporary employees.

Customer Rate Changes:

<u>Stabilized Rate Changes</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Stabilized Rate	\$120.15	\$123.87	\$130.88
Change from Prior Year	-3.33%	3.10%	5.66%

The driving factor for the increase in FY 2009 rates from the FY 2008 rate are pay raise and general inflation indices plus change in the recoupment factor to achieve zero AOR.

Capital Investment Authority:

<u>Capital Investment Program (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Equipment, Non-ADPE/Telecommunications	\$1.7	\$3.9	\$2.0
Equipment, ADPE/Telecommunications	\$0.0	\$0.0	\$0.0
Software	\$0.0	\$0.0	\$0.0
Minor Construction	\$2.3	\$1.2	\$2.9
Total	\$4.0	\$5.1	\$4.9

Variations in authority between CIP categories and between budget years are dependent upon Maintenance Centers' requirements for capital assets that maintain or enhance production capability and capacity.

Performance Indicators:

<u>Performance Indicators</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Schedule Conformance	99.6%	99.3%	99.3%
Quality Deficiency Reports	0.1%	0.2%	0.2%
Inventory Turnover Ratio	3:4:1	3:1:1	3:5:1

Schedule conformance indicators are advancing toward the 100% goal through management initiatives aimed at increasing and improving productivity yield through continued use of Theory of Constraints (TOC) practices. The Quality Deficiency Reports Performance Indicators remain relatively constant in all years. The Inventory Turnover Ratio remains relatively level from FY 2007 to FY 2009.

Productivity Initiatives:

The Marine Corps Maintenance Centers continue to focus on refining and expanding the already-successful implementation of the Theory of Constraints (TOC) and applying Lean Thinking concepts to eliminate wasteful steps in shop-level procedures. These initiatives are constant ongoing efforts and the ultimate result of the two concepts is cost avoidance, in that it changes the mindset of operations. TOC represents the successful integration of production theories and better business practices. The registration of the Marine Corps Maintenance Centers under the International Standards Organization (ISO 9002) resulted from successful implementation of all efforts such as Compass Contract, MRPII and Earned Value Management.

Carryover (\$Millions)	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
New Orders	\$462.0	\$239.9	\$360.5
Less Exclusions:			
FMS	\$0.9	\$1.0	\$1.0
BRAC	\$0.0	\$0.0	\$0.0
Other Federal Depts. & Agencies	-\$0.4	\$0.0	\$0.0
Non-Federal & Others	\$1.4	\$0.1	\$0.1
Orders for Carryover Calculation	\$269.9	\$99.1	\$79.8
Composite Outlay Rate (SSRCO)	54.1%	61.2%	61.8%
Carryover Ceiling Rate	45.9%	38.7%	38.2%
Carryover Ceiling	\$211.2	\$92.7	\$137.4
Balance of Customer Orders at Yr End	\$271.3	\$99.7	\$80.5
Less Work in Process	\$0.2	\$0.1	\$0.0
Less Exclusions			
FMS	\$0.8	\$0.2	\$0.2
BRAC	\$0.0	\$0.0	\$0.0
Other Federal Depts. & Agencies	\$0.0	\$0.0	\$0.0
Non-Federal & Others	\$0.6	\$0.4	\$0.4
Carryover Budget	\$269.9	\$99.0	\$79.9

FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
 REVENUE and EXPENSES
 AMOUNT IN MILLIONS
 MCIF / TOTAL

FEBRUARY 2008

	FY 2007 CON	FY 2008 CON	FY 2009 CON
Revenue:			
Gross Sales			
Operations	466.3	406.1	374.1
Surcharges	.0	.0	.0
Depreciation excluding Major Constructio	3.6	5.4	5.6
Other Income			
Total Income	469.9	411.5	379.7
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	1.0	1.0	1.0
Civilian Personnel	174.1	169.4	166.8
Travel and Transportation of Personnel	3.1	3.9	3.6
Material & Supplies (Internal Operations	193.5	179.6	157.4
Equipment	6.3	6.7	5.3
Other Purchases from NWCF	2.4	2.3	2.4
Transportation of Things	.0	.0	.0
Depreciation - Capital	3.6	5.4	5.6
Printing and Reproduction	.1	.1	.1
Advisory and Assistance Services	.0	.0	.0
Rent, Communication & Utilities	8.9	9.7	9.3
Other Purchased Services	85.8	53.6	41.8
Total Expenses	478.8	431.7	393.5
Work in Process Adjustment	.7	.1	.1
Comp Work for Activity Reten Adjustment	.0		.0
Cost of Goods Sold	479.5	431.8	393.5
Operating Result	-9.7	-20.2	-13.9
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-9.7	-20.2	-13.9
Other Changes Affecting AOR	.0	.0	.0
Accumulated Operating Result	34.1	13.9	.0

Exhibit Fund-14

FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
 MCIF / TOTAL
 SOURCE of REVENUE
 AMOUNT IN MILLIONS

FEBURARY 2008

	FY 2007 CON	FY 2008 CON	FY 2009 CON
	-----	-----	-----
1. New Orders	462	240	360
a. Orders from DoD Components	441	230	352
Department of the Navy	413	212	313
O & M, Navy	5	0	0
O & M, Marine Corps	326	195	294
O & M, Navy Reserve	0	0	0
O & M, Marine Corp Reserve	1	12	15
Aircraft Procurement, Navy	0	0	0
Weapons Procurement, Navy	0	0	0
Ammunition Procurement, Navy/MC	0	0	0
Shipbuilding & Conversion, Navy	0	0	0
Other Procurement, Navy	3	0	0
Procurement, Marine Corps	78	4	4
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	1	0	0
Military Construction, Navy	0	0	0
National Defense Sealift Fund	0	0	0
Other Navy Appropriations	0	0	0
Other Marine Corps Appropriations	0	1	1
Department of the Army	23	17	33
Army Operation & Maintenance	21	15	30
Army Res, Dev, Test, Eval	0	1	0
Army Procurement	2	0	0
Army Other	1	1	2
Department of the Air Force	4	1	6
Air Force Operation & Maintenance	4	1	6
Air Force Res, Dev, Test, Eval	0	0	0
Air Force Procurement	0	0	0
Air Force Other	0	0	0
DOD Appropriation Accounts	1	0	0
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	0	0	0
Res, Dev, Test & Eval Accounts	0	0	0
Procurement Accounts	0	0	0
Defense Emergency Relief Fund	0	0	0
DOD Other	1	0	0
b. Orders from other WCF Activity Groups	19	9	8
c. Total DoD	460	239	359
d. Other Orders	2	1	1
Other Federal Agencies	0	0	0
Foreign Military Sales	1	1	1
Non Federal Agencies	1	0	0
2. Carry-In Orders	279	271	100
3. Total Gross Orders	741	511	460
a. Funded Carry-Over before Exclusions	271	100	81
b. Total Gross Sales	470	411	380
4. End of Year Work-In-Process (-)	0	0	0
5. Non-DoD, BRAC, FMS, Inst. MRTFB (-)	-1	-1	-1
6. Net Funded Carryover	270	99	80

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

CHANGES IN THE COSTS OF OPERATION
DEPARTMENT OF THE NAVY
Navy Working Capital Fund
Marine Corps Depot Maintenance
Fiscal Year (FY) 2009 Budget Estimates
February 2008
(Dollars in Millions)

			Total Cost
1.	FY 2007	Actuals	478.8
2.	FY 2008	President's Budget:	353.0
3.		Pricing Adjustments:	
	a.	FY 2008 Pay raise	
		(1) Civilian Personnel	0.6
		(2) Military Personnel	0.0
	b.	Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	0.0
		(2) Military Personnel	0.0
	c.	General Inflation	-0.6
4.		Program Changes:	
	a.	Workload Changes	
		(1) Direct Labor	11.3
		(2) Direct Materiel & Supplies	44.3
		(3) Direct Contract/Other Purchases	8.0
5.		Other Changes	
	a.	Indirect Labor	-6.4
	b.	Indirect Materiel	9.1
	c.	Depreciation	1.0
	d.	Contract Services	11.0
	e.	VERA/VSIP	0.0
	f.	Other	0.4
6.	FY 2008	Current Estimate:	431.8
7.		Pricing Adjustments:	
	a.	FY 2009 Pay raise	
		(1) Civilian Personnel	3.5
		(2) Military Personnel	0.0
	b.	Annualization of Prior Year Pay Raise	
		(1) Civilian Personnel	1.2
		(2) Military Personnel	0.0
	c.	General Inflation	4.1
8.		Program Changes:	
	a.	Workload Changes	
		(1) Direct Labor	-5.2
		(2) Direct Material & Supplies	-24.6
		(3) Direct Contract/Other Purchases	-11.8
	b.	Impact of One Less Paid Day	-0.5
9.		Other Changes	
	a.	Indirect Labor	-2.1
	b.	Indirect Materiel	-1.9
	c.	Depreciation	0.2
	d.	Contract Services	-4.5
	e.	VERA/VSIP	0.0
	f.	Other	3.4
10.	FY 2009	Current Estimate	393.5

Department of the Navy MARINE CORPS DEPOT MAINTENANCE Activity Group Capital Investment Summary FISCAL YEAR (FY) BUDGET ESTIMATES February 2008 \$ in Millions							
Line #	Description	FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	1	\$0.612	6	\$2.896	2	\$0.600
	- Productivity Capability	1	\$1.044	1	\$1.000	4	\$1.402
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
2	ADPE and Telecom Equipment						
	- Computer Hardware (Production)	0	\$0.000	0	\$0.000	0	\$0.000
	- Computer Software (Operating)	0	\$0.000	0	\$0.000	0	\$0.000
	- Telecommunications	0	\$0.000	0	\$0.000	0	\$0.000
	- Oth Computer & Telecom Spt Equip	0	\$0.000	0	\$0.000	0	\$0.000
3	Software Development						
	- Projects = or > \$1M (List Separately)	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects < \$1M	0	\$0.000	0	\$0.000	0	\$0.000
4	Minor Construction						
	- Replacement Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Productivity Capability	3	\$2.087	3	\$0.775	5	\$2.125
	- New Mission Capability	0	\$0.000	0	\$0.000	0	\$0.000
	- Environmental Capability	1	\$0.257	1	\$0.400	1	\$0.739
	Grand Total	6	\$4.000	11	\$5.071	12	\$4.866
	Total Capital Outlays	0	\$3.550	0	\$4.551	0	\$5.415
	Total Depreciation Expense	0	\$3.591	0	\$5.401	0	\$5.618

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES FEBRUARY 2008					
Department of the Navy / Marine Corps Depot Maintenance	#001 - Non-ADPE and Telecommunications Equipment	FY 2007		FY 2008		FY 2009	
		Quant	Unit Cost	Quant	Unit Cost	Quant	Unit Cost
			Total Cost		Total Cost		Total Cost
Non-ADPE and Telecommunications Equipment		1	612	6	483	2	300
<i>Replacement Capability</i>		1	1,044	1	1,000	4	351
<i>Productivity Capability</i>		2	1,656	7	3,896	6	2,002
Total							
Justification:							
FY 2007 Horizontal Boring Mill (MCB, Replacement) : HTDE-1000-MC Hiclin Test System (MCB, Productivity) : FY 2008 Upgrade Inline Transmission Dynamometer (MCA, Replacement) Traumatic L 3050 CO2 Laser (MCB, Replacement) AT2 Field Test Set Variant (MCB, Replacement) Model 13370 Aperture IR System (MCB, Replacement)) Cincinnati 2512G Mechanical Shear (MCB, Replacement) YXLON MG452 X-Ray System (MCB, Replacement) Full Floor Recovery System (MCB, Productivity) FY 2009 DITWICO Machine Replacement (MCA, Replacement) Omax Abrasive Jet Table (MCB, Replacement) Cranes for Machine Shop (MCA, Productivity) CNC Equipment (MCA, Productivity) General Hone Model 3V-310 Vertical Hone (MCB, Productivity) 7.5T Trolley (MCB, Productivity)							

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION		FISCAL YEAR (FY) 2009 BUDGET ESTIMATES FEBRUARY 2008					
(\$ in Thousands)		#004 - Minor Construction \$20K-\$750K					
Department of the Navy / Marine Corps Depot Maintenance		FY 2007		FY 2008		FY 2009	
		Quant	Unit Cost	Total Cost	Quant	Unit Cost	Total Cost
Minor Construction							
Replacement							
Productivity		3	696	2,087	3	258	775
New Mission							
Environmental		1	257	257	1	400	400
Total		4		2,344	4		1,175
Justification:							

Minor Construction FY07/08/09:

FY 2007
 Prewash Facility Conversion, Bldg 2211 (MCA, Productivity:)
 Engineering Storage Building (MCA, Productivity) :
 Building 2242 Conversion (MCA, Productivity)
 Hazardous Material Storage Building (MCA, Environmental)

FY 2008
 75 Ton Crane (MCA, Productivity) ; Rubber Coating Area Addition (MCA, Productivity) and Addition to Building 2233 (MCA, Productivity) .
 Hazmat Storage Building (MCA, Environmental);

FY 2009
 Install 35T Crane (MCA, Productivity) : An additional crane would be installed on each side of the annex assembly areas, B2200, and the engineering equipment building, B2242, to provide more productivity and provide a backup for the existing cranes. The cranes in both these areas are radio operated by specially trained production workers. The investment cost is \$0.500M.

Automotive Facility (MCB, Productivity) : Construct CRS Shop (MCA, Productivity) ; Construct Work Facility for Graphic Arts Lab (MCA, Productivity) ; Construct TMDE Branch Administrative Space (MCA, Productivity) .

Decontamination Facility (MCB, Environmental) : Due to the possible exposure of toxic metal dust during sandblast operations, OSHA regulations and the Code of Federal Regulations (Title 29 part 1910 and 1926) mandate that we provide our sandblast workforce a controlled area specifically designed to facilitate personal decontamination at the end of each work period. This facility will meet this requirement. The productivity enhancement project's BIR = 4.59 and will pay for itself in under five years.

NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
FEBRUARY 2008
(Dollars in Millions)

FY 2008 BUDGET ESTIMATE

<u>FY</u>	<u>Approved Project Title</u>	<u>Amount</u>	<u>Reprogs</u>	<u>Approved Project Cost</u>	<u>Current Project Cost</u>	<u>Asset/Deficiency</u>	<u>Explanation</u>
	Equipment except ADPE and TELECOM						
	2008 Upgrade Inline Transmission Dynamometer (MCA)	0.444	0.000	0.444	0.444	0.000	
	2008 Crankshaft Grinder (MCA)	0.500	-0.500	0.000	0.000	0.000	0.000 Removed, Productivity
	2008 Traumatic L 3050 CO2 Laser (MCB)	0.756	0.000	0.756	0.756	0.000	
	2008 Full Floor Recovery System (MCB)	1.000	0.000	1.000	1.000	0.000	
	2008 Horizontal Boring Mill (MCB)	0.833	-0.833	0.000	0.000	0.000	0.000 Moved to FY07, Replacement
	2008 AT2 Field Test Variant (MCB)	0.000	0.862	0.862	0.862	0.000	0.000 New Project, Replacement
	2008 Arperturn 13370 IR System (MCB)	0.000	0.255	0.255	0.255	0.000	0.000 New Project, Replacement
	2008 Cincinnati Mechanical Shear (MCB)	0.000	0.254	0.254	0.254	0.000	0.000 New Project, Replacement
	2008 YXLON MG-452 X-Ray System (MCB)	0.000	0.325	0.325	0.325	0.000	0.000 New Project, Replacement
	Subtotal Equipment	3.533	0.363	3.896	3.896	0.000	
	Equipment - ADPE and TELECOM						
	Subtotal Equip - ADPE and TELECOM	0.000	0.000	0.000	0.000	0.000	
	Software Development						
	Subtotal Software	0.000	0.000	0.000	0.000	0.000	
	Minor Construction						
	2008 75 Ton Crane (MCA)	0.475	0.000	0.475	0.475	0.000	
	2008 Hazmat Storage Building (MCA)	0.400	0.000	0.400	0.400	0.000	
	2008 Addition to Rubber Coat Area (MCA)	0.000	0.100	0.100	0.100	0.000	0.000 New Project, Productivity
	2008 Addition to Bldg 2233 (MCA)	0.000	0.200	0.200	0.200	0.000	0.000 New Project, Productivity
	Sub-total Minor Construction	0.875	0.300	1.175	1.175	0.000	
	FY 2008 Estimate	4.408	0.663	5.071	5.071	0.000	

NAVY WORKING CAPITAL FUND
MARINE CORPS DEPOT MAINTENANCE
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
FEBRUARY 2008
(Dollars in Millions)

FY 2009 BUDGET ESTIMATE

<u>FY</u>	<u>Approved Project Title</u>	<u>Amount</u>	<u>Reprogs</u>	<u>Approved Project Cost</u>	<u>Current Project Cost</u>	<u>Asset/Deficiency</u>	<u>Explanation</u>
	Equipment except ADPE and TELECOM						
	2009 DITMICO Machine (MCA)	0.200	0.000	0.200	0.200	0.000	
	2009 Cranes for Machine Shop (MCA)	0.400	0.000	0.400	0.400	0.000	
	2009 CNC Equipment (MCA)	0.400	0.000	0.400	0.400	0.000	
	2009 General Hone Model 3V-310 Vertical Hone (MCB)	0.279	0.000	0.279	0.279	0.000	
	2009 HITDE-1000-MC Hicklin Test System (MCB)	1.295	-1.295	0.000	0.000	0.000	Moved to 07, Productivity
	2009 Omax Abrasive Jet Table (MCB)	0.000	0.400	0.400	0.400	0.000	0.000 New Project, Replacement
	2009 Pangborn rotoblast shot machine Model 6LN-1 (MCB)	0.311	-0.311	0.000	0.000	0.000	Moved to 07, Replacement
	2009 7.5T Trolley (MCB)	0.000	0.323	0.323	0.323	0.000	New Project, productivity
	Subtotal Equipment	2.885	-0.883	2.002	2.002	0.000	
	Equipment - ADPE and TELECOM						
	Subtotal Equip - ADPE and TELECOM	0.000	0.000	0.000	0.000	0.000	
	Software Development						
	Subtotal Software	0.000	0.000	0.000	0.000	0.000	
	Minor Construction						
	2009 Decontamination Facility (MCB)	0.739	0.000	0.739	0.739	0.000	
	2009 Construct CRS Shop (MCA)	0.400	0.000	0.400	0.400	0.000	
	2009 Install 35T Crane (MCA)	0.500	0.000	0.500	0.500	0.000	
	2009 Construct Work Facility for Graphic Arts Lab (MCA)	0.000	0.300	0.300	0.300	0.000	New Project, productivity
	2009 Construct TMDE Branch Admin Space (MCA)	0.000	0.300	0.300	0.300	0.000	New Project, productivity
	2009 Automotive Bldg (MCB)	0.000	0.625	0.625	0.625	0.000	New Project, productivity
	Sub-total Minor Construction	1.639	1.225	2.864	2.864	0.000	
	FY 2009 Estimate	4.524	0.342	4.866	4.866	0.000	

DEPARTMENT OF THE NAVY
 Marine Corps Depot Maintenance
 MATERIAL INVENTORY DATA
 FISCAL YEAR (FY) 2009 Budget Estimates
 FEBRUARY 2008
 (Dollars in Millions)
 Fiscal Year 2007

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP	123.6	0.0	123.6	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	211.2	0.0	211.2	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+) Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	211.2	0.0	211.2	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	178.3	0.0	178.3	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	178.3	0.0	178.3	0.0
Material Inventory EOP*	156.4	0.0	156.4	0.0

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR (FY) 2009 Budget Estimates
FEBRUARY 2008
(Dollars in Millions)
Fiscal Year 2008

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	156.4	0.0	156.4	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	125.2	0.0	125.2	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+) Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	125.2	0.0	125.2	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	162.6	0.0	162.6	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	162.6	0.0	162.6	0.0
Material Inventory EOP*	119.0	0.0	119.0	0.0

DEPARTMENT OF THE NAVY
Marine Corps Depot Maintenance
MATERIAL INVENTORY DATA
FISCAL YEAR (FY) 2009 Budget Estimates
FEBRUARY 2008
(Dollars in Millions)
Fiscal Year 2009

	Total	Mobilization	Peacetime	
			Operating	Other
Material Inventory BOP*	119.0	0.0	119.0	0.0
<u>Purchases</u>				
A. Purchases to Support Customer Orders	129.2	0.0	129.2	0.0
B. Purchases of long lead times in advance of customer orders (+)	0.0	0.0	0.0	0.0
C. Other Purchases (list) (+) Materials & Supplies	0.0	0.0	0.0	0.0
D. Total Purchases	129.2	0.0	129.2	0.0
<u>Material Inventory Adjustment</u>				
A. Material Used in Maintenance (and billed/charged to customer orders) (-)	140.8	0.0	140.8	0.0
B. Disposals, theft, losses due to damage (-)*	0.0	0.0	0.0	0.0
C. Other reductions (list) (-)	0.0	0.0	0.0	0.0
D. Total inventory adjustment	140.8	0.0	140.8	0.0
Material Inventory EOP*	107.5	0.0	107.5	0.0

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NAVAL AIR WARFARE CENTER

Naval Air Warfare Center

DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
FEBRUARY 2008

RESEARCH AND DEVELOPMENT
NAVAL AIR WARFARE CENTER

Mission Statement / Overview

This Naval Air Warfare Center (NAWC) budget submission includes the Aircraft Division (AD) and the Weapons Division (WD). The NAWCAD mission is to remain the Navy's principal RDT&E, engineering and Fleet support activity for naval aircraft engines, avionics, aircraft support systems and ship/shore/air operations. The scope of the Aircraft Division mission includes the acquisition and in-service support of manned aircraft and unmanned air vehicles (UAVs) as well as air operations ashore and afloat. The NAWCWD mission is to be the Navy's full spectrum research, development, test, evaluation, and in-service engineering center for weapons systems associated with air warfare (except antisubmarine warfare system), missiles and missile subsystems, aircraft weapons integration, and assigned airborne electronic warfare system, and to maintain and operate the air, land, and sea Naval Western Test Range complex. NAWC receives Major Range Test Facility Base funding (RDT&E,N appropriation) to maintain and support designated range facilities.

Activity Group Composition:

The NAWC is comprised of two business units, the Aircraft Division (AD), with the primary location at Patuxent River, MD, and the Weapons Division (WD), with the primary locations at China Lake, CA and Point Mugu, CA.

Significant Changes Since the FY 2008 President's Budget:

There are no significant changes in the activity group or composition since the FY 2008 President's Budget.

Financial Profile:

<u>Revenue/Expense/NOR/AOR (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Revenue	\$2,956.7	\$2,933.6	\$3,001.1
Expense	\$2,964.7	\$2,925.5	\$3,028.9
Operating Results	(\$8.0)	\$8.1	(\$27.8)
Other Changes Affecting AOR			
Accumulated Operating Results (AOR)	\$19.7	\$27.8	\$0.0

Revenue and Expense: The trend in revenue and expense from year to year is attributed to fuel pricing, inflation, and workload fluctuations.

<u>Collections/Disbursements/Outlays</u> <u>(\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Collections	\$2,855.0	\$3,099.6	\$3,004.9
Disbursements	\$2,976.8	\$2,993.7	\$3,008.8
Outlays	\$121.8	-\$105.9	\$3.9

Projected net outlays are consistent with projected revenue and expenses.

Workload:

<u>Reimbursable Orders (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Current Estimate	\$3,126.5	\$2,972.5	\$3,015.4

The Naval Air Warfare Center's customer base is expected to increase over FY 2008 President's Budget. Workload base has been reconciled with customer projections.

<u>Direct Labor Hours (000)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Current Estimate	14,686	14,982	14,464

Direct labor hours are consistent with customer projections.

Performance Indicators:

The Naval Air Warfare Center's primary performance indicators are:

<u>Unit Cost</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Total Stabilized Cost (\$Millions)	\$1,282.9	\$1,254.9	\$1,312.4
Workload (DLHs) (000)	14,686	14,982	14,464
Unit cost (per DLH)	\$87.35	\$83.76	\$90.73

Unit cost reflects the total stabilized costs for the projected level of workload, which has been verified through the customer base.

<u>Stabilized / Composite Rates</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Stabilized Rate	\$94.78	\$94.28	\$102.57
Change from Prior Year		-0.52%	+8.79%
Composite Rate Change		+1.40%	+4.20%

Rate changes reflect an increase in direct labor hours and revenue over the FY 2008 President's Budget and are consistent with the increase in the projected workload level.

Staffing:

<u>Civilian/Military ES & Workyears</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Civilian End Strength	10,057	10,103	10,034
Civilian Workyears (Straight-time)	9,774	10,011	9,914
Military End Strength	211	198	198
Military Workyears	164	134	149

Civilian Personnel: Civilian staffing levels are remaining constant through the budget period.

Military Personnel: Military end strength and workyear numbers have been priced using the Civilian Equivalency rates.

Capital Investment Program (CIP) Budget Authority:

<u>Capital Investment Program (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Equipment, Non-ADP / Telecom	\$17.8	\$23.0	\$19.3
Equipment, ADPE / Telecom	7.3	11.2	8.2
Software Development	0.0	0.5	.7
Minor Construction	6.5	2.7	6.1
Total	\$31.6	\$37.4	\$34.3

The NAWC's investments in capital assets facilitate meeting long-range planning and programming objectives and result in satisfying the need for capability to perform operations, functions and services.

Carryover Compliance:

<u>Carryover (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
New Orders	\$3,126.5	\$2,972.5	\$3,015.4
Less Exclusions:			
Foreign Military Sales	85.5	58.9	39.1
Base Realignment and Closure	0.4	0.2	0.1
Other Federal Departments & Agencies	106.0	62.7	35.8
Non-Federal Agencies & others	15.7	16.8	9.4
Major Range & Test Facility Base	324.3	294.7	301.8
Orders for Carryover Calculation	\$2,594.6	\$2,539.2	\$2,629.2
Composite Outlay Rate	53.1%	52.8%	52.2%
Carryover Ceiling Rate	46.8%	47.2%	47.8%
Carryover Ceiling	\$1,216.8	\$1,198.8	\$1,257.2
Balance of Customer Orders at Year End	\$1,501.0	\$1,539.9	\$1,554.2
Less Work-in-Process	44.1	53.2	\$54.7
Less Exclusions			
Foreign Military Sales	110.7	124.4	91.5
Base Realignment and Closure	0.4	0.4	0.3
Other Federal Departments & Agencies	60.3	74.2	49.9
Non-Federal Agencies & Others	23.1	23.0	14.2
Major Range & Test Facility Base	131.6	147.3	142.6
Carryover Budget	\$1,130.8	\$1,117.4	\$1,201.1

Carryover estimates are within the outlay-based methodology controls.

