Activity Group Capital Investment Summary
Defense Finance and Accounting Service
Financial Operations
February 2008
($ in Millions)

Line Number	Item Description	FY 2007 Quantity	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Total Cost	FY 2010 Quantity	FY 2010 Total Cost
	ADPE & Telecommunications Equipment								
	Computer Hardware (Production)		12.3		11.9		11.7		
	Computer Software (Operating System), Telecoms, Other Computer & Tele Supt Equip.								
	Software Development		**17.7**		**26.0**		**22.2**		
	Internally Developed		11.7		7.7		6.6		
	Externally Developed		6.0		18.3		15.6		
	Minor Construction		**2.2**		**1.1**		**2.9**		
	Replacement		1.0				0.8		
	Productivity								
	New Mission		1.2		1.1		2.1		
	Environmental								
	TOTAL Capital Investment		**32.2**		**39.0**		**36.8**		
	Total Capital Outlays		**62.0**		**45.5**		**41.0**		
	Total Depreciation Expense		**103.0**		**85.3**		**58.8**		

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2009 - 2010 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2008				C. Line No. & Description ADP Equipment						D. Activity Identification DFAS Sites			
	FY 2007			FY 2008			FY 2009			FY 2010			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Customer Service													
A. Call Recording			-			650			100				
B. Teleservices			-			253			253				
TOTAL Customer Service			-			903			353				

Narrative Justification:

A. Call Recording - Provides full-time recording for designated telephone circuits and quality evaluation functionality for the recorded calls. Funding will enhance customer service by minimizing errors and associated costs.

B. Teleservices – DFAS Cleveland site requires a technology update to the telecommunications private branch exchange (PBX) in order to meet future DFAS needs as the agency consolidates workload from closing sites.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2009 - 2010 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2008				C. Line No. & Description ADP Equipment						D. Activity Identification DFAS Sites			
	FY 2007			FY 2008			FY 2009			FY 2010			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Data Management													
A. Electronic Document Management			-			315			315				
B. Mechanization of Contract Administration Services			-			250			250				
C. Office Automation			-			260			260				
TOTAL Data Management			-			825			825				

Narrative Justification:

A. Electronic Document Management - EDM is a comprehensive business process improvement initiative designed to enhance automation of paper processes in accordance with Federal guidance. Funding will support software and hardware refresh of the server while undergoing BRAC and Business Transformation initiatives.

B. Mechanization of Contract Administration Services – MOCAS is a fully integrated business system that supports the contract management functions performed by the Defense Contract Management Command (DCMC) and the contract payment function performed by DFAS. Funding will support technological refresh as we continue to explore a replacement system.

C. Office Automation – Technology refresh for Business Transformation Agency's (BTA) Business Intelligence (BI) MyMetrics project and Cost of War reporting project.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2009 - 2010 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2008				C. Line No. & Description ADP Equipment						D. Activity Identification DFAS Sites			
	FY 2007			FY 2008			FY 2009			FY 2010			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Infrastructure/Other													
A. Enterprise Local Area Network			10,649			7,200			9,600				
B. Security			1,621			2,970			924				
TOTAL Infrastructure/Other			12,270			10,170			10,524				

Narrative Justification:

A. Enterprise Local Area Network - ELAN is the digital communications infrastructure that connects all DFAS sites around the world. Renewed funding will provide for technology refresh of the network encryption devices that protect DFAS internal communications, increased storage capacity to keep up with the 30% growth, and replacement of the HVAC units in the Indianapolis computer room.