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Revenue and Expenses
Activity: Naval Air Warfare Center
February 2008
(\$ in Millions)

	FY 2007 CON	FY 2008 CON	FY 2009 CON
Revenue:			
Gross Sales			
Operations	2,909.8	2,897.5	2,968.1
Surcharges	-.1	.0	.0
Depreciation excluding Major Construction	47.0	36.1	33.0
Other Income			
Total Income	2,956.7	2,933.6	3,001.1
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	10.1	8.5	9.9
Civilian Personnel	1,099.2	1,168.5	1,188.8
Travel and Transportation of Personnel	66.6	58.8	61.0
Material & Supplies (Internal Operations)	265.0	314.4	331.2
Equipment	48.2	12.9	15.3
Other Purchases from NWC	69.4	106.2	108.5
Transportation of Things	2.7	2.8	2.9
Depreciation - Capital	47.0	36.1	33.0
Printing and Reproduction	.6	1.1	1.1
Advisory and Assistance Services	1.3	23.0	23.4
Rent, Communication & Utilities	60.8	66.2	68.0
Other Purchased Services	1,309.2	1,127.0	1,185.8
Total Expenses	2,980.1	2,925.5	3,028.9
Work in Process Adjustment	-15.4	.0	.0
Comp Work for Activity Reten Adjustment	.0	.0	.0
Cost of Goods Sold	2,964.7	2,925.5	3,028.9
Operating Result	-8.0	8.1	-27.8
Less Surcharges	.1	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	-7.9	8.1	-27.8
Other Changes Affecting AOR	18.5	.0	.0
Accumulated Operating Result	19.7	27.8	.0

Exhibit Fund-14 Revenue and Expenses

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Sources of Revenue
Activity: Naval Air Warfare Center
February 2008
(\$ in Millions)

	FY 2007 CCN	FY 2008 CCN	FY 2009 CCN
	-----	-----	-----
1. New Orders	3,127	2,972	3,015
a. Orders from DoD Components	2,838	2,756	2,856
Department of the Navy	2,364	2,347	2,599
O & M, Navy	526	486	501
O & M, Marine Corps	1	3	5
O & M, Navy Reserve	1	1	1
O & M, Marine Corp Reserve	0	0	0
Aircraft Procurement, Navy	433	443	659
Weapons Procurement, Navy	36	54	53
Ammunition Procurement, Navy/MC	34	10	35
Shipbuilding & Conversion, Navy	45	53	47
Other Procurement, Navy	81	64	65
Procurement, Marine Corps	31	16	9
Family Housing, Navy/MC	0	0	0
Research, Dev., Test, & Eval., Navy	1,174	1,217	1,225
Military Construction, Navy	0	0	0
National Defense Sealift Fund	2	0	0
Other Navy Appropriations	-1	0	0
Other Marine Corps Appropriations	0	0	0
Department of the Army	79	70	33
Army Operation & Maintenance	30	28	8
Army Res, Dev, Test, Eval.	29	18	10
Army Procurement	21	24	15
Army Other	-1	1	1
Department of the Air Force	120	107	72
Air Force Operation & Maintenance	20	16	11
Air Force Res, Dev, Test, Eval.	38	26	16
Air Force Procurement	62	65	45
Air Force Other	0	0	0
DOD Appropriation Accounts	275	232	151
Base Closure & Realignment	0	0	0
Operation & Maintenance Accounts	48	47	34
Res, Dev, Test & Eval. Accounts	120	87	56
Procurement Accounts	103	95	58
Defense Emergency Relief Fund	-1	0	0
DOD Other	5	3	2
b. Orders from other WCF Activity Groups	82	79	75
c. Total DoD	2,919	2,834	2,931
d. Other Orders	207	138	84
Other Federal Agencies	106	63	36
Foreign Military Sales	86	59	39
Non Federal Agencies	16	17	9
2. Carry-In Orders	1,323	1,501	1,540
3. Total Gross Orders	4,450	4,473	4,555
a. Funded Carry-Over before Exclusions	1,501	1,540	1,554
b. Total Gross Sales	2,949	2,934	3,001
4. End of Year Work-In-Process (-)	-44	-53	-55
5. Non-DoD, ERAC, FMS, Inst. MRIFB (-)	-326	-369	-298
6. Net Funded Carryover	1,131	1,117	1,201

Note: Line 4 (End of Year Work-In-Process) is adjusted for Non-DoD, ERAC & FMS and Institutional MRIFB

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Changes in the Cost of Operations
Activity: Naval Air Warfare Center
February 2008
(\$ in Millions)

	Expenses -----
FY 2007 Actual	\$2,964.7
FY 2008 Estimate in FY 2008 President's Budget:	\$2,803.2
Pricing Adjustments:	
Change in FY 2008 Civilian Pay Raise	3.9
Fuel Pricing	\$17.1
General Inflation	-6.9
Program Changes:	
Multi-Mission Helicopter	\$39.5
Presidential Helo	33.0
Other Navy Programs	18.1
NASA	8.8
Maritime Patrol Aircraft Program	8.7
Advanced Anti-Radiation Guided Missile	7.5
Joint Strike Fighter	7.3
Navy Unmanned Air Vehicles	7.3
Aviation Support Equipment	5.2
Other	5.0
Other Changes	
Capital Investment Program Threshold Change	\$2.1
Depreciation	1.3
Civilian Personnel	-30.5
Efficiency Initiatives	-3.9
Other	-1.2
FY 2008 Current Estimate:	\$2,925.5

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Changes in the Cost of Operations
Activity: Naval Air Warfare Center
February 2008
(\$ in Millions)

	Expenses -----
FY 2008 Current Estimate:	\$2,925.5
 Pricing Adjustments:	
Civilian Personnel Pay Raise	
Impact of 2009 Pay Raise	\$24.7
Annualization of Prior Year Pay Raise	10.6
Military Personnel Pay Raise	
Impact of 2009 Pay Raise	\$0.2
Annualization of Prior Year Pay Raise	0.1
General Purchase Inflation	31.3
Working Capital Fund Price Changes	6.8
Fuel Price Changes	-2.1
 Program Changes:	
Joint Strike Fighter	\$216.6
F/A-18 Improvements	10.7
NASA	-9.0
F/A-18 Strike Fighter	-24.8
Other	-140.3
 Other Changes	
Military Labor Costs	\$1.2
Impact of Increase in CIP Threshold	-0.6
Depreciation	-3.1
Impact of One Less Paid Day	-4.6
Civilian Personnel	-15.0
Other	0.7
 FY 2009 Current Estimate:	 \$3,028.9

Activity Group Capital Investment Summary
Fiscal Year (FY) 2009 President's Budget Submission
Research and Development / Naval Air Warfare Center
February 2008
\$ in Millions

Line #	Description	FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE and Telecom Equipment						
	- Replacement Capability	28	\$12.205	35	\$16.299	28	\$14.825
	- Productivity Capability	6	\$2.238	5	\$2.525	6	\$2.524
	- New Mission Capability	5	\$3.328	9	\$4.226	5	\$1.896
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
2	ADPE and Telecom Equipment						
	- Computer Hardware (Production)	6	\$2.852	9	\$6.921	6	\$3.469
	- Computer Software (Operating)	1	\$0.392	1	\$1.254	2	\$1.314
	- Telecommunications	3	\$2.735	2	\$2.150	1	\$0.650
	- Oth Computer & Telecom Spt Equip	3	\$1.348	2	\$0.849	5	\$2.751
3	Software Development						
	- Projects = or > \$1M (List Separately)	0	\$0.000	0	\$0.000	0	\$0.000
	- Projects < \$1M	0	\$0.000	1	\$0.455	2	\$0.745
4	Minor Construction						
	- Replacement Capability	3	\$1.600	3	\$1.230	1	\$0.700
	- Productivity Capability	0	\$0.000	0	\$0.000	1	\$0.300
	- New Mission Capability	13	\$4.910	8	\$1.450	10	\$5.088
	- Environmental Capability	0	\$0.000	0	\$0.000	0	\$0.000
	Grand Total	68	\$31.608	75	\$37.359	67	\$34.262
	Total Capital Outlays		\$30.424		\$34.847		\$33.827
	Total Depreciation Expense		\$47.038		\$36.112		\$33.031

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2009 Budget Estimates Program/Budget Estimates February 2008							
Department of the Navy / Research and Development / Naval Air Warfare Center		#001 - Non-ADPE and Telecommunications / Replacement Capabilities					NAWC			
		FY 2007		FY 2008			FY 2009			
Non-ADPE and Telecommunications Equipment		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement Equipment		28		12,205	35		16,299	28		14,825
Total		28		12,205	35		16,299	28		14,825
Justification:										
<u>Non-ADPE and Telecommunications: FY2007-FY2009</u>										
<p>1. The purpose of the projects included in this capability are to enable the Naval Air Warfare Center (NAWC) to replace, consolidate, and upgrade the existing Arresting Gear (A/G) equipment and facilities at the Jet Car Track Sites (JCTS). JCTS has conducted recent testing at increased speeds and higher weights. This represents the requirements for the Navy's newest aircraft and have put the System beyond its maximum limitations and replacement parts are no longer available. Second, NAWC needs to replace the Electronic and Physical/Mechanical Calibration Laboratory for Synthesize Signal Generators, Universal Counters, Type N Mechanical Verification Kit, and Type N Coaxial Mechanical Verification Kit. This will improve our ability to calibrate various measurement devices and gauges used to check conformance or non-conformance of equipment to their proper specifications. Next, the Tactical Data Link Communications and the Command and Decision Console Support will upgrade and integrate Tactical Data Link Communications suites and AN/UYQ-70 Consoles into the Surface Aviation Interoperability Laboratory's (SAIL) C4ISR Architecture. The Aircraft Launch/Recovery Equipment (ALRE) Upgrades are essential because NAWC supports critical Navy Projects that require a fast turn-around time. The NAWC's existing ALRE equipment is obsolete for today's state-of-the-art Navy standards. Furthermore, equipment processors and mechanical systems are slow and have limited abilities to record, mix or process energetic materials and test processes. Also, Sensor fusion and Airborne Infra Red (IR) equipment is inadequate to support the rapidly growing needs of new developments in targeting and network centric operations. Next, research equipment in chemistry and physics laboratories is aging and becoming more difficult to maintain and repair. In addition, the ability of the Electronic Warfare (EW) Integration Laboratory to fulfill its mission has been seriously degraded by obsolete equipment, lack of connectivity and limited bandwidth. Furthermore, increased workload in laser technology and high energy lasers have exceeded the capacity and capabilities of current equipment. Improved equipment is required to characterize and coat dielectric and optical windows used in advanced seeker, sensor, and directed energy components. Another requirement is the expanding needs in surveillance and communications projects have created a need for a ground terminal providing wideband, line of site capability. Electromagnetic testing capabilities need to be expanded to higher frequencies to meet the requirements of future systems. Last, Airborne instrumentation capability for testing of countermeasure systems is limited by the unavailability of suitable aircraft. Testing of electronic warfare equipment is limited by an insufficient number of radar environment simulators.</p> <p>2. The new A/G systems for NAWC will represent all systems used on all Aircraft Carriers in the Fleet today and will be logistically supported for over 40 years. The Calibration Laboratory Equipment replacement will improve NAWC's ability to calibrate equipment with the increased accuracy that current and future technology requires. It will also increase our ability to perform calibrations in a timely and more cost efficient manner. These upgrades will also provide calibration personnel with a new level of confidence which will enhance operations and customer confidence. In addition, the Tactical Data Link Communications upgrade and the Command and Decision Console Support will ensure that NAWC will be in compliance with current Information and Assurance policies, Global Information Grid, and be able to operate in the Network Centric Environment. The ALRE Equipment upgrades will ensure that NAWC can support Service to Fleet emergencies and test qualification programs. Other new equipment will provide process control of energetic operations, test operations and data collection; signal processing capabilities for continued development of test equipment and flight hardware to support missile development; installation of new controllers for climatic chambers for continued test of operational hardware and fleet approved weapons; continued development of guidance equipment for various weapon systems. Sensor fusion equipment and mobile laboratories will allow extensive and automated data gathering for evaluation of detection and targeting systems. Upgraded chemistry and physics laboratories will significantly enhance efficiency and productivity. In addition, an updated sensor suite for the IR measurement pod will provide the capability to meet the expanding needs of customers. State of the art optical measurement devices, advanced Radio Frequency (RF) instrumentation, and metallographic sample preparation and analysis equipment will provide a much more effective capability to support analysis of weapon systems components. Upgraded equipment for EW integration will enable improved support to customers, allow improved turnaround times, and reduce maintenance costs. Furthermore, a high energy laser laboratory and improved laser characterization equipment will provide an increased ability to develop and evaluate the effects of directed energy devices. A portable ground terminal equipped with advanced antenna and communication gear will allow interface with manned and unmanned surveillance platforms and support of numerous customers. The third phase of the Electromagnetic Laboratory upgrade will include receiver and amplifier systems that increase to laboratory's frequency capability to that required by future platforms. Finally, a replacement instrumentation pod for air to air testing of countermeasures against missile seekers will be compatible with available test aircraft allowing continued support of critical programs. An additional Advanced Multiple Environment Simulator will provide an enhanced capability to support the development of EW suites in a more cost effective and timely manner.</p> <p>3. An economic analysis has been performed for each of the individual projects included in this capability.</p> <p>4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.</p> <p>5. If investment is not made, these laboratories would deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.</p>										

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2009 Budget Estimates Program/Budget Estimates February 2008					
Department of the Navy / Research and Development / Naval Air Warfare Center			#001 - Non-ADPE and Telecommunications / Productivity Capabilities				NAWC	
			FY 2007		FY 2008		FY 2009	
Non-ADPE and Telecommunications Equipment			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Productivity			6		2,238	5		2,525
Total			6		2,238	5		2,525
Justification:								
<p><u>Non-ADPE and Telecommunications: FY2007-FY2009</u></p> <p>1. The purpose of the projects included in this capability is to enable the Naval Air Warfare Center Aircraft Division (NAWCAD) to support all Navy Air breathing Propulsion and Power Systems, rapid response to fuel and lubrication, and mishap investigation. NAWCAD has a requirement to replace the Main Gear Box on Drive Stand No. 10 to bring it to 100% capability. This Drive Stand is in excess of 25 years old and the main gear box internal assemblies have worn to the point that require being downgraded by 20% to continue safe usage in the testing of electrical generators. In addition, NAWCAD will add a new contamination detection and monitoring system to our Filtration Performance Test Facility. Currently, NAWCAD does not have an accurate, efficient, or repeatable way to read Jet Fuel Thermal Oxidation Test Tubes (JFTOT). Next, the Radar and Antenna Systems Division will overhaul its large Orbit/FR 4510 heavy duty positioned in support of the weapon systems life cycle through ISE. The Wavelength Division Multiplexing (WDM) Network Test Equipment will implement the tenants of Network Centric Warfare (NCW) by sharing, combining, analyzing and reconstructing C4IS real-time battlefield events to gain the strategic, high ground when deploying expeditionary forces.</p> <p>2. The new Main Gear Box will improve NAWCAD's safe usage in the testing of electrical generators. The ignition quality tester will satisfy the requirement to assess/predict the performance of fuels from various feedstocks with various processing techniques to determine their effects on, and usefulness in, the Navy's diesel engines and other equipment. The goal is to provide technology based options for future maritime capabilities and insert technologies into development and acquisition programs that address current and emerging naval aviation needs. The new positioner will reduce failure, reset positioning accuracies, and will extend its service life. WDM Network test equipment will ensure practical knowledge acquired by the lab to drive the NCW initiative and future deployments for the advanced fighter and cargo aircraft platforms.</p> <p>3. An economic analysis has been performed for each of the individual projects included in this capability.</p> <p>4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.</p> <p>5. If investment is not made, these laboratories would deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval warfighting effectiveness.</p>								

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2009 Budget Estimates Program/Budget Estimates February 2008						
Department of the Navy / Research and Development / Naval Air Warfare Center	#001 - Non-ADPE and Telecommunications / New Mission Capabilities					NAWC			
	FY 2007			FY 2008			FY 2009		
Non-ADPE and Telecommunications Equipment	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
New Mission Equipment	5		3,328	9		4,226	5		1,896
Total	5		3,328	9		4,226	5		1,896

Justification:

Non-ADPE and Telecommunications: FY2007-FY2009

1. The purpose of the projects included in this capability are to enable the Human Systems Department to provide a full spectrum life cycle research and engineering to optimize operator and maintainer effectiveness and survivability through human performance, training, and material solutions. Crashworthiness Systems Branch is required to perform specialized static tests for Aircraft Test Systems, so that aircraft can be qualified for flight and ensure the safety of the aviators and the equipment. The Naval Air Warfare Center (NAWC) also requires the capability in the Vision Lab to identify issues which degrade performance and integrity of optical transparencies, both coated and laminated. NAWC's programs toward visual performance and eye protection and the application of novel coating and polymeric manufacturing methods has brought unprecedented optical performance for aviators. However, the physical and chemical complexity at the interfaces are not currently understood which has caused delays in development of key safety equipment. Equipment will help in developing weaponization of unmanned vehicles in support of war fighter operations and development of new materials for detonation mechanics. Laboratory equipment specifically tailored for the investigation of nano-materials is required to fully explore the potential of this new class of materials for structural and energetic applications. In addition, research is required to provide the ability to fabricate devices based on nanotechnology, to evaluate the behavior and potential for swarming robotic devices, and to automate search and storage of unclassified and classified databases. Also, equipment will help in developing weaponization of unmanned vehicles and development of new high energy laser systems in support of war fighter operations. The capability does not currently exist to conduct multi-platform interoperability/network integration development and testing. Equipment is needed to develop a new class of materials suitable for high temperature applications. Last, equipment will help in developing weaponization of unmanned vehicles and development of new high energy laser systems in support of war fighter operations.

2. Currently, there is no current in-house capability to fulfill the specialized static testing requirements of NAWC's aircraft that we are responsible to qualify for flight. Having this system at NAWC will eliminate costly contractor facility costs and enable us to accommodate our customer's time requirements for the testing and qualification of the Aircraft. In addition, the Vision Lab Optical Interface will enable NAWC to integrate eye protection (impact/ballistic, LEP, and chemical/biological), helmet mounted display (HMD), and cueing to provide better visual performance and protection for the Aviator at lower cost. New technologies in optics have pushed a number of programs towards multi-layer optics based on curved polycarbonate substrates. The War fighter will be able to find, track, target, and destroy enemy assets without putting themselves in harms way utilizing newly developed materials. In addition, Nano-device fabrication equipment will allow exploitation of nano materials synthesis efforts leading to improved weapon system components. Second, a Swarming Laboratory will be equipped to study the interaction of multiple robotic devices for ultimate application to concepts of operations for fleets of unmanned vehicles. In addition, new equipment will allow on-line searching of classified data bases allowing immediate access and retrieval of critical technical information. Also, the Interoperability Laboratory and associated equipment will provide the capability to support the development and testing of data link and communication network equipment for multiple air platforms. Finally, new equipment will allow the use of a molecular level approach to fabricate and evaluate research scale samples of high temperature polymer materials.

3. An economic analysis has been performed for each of the individual projects included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If investment is not made, these laboratories would deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2009 Budget Estimates Program/Budget Estimates February 2008								
Department of the Navy / Research and Development / Naval Air Warfare Center			#002 - ADPE and Telecommunications Capabilities/Production Capabilities			NAWC					
ADPE and Telecommunications Equipment			FY 2007			FY 2008			FY 2009		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Computer Hardware (Production)			6		2,852	9		6,921	6		3,469
Total			6		2,852	9		6,921	6		3,469

Justification:

FY2007-FY2009

Greater than \$1M:

Platform Laboratories Maritime Surveillance Aircraft Upgrade Program

1. Naval Air Warfare Center Aircraft Division (NAWCAD) is responsible for the implementation of system engineering resource center to support Naval Air Systems Command (NAVAIR) exploitation and implementation for the Sea Power 21 initiative. As a result, NAWCAD will continue to support the development and maintenance of distributed facilities to implement and validate the C5ISR architectures that will be required in the 21st century to support asynchronous warfare. These will include facilities, for modeling and simulation and platform validation. As a result the facilities will be used to work the Sea Power 21 initiative and FORCENET as NAVAIR moves to into the Network Centric Warfare (NCW). The facilities will also support Battlespace Engineering and Airship Integration and Development as well as support platform capabilities. Platforms included are Multi Mission Aircraft (MMA), Joint Strike Fighter (JSF) and Hawkeye 2000 as well as legacy platforms such as P-3, E-2C and E-6B. This request covers the aggregate of Competency 413000A Research and Engineering Labs at NAWCAD and is a sort of Omnibus solution to the technological change driving our business base. Each of the major platforms are driving technology towards what industry offers under Commercial Off-the-Shelf (COTS)/Non Development Item (NDI). In order for these multi million dollar facilities to keep pace with the changing technological environment, we need to upgrade and add new systems to our inventory and meet the challenges of Sea Power 21, FORCENET, and NAVAIR's vision. This project covers all the major Platform labs at NAWCAD and will have the same capability as the rest of the labs. This 'virtual' single lab concept benefits both NAWCAD and the Warfighter and falls in line with NAVAIR 1.0 Vision of Agility, Cost Containment, Readiness, Alignment, and supporting Fleet driven metrics.
2. Our current Commercial of the Shelf Software (COTS)/NDI Lab assets are/or will be aging out over the next few years. Technology is changing at a more rapid pace, further pushing our systems out-of-date. Meanwhile through the Sea Power 21 and FORCENET, the platforms we support are integrating more and more of this technology into their traditional proprietary platforms and increasing their dependence on networked systems. By upgrading our facilities into multi use facilities, we can provide both our NAVAIR customers and our fleet users assets to make their job easier and give the war fighter the tools he needs. This type of system will assist us to meet the new NAVAIR 1.0 Vision as well as support the development of Sea Power 21.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost saving/avoidance for the equipment in this capability will begin in the next fiscal year. Generally the savings/avoidance will start with the installation of the procured item and continue throughout its life.
5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and warfighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

FY2007-FY2009

Greater than \$1M:

ALRE Common Emulation System (ACES)

1. In support of the Naval Air Warfare Center Aircraft Division (NAWCAD) efforts in providing a shipboard representative environment for developing Naval Air Systems Command (NAVAIR) programs, Aircraft Launch and Recovery Common Emulation System (ACES) will supply simulators and equipment emulators for major air operations and weapons handling programs. Each simulator will consist of a mix of hardware and software and be modeled on the existing or planned capabilities of its respective program. Through the integrated environment provided by NAWCAD's Systems and Technology Hardware/Software Integration Simulator (SYNTHESIS), all simulators will have the ability to accept commands and information from partner programs (or their simulators) and provide feedback that emulates real data. When required by a given program, to assist in testing, to prove concepts, or to assist in troubleshooting shipboard issues, these simulators will connect to the Research, Development Test and Evaluation (RDT&E) network to help provide the "look and feel" of a ship's NAVAIR Air Operations environment.

2. The criticality of Aircraft Launch and Recovery Equipment (ALRE) and ALRE information systems in the launch and recovery of aircraft requires safety to be a major concern of testing. Without a full suite of intelligent simulators, testing and troubleshooting must continue in the operational environment aboard ship without the benefits of discoveries being uncovered in a simulated Air Operations environment at NAWCAD, while protecting personnel and equipment from the hazards of real world testing. ACES, coupled with SYNTHESIS and the simulation capabilities of newer and emerging programs, will provide NAWCAD with the ability to fully determine the total Air Ops integration issues early enough in a program to avoid unnecessary costs associated with prototyping, testing, equipment deliveries, ship alterations, and travel. ALRE projects proposed for the ACES environment include Electromagnetic Aircraft Launch System (EMALS), Advanced Arresting Gear (AAG), Advanced Recovery Control (ARC), Visual, Integrated Shipboard Information System (ISIS), Moriah, Aviation Weapons Information Management System (AWIMS) and Improved Fresnel Lens Optical Landing System (IFLOLS). Incorporation of two e-business projects (AUTOREAD and ASRL-W) will also benefit and incorporated into ACES.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

FY2007-FY2009

Greater than \$1M:

Advanced Diagnostic Simulator

1. The purpose of this project is to procure an advanced avionic simulator to enhance the development of avionic diagnostics across all Naval Air Warfare Center Aircraft Division (NAWCAD) platforms. We plan to build an MH-60S/R simulator that will reside in our state of the art laboratory at NAWCAD. This simulator will allow us to develop innovative diagnostic procedures which will include tools such as a case based reasoned, neural networks and synthetic instrument applications. The aim of our research is to develop an advanced diagnostics tool that can be used across all NAWCAD platforms.
2. Presently there is a great disparity across NAWCAD platforms when it comes to diagnostics. Some platforms like the H-60 are developing advanced diagnostics, while other platforms like the E-2C, or V-22 have none. We want to use the diagnostics developed by the H-60 program as a springboard for future advancements in the diagnostics field. With our avionics simulator, we plan on leading the way in the development of diagnostics that can be applied to any platform.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

FY2007-FY2009

Greater than \$1M:

Integrated Battlespace Arena (IBAR) Computer Replacements/UAV Lab (Phase 1 of 4)

1. The Integrated Battlespace Arena is a collection of several laboratories and facilities that is dedicated to battlespace engineering investigations at all levels of Research, Development, Test and Evaluation (RDT&E). The limitations of current computational equipment in terms of capability and supportability is taxing the ability of the Integrated Battlespace Arena to meet the needs of current and future program requirements. The multiyear equipment upgrade program will provide the needed processing, scene generation, and data backup improvements.
2. The current simulation requirements from the broad IBAR customer base continues to tax the current capability of the various IBAR components. The high performance computing capability acquired in 1999 has an average lifespan of three to five years. It has been seven years since this computing capability has become relied upon by not only the IBAR, but by the science and technology initiatives throughout Code 4.7. The Silicon Graphics, Inc. (SGI) computers procured in 1999 are no longer supported by SGI and must be replaced. In addition, as program dollars become increasingly scarce and the need to reduce the number of in-flight and live-fire tests increases, reliance on the IBAR will also increase.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, old outdated equipment will continue to be used to support operations and critical tests.

FY2007-FY2009

Greater than \$1M:

Corporate Legacy SUN/NT Consolidation

1. The purpose of this project is to upgrade and consolidate selected Naval Air Warfare Center Aircraft Division (NAWCAD) Windows NT and SUN servers. The SUN's Enterprise E25K and E6800 series servers offer dynamic system domains and system partitioning that creates self-contained servers within a single physical server. Processors, memory, and input/output (I/O) can be expanded seamlessly and transparently, with linear increases in overall system, user, and application performance. Mainframe like partition capabilities permit extremely flexible processor and memory configurations that improve resource management and availability. Currently NAWCAD has 200 NT servers that service web sites, imaging services, workflow, and databases. These mid-tier NT servers will be at the end of their useful life and require upgrading and/or replacement in order to support current and future NAWCAD corporate database requirements. Chief Naval Operations (CNO) and Navy Marine Corp Intranet (NMCI) architectures like Task Force Web, Public Key Infrastructure (PKI), Corporate Portals, Enterprise Resource Planning (ERP), etc., will require increased server capacity and speed to support a multiple tier applications environment.
2. The current system consists of 30 SUN UNIX servers that interact with each other. This causes increased network traffic and slower processing times for the end-user. The goal of this project is to manage resources at an optimal service level for the lowest possible cost to the organization thereby improving efficiencies. In addition, the distributed systems cause many users to perform double duties as System Administrators. When systems are consolidated, an experienced System Administrator can do a much better job of bringing together multiple, disparate platforms and run them as a single, seamless environment. The System Administration staff can be decreased, as the amount of servers decrease. Historically, NAWCAD has purchased two servers per year to cover the expanding user requirements. This will reduce the number of hardware and software platforms that are required and can apply standardized procedures and disciplines to a streamlined, re-centralized environment. Furthermore, the current space for servers is limited. If NAWCAD had one system, it would decrease the amount of floor space needed to house the equipment. Last, the corporate NT servers will need to be upgraded and/or replaced due to performance requirements and the increased customer's usage of the servers. This will cause the labor and hardware maintenance to cost more than the new system by FY 2008.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2009 Budget Estimates Program/Budget Estimates February 2008								
Department of the Navy / Research and Development / Naval Air Warfare Center			#002 - ADPE and Telecommunications Capabilities/Operating Capabilities			NAWC					
ADPE and Telecommunications Equipment			FY 2007		FY 2008		FY 2009				
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Computer Software (Operating System)			1		392	1		1,254	2		1,314
Total			1		392	1		1,254	2		1,314
Justification:											

FY2007-FY2009

Greater than \$1M:

Application Software Architecture Refreshment

1. The purpose of the Applications Software Architecture Refreshment is to provide adequate Application Server platform to comply and “stay ahead of the curve” of Industry technical advancements. As software technology evolves into application integration and web services, it is critical that the development expertise in this area is followed by the appropriate software (Application Platform Suite) architecture refreshment. Dell, Oracle, Sun Microsystems, Business Objects, Cold Fusion, Visual Basic, Systems Applications and Products in data processing (SAP) and others, are leaders in this market, and Naval Air Systems Command (NAVAIR) must have adequate technology refreshments to maximize the effect that Information Technology provides to the corporation. The proper implementation of these software architecture refreshments will reduce stovepipes and maximize reusability and interoperability, therefore creating efficiencies.