B. Security – Continued protection of the DFAS communications and computing infrastructure from internal and external threats with automated monitoring and response, firewalls, switches, and encryption devices maintained by government and contracted expertise.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2009 - 2010 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2008				C. Line No. & Description Software Dev / Mod						D. Activity Identification DFAS Sites			
	FY 2007			FY 2008			FY 2009			FY 2010			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Customer Service													
A. myPay			951			1,668			1,668				
B. Agent Desktop			-			400			-				
C. Marine Corps Total Force System			-			255			255				
D. MilPay Systems Transition Program Office (DIMHRS)			-			277			277				
E. Teleservices			-			280			280				
TOTAL Customer Service			951			2,880			2,480				

Narrative Justification:

A. myPay - Web-based software application that provides government personnel with a convenient, high quality, paperless business environment that safeguards personal information. myPay supports the capability to submit financial transactions and receive financial statements via the Government's electronic commerce. Funding will support the addition of new E-Payroll customers and implementation of legislative changes.

B. Agent Desktop - Provides unified agent desktop including a single point of entry to applications, auto-logon to applications, and user-friendly composite screens consisting of data from multiple screens of the underlying applications. Funding to acquire the licenses deploy an Agent Desktop.

C. Marine Corps Total Force System – MCTFS is a legacy system operating in sustainment mode and scheduled for replacement in September2008. Funding will support software refresh, and legislative, regulatory, and DoD mandated changes.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

Exhibit Fund-9b – DFAS Customer Service Software Dev / Mod (Capital): 2 of 2

Continued:

D. Milpay Systems Transition Program Office (DIMHRS) – Funding will provide engineering and technical support to the Defense Integrated Military Human Resources System (DIMHRS) for final testing and deployment to all DoD agencies, as well as program close-out and documentation.

E. Teleservices: Funding will support software refresh for call center and computing infrastructure.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2009 - 2010 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2008				C. Line No. & Description Software Dev / Mod						D. Activity Identification DFAS Sites			
	FY 2007			FY 2008			FY 2009			FY 2010			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Data Management													
A. E-Commerce/E-Data Interchange System			523			280			100				
B. Enterprise Portal			-			250			-				
C. Office Automation			600			1,740			900				
TOTAL Data Management			1,123			2,270			1,000				

Narrative Justification:

A. E-Commerce/E-Data Interchange System - Enable the entitlement and accounting systems to post all financial transactions electronically and within federal DoD requirements, i.e., commitments, obligations, accounts payable, invoices, disbursements using industry Electronic Data Interchange (EDI) standards, American National Standards Institute (ANSI) X12 and Extensible Markup Language (XML). Funding supports Global Exchange mapping to all existing DFAS financial and accounting systems.

B. Enterprise Portal – Funding supports software refresh for the home page of DFAS by government and contracted technical expertise to maintain its increasingly robust technical and information architecture.

C. Office Automation – Funding will support software development for Business Intelligence (BI) MyMetrics project display and Global War on Terrorism reporting project.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2009 - 2010 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2008				C. Line No. & Description Software Dev / Mod									D. Activity Identification DFAS Sites
	FY 2007			FY 2008			FY 2009			FY 2010			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Financial Management													
A. Defense Debt Management System			685			685			685				
B. Deployed Disbursing System			394			1,661			1,803				
C. Defense Industrial Financial Management System			-			422			1,000				
D. Defense Military Pay Office			790			759			200				
E. Defense Retiree Annuitant Pay System			2,418			11,471			11,471				
F. Defense Working Capital Accounting System			-			500			500				
G. eBiz			250			250			250				
H. Standard Disbursing Initiative			2,181			3,226			938				
I. Standard Accounting and Reporting System			1,259			500			500				
J. Defense Civilian Payroll System			225			500			500				
K. Integrated Accounts Payable System			-			310			310				
L. Computerized Accounts Payable System			-			299			299				
M. One Pay			-			287			287				
TOTAL Financial Management			8,702			20,870			18,744				

Narrative Justification:

A. Defense Debt Management System – Funding for two initiatives: The first will accommodate a two way interface between DDMS and the General Fund Enterprise Business System (GFEBS). The second will incorporate a disbursing module into the DDMS environment.