2. Current application platform technology used is outdated. If Information Technology fails to adequately provide new technology to our customers, we will be unable to meet customer requirements in the future. In the past, application platform suites were chosen for various application architectures without regard for security, established standards, or compliance with Department Of Defense (DOD) mandates, i.e. Navy Marine Corps Intranet (NMCI), Public Key Encryption (PKE), etc. This project will evaluate and select the appropriate application platform suite for the Information Technology/Information Management NAVAIR corporate applications, as well as upgrade the existing hardware infrastructure to support this technology. We will then be in a position to meet our customer's requirements, with a software technology which meets DOD requirements for security and architecture compliance. The project will provide a refreshment of the software infrastructure, and provide savings for software operation, training, and maintenance costs.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2009 Budget Estimates Program/Budget Estimates February 2008								
Department of the Navy / Research and Development / Naval Air Warfare Center			#002 - ADPE and Telecommunications Capabilities/Telecommunications			NAWC					
ADPE and Telecommunications Equipment			FY 2007			FY 2008			FY 2009		
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Telecommunications			3		2,735	2		2,150	1		650
Total			3		2,735	2		2,150	1		650
Justification:											

FY2007-FY2009

Greater than \$1M:

RDT&E Technology Refresh

1. This submission is for a multi-year upgrade/replacement of the transmission equipment on the Research, Development, Test, and Evaluation (RDT&E) network. The RDT&E environment provides connectivity for Pax River engineering and scientific requirements that cannot be met by Naval Marine Corp Internet (NMCI). The upgrade/replacement will happen over a two year period with one year focusing on the unclassified environment and the second year focusing on the classified environment.

2. The current transmission equipment on the RDT&E network was procured in the mid 1990's. This equipment is reaching end of service life and will no longer be supported by the manufacturer resulting in rapidly increasing maintenance costs until the manufacturer refuses to support the equipment at all. Also, since this equipment is not of the latest technology, the RDT&E team will be forced to build separate technology solutions to meet each engineering requirement resulting in much higher hardware investments and maintenance costs than an integrated solution would cost. This submission will upgrade/replace the existing transmission equipment with a state of the art system that will support the engineering requirements for the next 5 to 10 years.

3. An economic analysis has been performed for this project included in this capability.

4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.

5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

FY2007-FY2009

Greater than \$1M:

SI Fiber Extension

1. This submission is the second and final part of a multi-year project to provide an Engineering Local Area Network (LAN) throughout the Naval Air Warfare Center Aircraft Division (NAWCAD) Webster Field Annex to support the engineers. The first phase titled Engineering LAN Technology Refresh was executed in FY2005 and provided the electronics to modernize the network while this submittal is targeted towards upgrading the cable plant. The current data, video and voice cable plants are at the end of their life cycle and there is no room for expansion. It is essential to replace those existing plants with an integrated, state-of-the-art fiber optic system. The emerging high bandwidth information transfer technologies supporting both project and engineering requirements will only run on fiber making this purchase essential in positioning NAWCAD with a competitive advantage in terms of attracting the already declining Department of Defense (DoD) and Research, Development, Test, and Evaluation (RDT&E) project dollars.
2. Webster Field Annex has a requirement to support the real-time availability of scientific and laboratory simulation data such as acoustics, flight, weapons systems and sensor testing. In order to effectively share this volume of information, as well as other general engineering, a modern, high-speed, expandable communications infrastructure is required. The current capability at Webster Field will not allow the labs and engineering community to collaboratively perform tasks with the labs at the NAWCAD main campus. The current system is unable to meet the Protected Distribution System (PDS) requirements for unencrypted classified data between labs. With the installation of the new fiber optic technology, a fiber system meeting the PDS requirements will be installed.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

FY2007-FY2009

Greater than \$1M:

Fiber Optic Expansion

1. The Fiber Optic Expansion project is designed to extend existing fiber optic network distribution to the Engineering competencies that are not currently supported by the current network. In addition, the new fiber optic expansion project will ensure backup fiber optic paths that connect telephone and data path redundancy to ensure that there is not any cable disruption by cable cuts and other unplanned damage.
2. The proposed expansion will shore up capacity, connect existing and planned areas of Research, Development, Test, and Evaluation (RDT&E) engineering programs, and allow continued development and simulation of actual proposed deployment models. Cost reductions will occur due to reduction in maintenance costs on the existing fiber optic system due to backup fiber optic path. Finally, the business unit will be able to standup new command and control ship representative systems, as well as deployed system troubleshooting. This is all due to updated access via fiber optic cables. Upgraded core communications infrastructure will provide path backups to mitigate power outage risks and improve the quality of service.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2009 Budget Estimates Program/Budget Estimates February 2008					
Department of the Navy / Research and Development / Naval Air Warfare Center			#002 - ADPE and Telecommunications Capabilities/Other			NAWC		
ADPE and Telecommunications Equipment			FY 2007		FY 2008		FY 2009	
			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Other Computer & Telecommunications Spt Equipment			3		1,348	2		849
Total			3		1,348	2		849
Justification:								

FY2007-FY2009

Greater than \$1M:

Infrastructure Streamlining

1. The Infrastructure Streamlining project will enable the Naval Aviation enterprise to draw together disparate databases and websites across 16 advanced engineering sites nation-wide into a single portal of access of authorized personnel to technical information across the enterprise. This will enable a more robust online collaborative engineering capability for development and delivery of both advanced air warfare information networks and kinetic kill systems to the Fleet in support of Sea Power 21. This project will provide the Naval Air Systems Command (NAVAIR) engineering competency and Fleet technical personnel with a Network Centric capability for handling information to enhance current and future Fleet readiness. The hardware and software for this project will reside at the NAWCAD which will increase the NAWCAD business base. Much of the data is classified and will require servers that are isolated to handle classified data.
2. There are thousands of applications and databases across the NAVAIR enterprise, many with redundant information and functionality that tend to serve narrow segments of the total enterprise. The expense required to operate and maintain the plethora of disparate information sources is draining precious resources from the enterprise and impeding NAVAIR's efficiency and effectiveness in enhancing current and future Fleet readiness. Adopting a proven "best practices" model from government and industry, the Infrastructure Streamlining project will enable information to be used far more efficiently and effectively, shortening product development cycle times, and substantially reducing the cost burden to operate and maintain the Naval Aviation information infrastructure.
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and warfighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

FY2007-FY2009

Greater than \$1M:

Operations Research Immersive & Optimization Network

1. Operations Research Immersive and Optimization Network (ORION) is necessary to support Naval Air Warfare Center Aircraft Division's (NAWCAD) effort to use modeling and simulation to analyze, and streamline aviation shipboard operations. ORION provides the resources to visualize the ship state dynamically as various ship systems are exercised, straining both physical space and personnel resources. An immersive presentation technique allows SMEs to easily see what is going on, experience the problem, and possibly formulate a solution without ever reading a simulation report, or viewing model data.
2. The Immersive Design and Optimization Environment (IDOS) system that is currently employed to accomplish much of the visualization tasks at NAWCAD provides only one of a set of solutions to accomplish the visualization, and is currently capable of helping a single customer at a time. ORION will provide additional services, for more simultaneous customers, more cheaply than before. Using the IDOS system users enter the Modeling and Simulation spaces in B678 at Lakehurst to collaborate on a design. These facilities will continue to be used, and will be revitalized with the addition of new more resolute projectors, and modern computer systems to drive them. ORION will augment this with new technologies such as stereo projection, head mounted displays, 3D plasma displays (which do not require glasses), Virtual Reality (VR) tablets, and Web technologies. All will enable the proper level of emersion to be provided to the customer, in a less restrictive manner than is currently possible, and in the location where the system is being tested. Two specific areas can finally be addressed. They are the maintenance and team VR. In addressing maintenance, VR can help with assembly issues, parts and tool placement, and space arrangement (as in weapon assembly magazines). Team VR is where each person can see the others but move and act independently in the environment. This will allow several designers to use the VR space as a team would on the ship. Today VR is generally used from a single person perspective. Web technologies will also be available in ORION. VR can then be more easily shared with remote sites with little or no specialized equipment, allowing more broadly based collaboration. Through the use of the existing network, these views of the ship's state will be synchronized, and present the same view to all those participating. These views of ship state will be generated by a series of process models, starting with the flight deck and working down to the lower levels of the ship (as in the case for weapons).
3. An economic analysis has been performed for this project included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWCAD will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		Fiscal Year (FY) 2009 Budget Estimates Program/Budget Estimates February 2008					
Department of the Navy / Research and Development / Naval Air Warfare Center	#003 - Software	NAWC					
Software		FY 2007		FY 2008		FY 2009	
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Engineering Drawings and Technical Documents					1		455
Multispectral Image Processing and Advanced Tracking						1	450
TOTAL					1		455
Justification:							

Software: FY2007-2009

1. The objective of the Naval Air Warfare Center (NAWC) Research Development Test & Evaluation (RDT&E) Laboratory capability is to ensure Maritime Aviation supremacy against a broad range of current and future threats. NAWC provides a broad range of systems integration, communications, engineering, and technical solutions, ranging from strategic command and control and tactical warning and attack assessment, to test, training and evaluation. The success of the Navy mission requires exploration, leveraging and prioritization of naval requirements by scientists and engineers working in NAWC Research and Development Laboratories and Facilities. These laboratories and facilities are an integral component of the technical competence and ability of the scientists and engineers to meet Fleet requirements and provide critical enhancements to multi-mission and multi-role capable manned and unmanned aircraft.
2. The benefits of the proposed technical capital investments at NAWC laboratories and facilities will effect measurable increases in the safety, agility and combat effectiveness of sailors and marines. The goal is to provide technology based options for future maritime capabilities and insert technologies into development and acquisition programs that address current and emerging naval aviation needs. These RDT&E laboratories fill voids in certain Navy requirements that private sector centers cannot meet. NAWC labs enable the achievement of a more effective and efficient U.S. Navy and Marine Corps war fighting force.
3. An economic analysis has been performed for each of the individual projects included in this capability.
4. The anticipated cost avoidance for the equipment in this capability will begin in the next fiscal year.
5. If investment is not made, NAWC will deleteriously impact Chief of Naval Operations (CNO) vision of increasing capabilities in aircraft carriers, networks, sensors, weapons, platforms and have a significant negative result on the success, efficiency and war fighting effectiveness of the Navy. This will also decrease innovative affordable technologies to the Fleet which support our nation's defense strategy and goals and reduce overall Naval war fighting effectiveness.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			Fiscal Year (FY) 2009 Budget Estimates Program/Budget Estimates February 2008						
Department of the Navy / Research and Development / Naval Air Warfare Center	#004 - Minor Construction					NAWC			
Minor Construction	FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement	3		1,600	3		1,230	1		700
Productivity									
New Mission	13		4,910	8		1,450	10		5,088
Environmental									
Total	16		6,510	11		2,680	11		5,788
Justification:									

Minor Construction: FY2007-FY2009

Replacement

Minor Construction is used by the Naval Air Warfare Center (NAWC) to replace obsolete facilities, provide greater security, and improve efficiency. In addition, Minor Construction is used by NAWC to modify existing spaces and construct new facilities to provide suitable space to research, develop, acquire, test and evaluate aircraft systems (often in a secure environment) and weapons systems for the Warfighters.

FY 2007: The projects consist of a four labs and one administrative facility that supports weapons system research. In addition, the NAWC also has a Primary Computing Facility Electrical Generator and a Lean-to Refurbishment in support of aircraft and fleet integration research. Planning and design costs for FY 2007 are included.

FY 2008: The projects consist of a Broad Area Maritime Surveillance (BAMS) Facility to support ship/aviation integration advanced research and a Security and Safety Building. Planning and design cost for FY 2008 are included.

FY 2009: The projects consist of an upgrade to a Jet Car Track Upgrade Facility to support aircraft carrier systems research. Planning and design cost for FY 2009 are included.

Productivity

Minor Construction is used by the Naval Air Warfare Center (NAWC) to replace obsolete facilities, provide greater security, and improve efficiency. In addition, Minor Construction is used by NAWC to modify existing spaces and construct new facilities to provide suitable space to research, develop, acquire, test and evaluate aircraft systems (often in a secure environment) and weapons systems for the Warfighter.

FY 2007: Not Applicable.

FY 2008: Not Applicable.

FY 2009: The purpose of this project is to recapitalize 5,000 square feet of High Bay Laboratory space. The space is configured in such a way that it cannot be utilized by any other program that the NAWC has current workload requirements. This project would enable NAWC to create a High Bay environment for new modeling and simulation requirements within NAWC's Research, Development, Test, and Evaluation (RDT&E) Competencies. Planning and design costs for FY 2009 are included.

New Mission

Minor Construction is used by the Naval Air Warfare Center (NAWC) to replace obsolete facilities, provide greater security, and improve efficiency. In addition, Minor Construction is used by NAWC to modify existing spaces and construct new facilities to provide suitable space to research, develop, acquire, test and evaluate aircraft systems (often in a secure environment) and weapons systems for the Warfighter.

FY 2007: The projects consist of a new Paint and Powder Coating Facility and an addition to a lab facility for advance systems research. In addition, the NAWC also has projects that will construct administrative, laboratory, and engineering spaces for the Unmanned Air Systems (UAS). Planning and design costs for FY 2007 are included.

FY 2008: The projects consist of the design costs for a laboratory storage facility and an exclusive fire systems research and test facility for large aircraft. In addition, the NAWC also has administrative, laboratory, and engineering spaces for the Joint Reprogramming Center. Planning and design costs for FY 2008 are included.

FY 2009: The projects consist of a storage facility, an antenna group test tower, expansion of two engineering buildings, and a laboratory storage facility in support of unmanned combat aircraft systems (N-UCAS) development and engineering and thermal detonation research. Planning and design costs for FY 2009 are included.

Impact to NAWC if these projects are not accomplished would be the inability to comply with Commander, Navy Installations (CNI) mandated reduction of temporary facilities, Secretary of Navy (SECNAV) FY 2006 Energy policy, and the engineering mission of the NAWCAD.

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

FY 2009 PRESIDENT'S PROGRAM/BUDGET ESTIMATES
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2008

ITEM LINE #	ITEM DESCRIPTION						Approved Proj Cost	Change	Current Estimate	Classification of Change	Explanation/Reason for Change
1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)											
4	WD	8	EL	8037	P P	WIDE BANDWITH LOS COMMS GROUND TEST SYSTEM	1.200	.300	1.500	Price Increase	Increase in project costs since initial budget estimate. (.300 from 4WD8EL8036PR)
4	WD	8	EL	8026	P R	HIGH ENERGY LASER SYSTEM RESEARCH LAB	.800	.000	.800	Cancellation	Management Decision to cancel project due to higher priority emergent requirements. (.300 to 4WD8EL8037PN); (.200 to 4WD9EL9023PN); (.200 to 4WE8EL8043PR)
4	WD	8	EL	8036	P R	DEVELOP AIR PLATFORM INTEROPERABILITY LAB	.700	(.700)	.000		
4	WD	8	EL	8038	P R	HIGH SPEED DIGITAL VIDEO	.600	.000	.600		
4	WD	8	EL	8034	P R	NANO PLASMONIC/NANO PHOTONIC LAB EQUIPMENT	.581	.000	.581	New New	New emergent requirement to support the Fleet. (.200 from 4WD8EL8036PR) New emergent requirement to support the Fleet. (.200 from 4WD8EL8036PR)
4	WD	8	EL	8027	P R	474/477 ENERGETICS REVITALIZATION EQUIPMENT (PHASE 1)	.500	.000	.500		
4	WD	8	EL	8035	P R	RF CHAMBERS EQUIPMENT LAB UPGRADE (PHASE 1)	.405	.000	.405		
4	WD	9	EL	9023	P R	UAS SUPPORT ACTIVITY (UASSA) EQUIPMENT	.000	.200	.200		
4	WE	8	EL	8043	P R	AEA INTERFERENCE REDUCTION LAB	.000	.200	.200		
SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)							4.786	.000	4.786		
1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)							17.997	.267	18.264	Cancellation	DoD FMR change to capital investment threshold.
2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM							22.783	.267	23.050		
3. MINOR CONSTRUCTION							2.680	.000	2.680		
TOTAL NON-ADP CAPITAL PURCHASES PROGRAM							25.463	.267	25.730		
1a. ADPE & TELECOMMUNICATIONS (>\$1M)											
Computer Hardware (Production)											
4	AB	8	KL	4813	P N	ADVANCED DIAGNOSTIC SIMULATOR	2.555	.000	2.555	Cancellation	DoD FMR change to capital investment threshold.
7	AA	8	TL	7412	G R	SI FIBER EXTENSION	1.500	.000	1.500		
7	AA	8	KL	724C	G P	CORPORATE LEGACY SUN/NT CONSOLIDATION	1.350	.000	1.350		
7	AA	8	KL	7B34	G P	APPLICATION SOFTWARE ARCHITECTURE REFRESHMENT	1.254	.000	1.254		
4	AB	7	KL	4830	P N	ALRE COMMON EMULATION SYSTEM (ACES)	.976	.000	.976		
4	AA	6	KL	4130	P P	PLATFORM LABORATORIES MARITIME SURVEILLANCE AIRCRAFT UPGRADE	.455	.000	.455		
5	WD	6	KL	6001	P R	INTEGRATED BATTLESPACE ARENA (IBAR) COMPUTER REPLACEMENTS/UAV LAB (PHASE 1 of 4)	.400	.000	.400		
SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)							8.490	.000	8.490		
1b. ADPE & TELECOMMUNICATIONS (<\$1M)							2.951	(.267)	2.684	Cancellation	DoD FMR change to capital investment threshold.
2. TOTAL ADPE & TELECOMMUNICATIONS							11.441	(.267)	11.174		
3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)							.000	.000	.000		
3b. SUBTOTAL SOFTWARE DEVELOPMENT (<\$1M)							.455	.000	.455		
3. TOTAL SOFTWARE DEVELOPMENT							.455	.000	.455		
TOTAL ADP CAPITAL PURCHASES PROGRAM							11.896	(.267)	11.629		
GRAND TOTAL CAPITAL PURCHASES PROGRAM							37.359	.000	37.359		

FY 2009 PRESIDENT'S PROGRAM/BUDGET ESTIMATES
DEPARTMENT OF THE NAVY - NAVY WORKING CAPITAL FUND
RESEARCH AND DEVELOPMENT - NAVAL AIR WARFARE CENTER
CAPITAL BUDGET EXECUTION
(DOLLARS IN MILLIONS)
FY 2009

ITEM LINE #	ITEM DESCRIPTION					Approved Proj Cost	Change	Current Estimate	Classification of Change	Explanation/Reason for Change
1a. EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)										
5	WE	9	EL	9024	P R	1.500	(.400)	1.100	Deferral	Deferral to FY 2010 based on a Management decision to raise the priority of other projects not currently funded (.282 to 4WE8EL8043PR, .118 to 4WD9EM9043PN)
4	WE	9	EL	9027	P R	1.000	.000	1.000		
4	WD	9	EL	9023	P N	.750	(.200)	.550	Moved	Moved .200 to FY 2008 to begin project one year sooner than originally budgeted due to emergent requirements. (.200 to 4WD9EM9043PN)
4	WD	8	EL	8027	P R	.750	.000	.750		
4	WD	8	EL	8034	P R	.609	.000	.609		
4	WD	8	EL	8038	P R	.600	.000	.600		
4	WD	8	EL	8036	P R	.568	(.568)	.000	Cancellation	Management reviewed the project and determined that it does not meet the current business requirements. (.568 to 4WE8EL8043PR)
4	WD	8	EL	8035	P R	.378	.173	.551	Price Increase	Price Increase in costs for the project since the original budget estimate. (.173 from 4WD9ES9022PR)
4	WD	8	EL	8026	P R	.300	(.300)	.000	Cancellation	Management reviewed the project and determined that it does not meet the current business requirements. (.300 to 4WD9ES9040PR)
4	WE	8	EL	8043	P R	.000	.850	.850	New	Management reviewed the requirements and raised the priority of this project. (.568 from 4WD8EL8036PR, .282 from 5WE9EL9024PR)
SUBTOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM (>\$1M)						6.455	(.445)	6.010		
1b. EQUIPMENT, OTHER THAN ADPE & TELECOM (<\$1M)										
NN	EU	0000				13.024	.211	13.235	Cancellation/ New/Deferral	DoD FMR change to capital investment threshold; Management reviewed the requirements of various projects and raised their priorities; Various projects will start in FY 2010. Management needed to place emergent requirements of a higher priorities in FY 2009; Various projects were cancelled due to Management reviewing the projects and determining that it does not meet the current business requirements.
2. TOTAL EQUIPMENT, OTHER THAN ADPE & TELECOM						19.479	(.234)	19.245		
3. MINOR CONSTRUCTION										
NN	MC	0000				6.016	.072	6.088	New	The Facility Infrastructure Team added the Plan and Design costs for six planned Facilities. (.072 from 4WD9ES9031PR)
TOTAL NON-ADP CAPITAL PURCHASES PROGRAM						25.495	(.162)	25.333		
1a. ADPE & TELECOMMUNICATIONS (>\$1M)										
Computer Hardware (Production)										
4	AB	8	KL	4813	P N	1.450	.000	1.450		
4	AB	9	KL	4831	P P	1.000	.000	1.000		
4	AA	6	KL	4130	P P	.381	.000	.381		
5	WD	6	KL	6001	P R	.400	.000	.400		
SUBTOTAL ADPE & TELECOMMUNICATIONS (>\$1M)						3.231	.000	3.231		
1b. ADPE & TELECOMMUNICATIONS (<\$1M)										
NN	KU	0000				4.791	.162	4.953	New/Cancellation	Management reviewed the requirements and raised the priority of this project. (.213 from 4WD9ES9032PR, .160 from 4WD9ES9031PR, .027 from 4WD9ES9022PR); DoD FMR change to capital investment threshold. Various new emergent projects that are = to or greater than \$250K replaced the items removed.
2. TOTAL ADPE & TELECOMMUNICATIONS						8.022	.162	8.184		
3a. SUBTOTAL SOFTWARE DEVELOPMENT (>\$1M)						.000	.000	.000		
NN	DU	0000				.745	.000	.745		
3. TOTAL SOFTWARE DEVELOPMENT						.745	.000	.745		
TOTAL ADP CAPITAL PURCHASES PROGRAM						8.767	.162	8.929		
GRAND TOTAL CAPITAL PURCHASES PROGRAM						34.262	.000	34.262		

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NAVAL SURFACE WARFARE CENTER

Naval Surface Warfare Center

**DEPARTMENT OF THE NAVY
NAVY WORKING CAPITAL FUND
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
FEBRUARY 2008**

**RESEARCH AND DEVELOPMENT
NAVAL SURFACE WARFARE CENTER**

Mission Statement / Overview

The Naval Surface Warfare Center (NSWC) provides research, development, test and evaluation; in-service engineering; and fleet and integrated logistic support for surface ship combat systems, surface and mine warfare combat systems, ordnance, explosive ordnance disposal technology, mines, amphibious warfare systems, mine countermeasures, special warfare and strategic systems, systems interfaces, weapon systems and subsystems, unique equipment and related expendable ordnance of the Navy surface fleet. In addition, they provide primary technical capability in energetics through engineering, fleet and operational support, manufacturing technology, limited production, industrial base support and research, development, test and evaluation for energetic materials, ordnance devices and components and related ordnance engineering standards.

Activity Group Composition:

The Center is comprised of eight operating divisions whose operations and locations are described briefly below. This budget submission reflects the inclusion of Explosive Ordnance Disposal (EOD) Technical Division in FY 2008 and the separation of Panama City from the Dahlgren Division in FY 2009.

CARDEROCK DIVISION: The mission of this division is to provide research, development, test and evaluation, fleet support and in service engineering for surface and undersea vehicle hull, mechanical and electrical (HM&E) systems and propulsors, provide logistics R&D and provide support to the Maritime Administration and Maritime Industry. The division has major operating sites at Carderock, MD and Philadelphia, PA with smaller operating sites at Ft. Lauderdale, FL; Memphis, TN; Norfolk, VA; Bremerton, WA, and Bayview, ID.

CORONA DIVISION: The mission of this division is to gauge the war fighting capability of ships and aircraft, from unit to battle group level, by assessing the suitability of design, the performance of equipment and weapons, and the adequacy of training. The division has one primary operating site, Corona, CA, with a small engineering site at Seal Beach, CA.

CRANE DIVISION: The mission of this division is to provide engineering and industrial support of weapons systems, subsystems, equipment and components.

Primary product areas of expertise include: electronic warfare, gun and gunfire control systems, microelectronics components, electronic module test and repair, microwave components, electromechanical power systems, acoustic sensors, small arms, conventional ammunition, radars, and pyrotechnics. The division has one primary operating site, Crane, IN, with a small engineering site at Fallbrook, CA.

DAHLGREN DIVISION: The mission of this division is to provide research, development, test and evaluation, engineering and fleet support for surface warfare systems, surface ship combat systems, ordnance, mines and mine counter measures, amphibious warfare systems, special warfare systems, strategic warfare systems, and diving. The division has three primary operating sites, Dahlgren, VA; Panama City, FL and Dam Neck, VA.

INDIAN HEAD DIVISION: The mission of this division is to provide technical capabilities in energetics for all warfare centers and to provide special weapons, explosive safety and ordnance environmental support to all warfare centers, the military departments and ordnance industry. The primary site of operations is Indian Head, MD; with smaller operations at Yorktown, VA; MacAlester, OK, and Earle, NJ.

PORT HUENEME DIVISION: The mission of this division is to provide test and evaluation, in service engineering and integrated support for surface warfare systems, system interface, weapons systems and subsystems, unique equipments, and related expendable ordnance of the surface fleet. The primary operating site is Port Hueneme, CA. The division also operates small detachments in San Diego, CA; Louisville, KY, and Dam Neck, VA.

EXPLOSIVE ORDNANCE DISPOSAL TECHNOLOGY DIVISION: The mission of this division is to be responsible for providing EOD technology and logistics management for the Joint Services, and developing war essential elements of intelligence, equipment, and procedures to counter munitions, both U.S. and foreign, as required to support DOD components and the security needs of other agencies. The EOD Technology Division is responsible for providing ground based counter Radio-Controlled IED Electronic Warfare (CREW) Technology, and to support the Executive Manager for EOD Technology and Training in his Joint Forces role. The primary operating site is Rison, MD.

PANAMA CITY DIVISION: The mission of this division is to conduct research, development, test and evaluation and in-service support of mine warfare systems, mines, Naval Special Warfare Systems, diving and life support systems, amphibious warfare systems and other missions that occur primarily in coastal (littoral) regions. Execute other responsibilities as assigned by COMNAVSURFWARCEN. The primary operating site is Panama City, FL.

Management Statement

This budget represents NSWC's financial operating plan for FY 2007 through FY 2009. Central to our strategy is the sustainment and development of critical core capabilities that support legacy and emerging systems in the Fleet. Critical to our vision is the need to acquire, train, and retain top quality, diverse, scientists and engineers and to maintain the corresponding infrastructure necessary to support the Navy's future strategic requirements.

The FY 2009 budget reflects both direct and overhead efficiencies that have been and will continue to be realized from utilizing Lean Six Sigma methodologies.

Significant Changes Since the FY 2008 President's Budget:

There are no significant changes in the activity group or composition since the FY 2008 President's Budget.

Financial Profile:

<u>Revenue/Expense/NOR/AOR (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Revenue	\$3,570.3	\$3,492.0	\$3,545.6
Expense	\$3,566.8	\$3,489.2	\$3,562.2
Operating Results	\$3.5	\$2.8	-\$16.6
Other Changes Affecting AOR	\$5.3		
Accumulated Operating Results (AOR)	\$13.8	\$16.6	\$0.0

Revenue and Expense: The trend in revenue and expense from year-to-year noted above reflects the Center's efforts to size itself to meet customer demand while becoming more efficient. The actual FY 2007 NOR reflects a gain of \$12.7M from the FY 2008 President's Budget. The budgeted FY 2008 NOR reflects a loss of \$1.3M from the FY 2008 President's Budget due to change in Capital Investment Program (CIP) threshold. The negative AOR recoupment in FY 2009 will return projected cumulative gains through FY 2008 and will achieve a zero Accumulated Operating Result balance in FY 2009.

Collections/Disbursements/Outlays

<u>(\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Collections	\$3,548.7	\$3,492.0	\$3,545.6
Disbursements	\$3,545.8	\$3,551.9	\$3,559.4
Outlays	-\$2.9	\$59.9	\$13.8

Budgeted collections and disbursements are based on revenue, cost, and CIP outlay estimates.

Workload:

<u>Reimbursable Orders (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Current Estimate	\$3,477.1	\$3,504.2	\$3,521.9

For FY 2007, NSWC actual orders received was \$110M above the FY 2008 President's Budget. FY 2008 and FY 2009 funding is consistent with the FY 2008 President's Budget.

<u>Direct Labor Hours (000)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Current Estimate	20,634	20,294	19,762

The reduction in direct labor hours reflect efficiencies due to process improvements rather than reduced customer demands.

Performance Indicators:

The primary performance indicator is unit cost discussed in paragraph below. Unit cost represents the average cost of delivering goods and services to our customers. Increased employee compensation costs and inflation combined with reduced direct labor hours have yielded a higher unit cost over the budget period.

<u>Unit Cost</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Total Stabilized Cost (\$Millions)	\$1,870.4	\$1,873.9	\$1,907.9
Workload (DLHs) (000)	20,634	20,294	19,762
Unit cost (per DLH)	\$90.65	\$92.34	\$96.55

The Center's unit cost reflects a steady increase primarily due to reduced direct labor hours, increased employee compensation, and the change in CIP threshold. Reduced direct labor hours reflect efficiencies due to process improvements rather than reduced customer demands.

<u>Stabilized / Composite Rates</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Stabilized Rate	\$91.19	\$92.92	\$96.51
Change from Prior Year		+1.29%	+3.86%
Composite Rate Change		+1.8%	+2.90%

The FY 2009 average composite rate is slightly under the projected FY 2008 President's Budget; the decrease is primarily due to better than anticipated FY 2007 Net Operating Result (NOR).

Staffing:

<u>Civilian/Military ES & Workyears</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Civilian End Strength	13,954	13,777	13,378
Civilian Workyears (Straight-time)	14,077	13,870	13,570
Military End Strength	293	279	275
Military Workyears	205	239	236

Civilian Personnel: Projected end strength estimates through FY 2009 have been sized to meet funded workload and are consistent with efforts to achieve efficiencies associated with lean and other cost reduction initiatives. The operating efficiencies that result from implementing Lean Six Sigma process improvements will result in lower total cost to the customer and provide for a smaller civilian labor force that can accomplish mission requirements using fewer resources.

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

Capital Investment Program (CIP) Budget Authority:

<u>Capital Investment Program (\$Millions)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Equipment, Non-ADP / Telecom	\$13.1	\$19.9	\$17.4
Equipment, ADPE / Telecom	\$9.8	\$5.1	\$6.7
Software Development	\$3.5	\$1.6	\$1.0
Minor Construction	\$3.6	\$6.4	\$5.6
Total	\$30.0	\$33.0	\$30.6

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

Carryover Compliance:

<u>Carryover (\$M)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
New Orders	\$3,477.1	\$3,504.2	\$3,521.9
Less Exclusions:			
Foreign Military Sales	\$143.7	\$112.4	\$125.8
Base Realignment and Closure	\$7.2	\$0.0	\$0.0
Other Federal Departments & Agencies	\$55.0	\$46.1	\$42.2
Non-Federal Agencies & others	\$37.9	\$58.3	\$59.7
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Orders for Carryover Calculation	\$3,233.3	\$3,287.4	\$3,294.2
Composite Outlay Rate	55.6%	55.4%	55.4%
Carryover Ceiling Rate	44.3%	44.6%	44.5%
Carryover Ceiling	\$1,435.4	\$1,467.5	\$1,467.9
Balance of Customer Orders at Year End	\$1,631.8	\$1,644.0	\$1,620.4
Less Work-in-Process	\$86.8	\$87.7	\$87.2
Less Exclusions			
Foreign Military Sales	\$242.5	\$212.2	\$196.8
Base Realignment and Closure	\$6.4	\$6.5	\$6.5
Other Federal Departments & Agencies	\$49.7	\$56.8	\$59.1
Non-Federal Agencies & Others	\$33.6	\$35.2	\$38.4
Major Range & Test Facility Base	\$0.0	\$0.0	\$0.0
Carryover Budget	\$1,212.8	\$1,245.6	\$1,232.4

Budgeted carryover is within the ceiling allowed by outlay rates.

Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Revenue and Expenses
Activity: Naval Surface Warfare Center
February 2008
(\$ in Millions)

	FY 2007 CCN	FY 2008 CCN	FY 2009 CCN
Revenue:			
Gross Sales			
Operations	3,534.2	3,457.8	3,511.3
Surcharges	.0	.0	.0
Depreciation excluding Major Construction	36.1	34.3	34.3
Other Income			
Total Income	3,570.3	3,492.0	3,545.6
Expenses			
Cost of Materiel Sold from Inventory			
Salaries and Wages:			
Military Personnel	15.6	14.7	15.1
Civilian Personnel	1,575.6	1,602.8	1,612.8
Travel and Transportation of Personnel	97.6	107.3	109.8
Material & Supplies (Internal Operations)	283.9	248.5	255.5
Equipment	68.0	97.6	98.5
Other Purchases from NWC	171.1	169.2	163.5
Transportation of Things	9.8	9.0	9.3
Depreciation - Capital	36.1	34.3	34.3
Printing and Reproduction	6.9	7.4	7.5
Advisory and Assistance Services	2.0	2.1	2.2
Rent, Communication & Utilities	44.8	78.2	76.1
Other Purchased Services	1,226.3	1,118.0	1,177.7
Total Expenses	3,537.8	3,489.2	3,562.2
Work in Process Adjustment	29.8	.0	.0
Comp Work for Activity Reten Adjustment	-.8	.0	.0
Cost of Goods Sold	3,566.8	3,489.2	3,562.2
Operating Result	3.5	2.8	-16.6
Less Surcharges	.0	.0	.0
Plus Appropriations Affecting NOR/AOR	.0	.0	.0
Other Changes Affecting NOR/AOR	.0	.0	.0
Extraordinary Expenses Unmatched	.0	.0	.0
Net Operating Result	3.5	2.8	-16.6
Other Changes Affecting AOR	5.3	.0	.0
Accumulated Operating Result	13.8	16.6	.0

Exhibit Fund-14 Revenue and Expenses

Fiscal Year (FY) 2009 Budget Estimates
 Navy Working Capital Fund
 Sources of Revenue
 Activity: Naval Surface Warfare Center
 February 2008
 (\$ in Millions)

	FY 2007 CON	FY 2008 CON	FY 2009 CON
	-----	-----	-----
1. New Orders	3,477	3,504	3,522
a. Orders from DoD Components	3,028	3,048	3,057
Department of the Navy	2,591	2,611	2,646
O & M, Navy	826	820	821
O & M, Marine Corps	40	25	24
O & M, Navy Reserve	12	16	16
O & M, Marine Corp Reserve	1	1	1
Aircraft Procurement, Navy	29	45	50
Weapons Procurement, Navy	39	70	69
Ammunition Procurement, Navy/MC	68	71	62
Shipbuilding & Conversion, Navy	299	322	333
Other Procurement, Navy	375	374	390
Procurement, Marine Corps	64	23	23
Family Housing, Navy/MC	0	3	3
Research, Dev., Test, & Eval., Navy	822	818	829
Military Construction, Navy	0	0	0
National Defense Sealift Fund	13	0	0
Other Navy Appropriations	3	25	25
Other Marine Corps Appropriations	0	0	0
Department of the Army	91	53	53
Army Operation & Maintenance	19	11	11
Army Res, Dev, Test, Eval.	24	17	17
Army Procurement	40	20	20
Army Other	7	5	5
Department of the Air Force	62	65	65
Air Force Operation & Maintenance	28	29	29
Air Force Res, Dev, Test, Eval.	16	17	17
Air Force Procurement	19	19	19
Air Force Other	0	0	0
DOD Appropriation Accounts	284	319	293
Base Closure & Realignment	7	0	0
Operation & Maintenance Accounts	43	39	40
Res, Dev, Test & Eval. Accounts	211	221	208
Procurement Accounts	24	56	41
Defense Emergency Relief Fund	0	0	0
DCD Other	-1	4	4
b. Orders from other WCF Activity Groups	213	239	237
c. Total DoD	3,241	3,287	3,294
d. Other Orders	237	217	228
Other Federal Agencies	55	46	42
Foreign Military Sales	144	112	126
Non Federal Agencies	38	58	60
2. Carry-In Orders	1,725	1,632	1,644
3. Total Gross Orders	5,202	5,136	5,166
a. Funded Carry-Over before Exclusions	1,632	1,644	1,620
b. Total Gross Sales	3,570	3,492	3,546
4. End of Year Work-In-Process (-)	-87	-88	-87
5. Non-DoD, BRAC, FMS, Inst. MRIFB (-)	-332	-311	-301
6. Net Funded Carryover	1,213	1,246	1,232

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

Fiscal Year (FY) 2009 Budget Estimates
 Navy Working Capital Fund
 Changes in the Cost of Operations
 Activity: Naval Surface Warfare Center
 February 2008
 (\$ in Millions)

	<u>Total Cost</u>
FY 2007 Actual	\$3,566.8
FY 2008 President's Budget	\$3,487.7
Estimated Impact in FY 2008 of Actual FY 2007 Experience	\$17.4
Price Changes	
Change in FY 2008 Civilian Pay Raise	\$5.4
Fuel Pricing	\$1.2
General Inflation	-\$7.2
Program Changes	
Workload	\$1.9
Change in Capital Investment Program (CIP) Threshold	\$1.7
Other Changes	
Overhead Non-Labor Efficiencies	-\$18.9
FY 2008 Current Estimate	\$3,489.2
Price Changes	
Annualization of Prior Year Pay Raises	
Military	\$0.1
Civilian	\$15.0
FY 2009 Pay Raises	
Military	\$0.4
Civilian	\$34.1
General Purchase Inflation	\$30.3
Working Capital Fund Price Changes	\$9.0
Fuel Price Changes	-\$0.2
Productivity Initiatives Lean Six Sigma	
Overhead Labor Efficiencies	-\$6.2
Overhead Non-Labor Efficiencies	-\$13.1
Program Changes	
Direct Workload	\$14.1
Other Changes	
Base Realignment and Closure	-\$4.9
Impact of One Less Day Paid	-\$6.1
Other	\$0.5
FY 2009 Current Estimate	\$3,562.2

Business Area Capital Investment Summary
Component: Department of the Navy
Business Area: Naval Surface Warfare Center - Research and Development
Fiscal Year (FY) 09 Budget Estimates - February 2008
(\$ in Millions)

Line Num	Description	FY 2007		FY 2008		FY 2009	
		Qty	Total Cost	Qty	Total Cost	Qty	Total Cost
1	Non ADP						
	Replacement	10	4.170	19	8.511	15	7.092
	Productivity	10	3.618	11	8.232	12	7.833
	New Mission	5	4.810	8	3.200	4	2.181
	Environmental	1	0.460			1	0.304
	Non ADP Total:	26	13.058	38	19.943	32	17.410
2	ADP						
	Hardware	15	9.809	8	3.705	11	5.758
	Telecommunications Equip.			2	0.725	1	0.325
	Other Support Equip.			1	0.650	2	0.620
	ADP Total:	15	9.809	11	5.080	14	6.703
3	Software						
	Enterprise Search and Reporting			1	0.975	1	0.950
	Advanced Content Management	2	1.500				
	Virtual ISE (In-Service Engineering)	2	1.500				
	Software Projects < \$1.000M	1	0.500	2	0.640		
	Software Total:	5	3.500	3	1.615	1	0.950
4	Minor Construction						
	Replacement	4	1.016	2	1.232	1	0.150
	Productivity	8	2.553	12	4.930	9	3.775
	New Mission			3	0.240	3	1.642
	Environmental	1	0.070				
	Minor Construction Total:	13	3.639	17	6.402	13	5.567
	Grand Total:	59	30.006	69	33.040	60	30.630
	Total Capital Outlays:		26.783		32.220		32.220
	Total Depreciation Expense:		36.112		34.253		34.315

Business Area Capital Investment Justification (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2009 Budget Estimates					
B. Department of the Navy/Naval Surface Warfare Centers/February 2008		C. Line# and Description 1 - Non ADP - Replacement			D. NSWC				
		FY 2007		FY 2009			FY 2010		
Non ADP	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement	10	417	4,170	19	448	8,511	15	473	7,092
Total	10		4,170	19		7,092	15		7,092

Replacement Equipment:

These Non-ADP equipment investments support the replacement of mission essential research, development, test and evaluation equipment that is unsafe, beyond economical repair, technically obsolete, or otherwise unusable. Replacement equipment supports Warfare Center Core Equities including ship/ship systems, ship weapon systems, ship combat systems, ordnance, and littoral combat systems. Equipment supporting this mission includes explosive detection equipment, ship hull test equipment, and test and evaluation equipment for various surface ship systems. Based on useful life guidance provided by the Office of Personnel Management (OPM) (via circular A-94) all investments replace equipment beyond the original intended life cycle.

Benefit:

Mission essential research and development equipment must operate at optimal efficiency to achieve proper test and evaluation results. Equipment is replaced with modern reliable equipment to support the research and development mission of the Naval Warfare Centers.

Impact of not Funding:

The Naval Surface Warfare Center activities are responsible for new product testing as well as system In-Service-Engineering research and development. The ability of the Surface Warfare Centers to provide mission essential research and development for new systems Mission essential investments for replacement of equipment will not be made, resulting in work that produces obsolete results to the scientific community, economically inefficient operation, and possible risk to human life.

Economic Analysis: There are no projects with an individual cost greater than \$1,000K. An economic analysis was performed on all individual projects. The useful life for these projects is 10 years and the average payback period is 3.53 years.

Business Area Capital Investment Justification (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 09 Budget Estimates						
B. Department of the Navy/Naval Surface Warfare Centers/February 2008	C. Line# and Description 1 - Non ADP - Productivity			D. NSWC					
	FY 2007			FY 2008			FY 2009		
Non ADP	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Productivity	10	362	3,618	11	748	8,232	12	653	7,833
Total	10		3,618	11		8,232	12		7,833

Productivity Equipment:

These investments increase the productivity of surface warfare research and development activities by procuring non-ADPE equipment that reduces overall operating costs. Operating costs are reduced by reducing labor, reducing energy consumption, eliminating inefficiencies or duplicate processes, developing test platforms that more closely emulate conditions at sea, or providing advancements that increase the technological capability.

Benefit:

Productivity investments reduce costs by establishing remote operation, running automatically, and reducing ship board testing. These investments increase the operational efficiency of the research and development mission by procuring equipment that results in a reduction of the operating costs. Productivity investments also lower operating costs through efficiencies achieved by reducing energy consumption, reducing operational test time, reducing floor space required, and replacing inefficient test processes with a single specialized asset.

Impact:

These investments support the Sea Power 21 initiatives for surface ships and their systems. Investments provide for test results that are accurate and emulate shipboard environments eliminating the need to schedule ship board testing and speeding the retest of ships systems.

Economic Analysis: Two projects are over \$1,000K in budgeted cost. The average Benefit to Investment Ratio (BIR) for these projects is 3.06. An economic analysis was performed on all individual projects. All non-ADPE productivity projects have an estimated useful life of 10 years and an average payback period of 3.05 years.

Business Area Capital Investment Justification (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 09 Budget Estimates						
B. Department of the Navy/Naval Surface Warfare Centers/February 2008	C. Line# and Description 1 - Non ADP - New Mission			D. NSWC					
	FY 2007			FY 2008			FY 2009		
Non ADP	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
New Mission	5	962	4,810	8	400	3,200	4	545	2,181
Total	5		4,810	8		3,200	4		2,181

New Mission Equipment:

These Non-ADP equipment investments support the acquisition of mission essential research, development, test and evaluation equipment that include support new research and development initiatives. NSWC is active in developing Defense Science and Technology Strategy 2005 to equip the 21st Century Soldier. Equipment procurements will support initiatives such as:

- Advanced munitions and high energy materials
- New Shipboard technologies
- Hypervelocity penetrating weapons and kinetic energy weapons
- Thermobaric and variable yield warheads

Benefit:

These provide research and development equipment to support new mission areas or new test and evaluation techniques to enhance the overall effectiveness of the warfare center mission. Investments categorized as new mission are required to support a new capability or capacity that can not be met with current equipment or capabilities.

Impact:

These investments support the Sea Power 21 initiatives for surface ships and their systems. Investments provide for new mission research and development equipment essential to the test and evaluation of emerging ship-board technologies.

Economic Analysis:

Two projects are over \$1,000K in budgeted cost. The average Benefit to Investment Ratio (BIR) for these projects is 2.86. All non-ADPE new mission projects have an estimated useful life of 10 years and an average payback period of 5.3 years.

Business Area Capital Investment Justification (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 09 Budget Estimates						
B. Department of the Navy/Naval Surface Warfare Centers/February 2008	C. Line# and Description 1 - Non ADP - Environmental			D. NSWC					
	FY 2007			FY 2008			FY 2009		
Non ADP	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Environmental	1	460	460				1	304	304
Total	1		460				1		304

Environmental Equipment:

These investments are necessary to support/mitigate environmental, safety, or workplace deficiencies at the surface warfare center activities. Environmental equipment includes control systems and equipment required to meet environmental compliance for hexane and mercury reductions and safety measures.

Benefit:

These investments will correct regulatory compliance deficiencies, enhance safety in the workplace, or correct environmental deficiencies. Work processes that involve hazardous materials will be controlled, reducing the possibility of contamination.

Impact:

The impact of not making these equipment investments will result in non-compliance with environmental, safety or workplace deficiencies within the Warfare Center activities.

Economic Analysis:

There are no projects with an individual cost greater than \$1,000K. An economic analysis was performed on all individual projects. All non-ADPE environmental projects have an estimated useful life of 10 years and an average payback period of 7.3 years.

Business Area Capital Investment Justification (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 09 Budget Estimates					
B. Department of the Navy/Naval Surface Warfare Centers/February 2008	C. Line# and Description 2 - ADP			D. NSWC					
	FY 2007			FY 2008			FY 2009		
ADP	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Hardware	15	654	9,809	8	463	3,705	11	524	5,758
Telecommunications Equip.			0	2	363	725	1	325	325
Other Support Equip.			0	1	650	650	2	310	620
Total	15		9,809	11		5,080	14		6,703

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

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

Impact:
ADPE Equipment supporting the research and development community must remain on the cutting edge of technology in order to conduct complex simulations, perform predictive analysis, and analyze surface ship system performance. The capability to conduct cutting edge scientific computing within the R&D community is in jeopardy if investments are not made. Current equipment supporting mission essential systems will no longer be supported by the manufacturer. To ensure continuity of business operations, new hardware platforms must be operational.

Economic Information: An economic analysis for all projects greater than \$1 Million (listed above). All projects listed below have a useful life of 5 years according to guidance provided in the OMB A-94 circular. The payback period for the following projects range from 1.8 to 3.4 years.

Business Area Capital Investment Justification (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 09 Budget Estimates						
B. Department of the Navy/Naval Surface Warfare Centers/February 2008	C. Line# and Description 3 - Software			D. Site Identification					
	FY 2007			FY 2008			FY 2009		
Software	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Enterprise Search and Reporting			0	1	975	975	1	950	950
Advanced Content Management	2	750	1,500			0			0
Virtual ISE (In-Service Engineering)	2	750	1,500			0			0
Software Projects < \$1.000M	1	500	500	2	320	640			0
Total	5		3,500	3		1,615	1		950

Enterprise Search and Reporting: By exploiting emerging data identification and integration technologies, this initiative has direct benefit to the information/content management processes that will support the delivery of product and services to the warfighter resulting in increased readiness via more rapid product delivery. Military value will be provided by improved Operational Readiness at reduced total ownership cost through rapid technical information delivery to the warfighter.

Benefits

These investments will directly support the transformation of the Warfare Centers to become a more agile support organization. By fully integrating authoritative data sources with collaborative tools, flexible display technologies, and robust content management we will be better able to support the Fleet's warfighters--from Force Level leadership, to the sailor on the deck plate--at any location and from any location. This evolution of Distance Support capability also enables us to be more proactive in developing life-cycle solutions by making the information required readily available at the workers desktop. All development will provide the collaborative structure which will contribute to achieving current / planned customer service levels.

Business Area Capital Investment Justification (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 09 Budget Estimates						
B. Department of the Navy/Naval Surface Warfare Centers/February 2008	C. Line# and Description 4 - Minor Construction			D. Site Identification					
	FY 2007			FY 2008			FY 2009		
Minor Construction	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Replacement	4	254	1,016	2	616	1,232	1	150	150
Productivity	8	319	2,553	12	411	4,930	9	419	3,775
New Mission			0	3	80	240	3	547	1,642
Environmental	1	70	70			0			0
Total	13		3,639	17		6,402	13		5,567

Minor Construction

Investments in Minor Construction enhance the Naval Warfare Center Mission by developing buildings, structures or other real property. Minor Construction projects will replace obsolete facilities, consolidate operations for productivity increases, provide state of the art processing areas for new R&D missions, and correct environmental deficiencies. Minor construction projects include all costs to deliver a complete and usable project. Minor Construction projects meet the DOD capitalization criteria, but do not exceed the threshold specified by 10 USC 2805.

Minor Construction is used at the Naval Warfare Centers to:

- modify existing spaces and construct new facilities to provide suitable space to design and test new equipment for the surface warfare community
- improve security measures and provide increase security for new initiatives
- reduce operating expenses by building or improving government owned facilities so that leased space, high maintenance space, or portable space may be vacated
- reduce energy consumption by installing energy efficient building systems
- modify existing systems to bring facilities up to current building, safety, or environmental codes.

No Minor Construction Projects exceed the current Military Construction Threshold levels.

Fiscal Year (FY) 2009 Budget Estimates
 Department of the Navy
 Naval Surface Warfare Centers - Research and Development
 Exhibit 9C
 (In Millions)

Line Item President's	Line Item FMB	FY 2008 Project Title	Capability	FY 08/09 President's	+/-	FY 09 OSD	Explanation
		Non ADP		19.377	0.566	19.943	Reflects actual authority issued
1	1		Replacement	8.077	0.434	8.511	Reflects actual requirements
1	1		Prodcutivity	6.519	1.713	8.232	Reflects actual requirements
1	1		New Mission	3.931	-0.731	3.200	Threshold Change from 100 to 250
1	1		Environmental	0.850	-0.850	0.000	Threshold Change from 100 to 250
		ADP		5.535	-0.455	5.080	Reflects actual authority issued
2	2		Computer Hardware	3.910	-0.205	3.705	Threshold Change from 100 to 250
2	2		Computer software	0.000	0.000	0.000	
2	2		Telecommunications	0.975	-0.250	0.725	Threshold Change from 100 to 250
2	2		Other Computer and Tele Supt E	0.650	0.000	0.650	
		Software		5.730	-4.115	1.615	Reflects actual authority issued
3	3	Enterprise Seach and Reporting		0.000	0.975	0.975	
	3	Miscelleaneous Software Projects Under 1.000M		1.605	-0.965	0.640	(Reflects move of Enterprise Seach and Reporting)
3		Warfare Center MIS Cost Reduction		4.125	-4.125	0.000	Project removed from program
		Minor Construction		4.355	2.047	6.402	Reflects actual authority issued
4	4		Replacement	0.200	1.032	1.232	Reflects actual program requirements
4	4		Prodcutivity	3.945	0.985	4.930	Reflects actual program requirements
4	4		New Mission	0.210	0.030	0.240	Reflects actual program requirements
4	4		Environmental	0.000	0.000	0.000	
		Grand Total		34.997	-1.957	33.040	

**Fiscal Year (FY) 2009 Budget Estimates
Navy Working Capital Fund
Naval Surface Warfare Centers - Research and Development
Capital Budget Execution
(\$ In Millions)**

Line Item President's	Line Item FMB	FY 2009 Project Title	Capability	Approved Project Cost	+/-	Current Estimate	Explanation
		Non ADP		25.994	-8.584	17.410	Reflects actual authority issued
1	1		Replacement	9.205	-2.113	7.092	Threshold Change from 100 to 250
1	1		Prodcutivity	9.992	-2.159	7.833	Threshold Change from 100 to 250
1	1		New Mission	3.257	-1.076	2.181	Threshold Change from 100 to 250
1	1		Environmental	3.540	-3.236	0.304	Threshold Change from 100 to 250
		ADP		4.602	2.101	6.703	Reflects actual authority issued
2	2		Computer Hardware	3.237	2.521	5.758	Reflects actual program requirements
2	2		Computer software	0.000	0.000	0.000	
2	2		Telecommunications	0.575	-0.250	0.325	Threshold Change from 100 to 250
2	2		Other Computer and Tele Supt Equip	0.790	-0.170	0.620	Threshold Change from 100 to 250
		Software		0.950	0.000	0.950	Reflects actual authority issued
3	3	Miscellaneous Software Projects Under 1.000M		0.950	0.000	0.950	Enterprise Search and Reporting Project
		Minor Construction		3.460	2.107	5.567	Reflects actual authority issued
4	4		Replacement	0.500	-0.350	0.150	Threshold Change from 100 to 250
4	4		Prodcutivity	1.875	1.900	3.775	Reflects actual program requirements
4	4		New Mission	1.085	0.557	1.642	Reflects actual program requirements
4	4		Environmental	0.000	0.000	0.000	
		Grand Total		35.006	-4.376	30.630	