B. Deployed Disbursing System – DDS funds will support an interface with the Treasury's Stored Value Card System (SVC) as well as Marine Corps initiatives of Higher Headquarters reporting and oversight, monthly SF5515 reporting, and push/pull of interfacing files for the Marine Corps to take out all human intervention. FY09 funding will include an interface with IPAC (inter-government payments) as well as continued changes for security issues.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

Exhibit Fund-9b – DFAS Financial Management Software Dev / Mod (Capital): 2 of 3

Continued:

C. Defense Industrial Financial Management System (DIFMS) provides core financial systems management, financial reporting, funds control, general ledger management, receipts management, payments management, and cost management functions for Navy, Marine Corp, and Air Force Depot Maintenance and R&D activities. Funding will be used to modify and standardize critical processes within DIFMS to improve system processes and efficiencies and correct critical interface deficiencies or establish new interfaces.

D. Defense MilPay Office - DMO is a Windows-based relational pay application that interfaces with the Defense Joint Military Pay System (DJMS) to create, audit and submit military pay transactions. It supports the Active and Reserve components of the Armed Forces at DFAS Central Sites and military installations worldwide. Initiatives funded will develop a Graphical User Interface (GUI) tool reduce training time. DMO will accomplish legislative changes in FY09.

E. Defense Retired and Annuitant Pay System - DRAS is a pay entitlement system that establishes and maintains payment to approximately 2.5 million military retirees, former spouses, survivor beneficiaries and annuitant customers. Funds will be used for Legislative and management initiatives. The balance of out-year funding will be used to support the DRAS Modernization initiative as it moves forward.

F. Defense Working Capital Fund Accounting System – Software update for DWAS, the fully integrated financial system of record for numerous defense agencies, providing access to real-time financial data at all levels of the organization and higher command levels. Without the funding, processes automated by DWAS would need to be accomplished manually.

G. eBiz - The official accounting system of DFAS. Funds are used to procure the corporate (Agency Wide) license for Web Methods. This is a reoccurring annual expense for the Agency.

H. Standard Disbursing Initiative - SDI is the IT portion of the DFAS Disbursing High Performing Organization (DDHPO) initiative. Requested Capital funds will be used for modernization and enhancements to DFAS Corporate Database (DCD)/ DFAS Corporate Warehase (DCW) (BEIS) and Automated Disbursing System (ADS) required to implement the Disbursing HPO.

I. Standard Accounting and Reporting System – STARS is the principal general fund accounting system for the Department of the Navy (DON) and Financial Departmental Reporting/Major Command Reporting (STARSFDR/MCR). Capital funding will be used to modify and standardize critical processes within STARS to improve system processes and efficiencies and correct critical interfaces deficiencies required or establish new interfaces.

J. Defense Civilian Payroll System – DCPS provides timely and accurate payroll services to approximately 800,000 Defense and non-Defense agency civilian employees world-wide. Funding supports software changes for the Office of Personnel Management (OPM) Enterprise Human Resources Integration (EHRI) initiative, Department of Defense (DoD) Phase 2 of the National Security Personnel System deployment, changes in response to changing/increased Privacy Act data protection initiatives, and pending new legislation upon enactment.

K. Integrated Accounts Payable System – Software refresh for IAPS, a mainframe vendor pay entitlement system supporting all stages of accounting needs of DFAS field sites, Air Force Financial Service Offices, Air National Guard Finance & Accounting Offices, National Geospace Agency, and the Defense Security Service.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

Exhibit Fund-9b – DFAS Financial Management Software Dev / Mod (Capital): 3 of 3

Continued:

L. Computerized Accounts Payable System – Software update refresh for CAPS, a PC-based application providing a standard installation and business line-level vendor pay entitlement system.

M. One Pay – Software update for the commercial vendor pay system used by the Armed Forces and other defense agencies that provides complete, accurate and timely payment of vendor invoices on behalf of DFAS customers.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2009 - 2010 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2008				C. Line No. & Description Minor Construction						D. Activity Identification DFAS Sites			
	FY 2007			FY 2008			FY 2009			FY 2010			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Infrastructure/Other													
A. Minor Construction – Columbus			-			110			250				
B. Minor Construction – Texarkana			175			200			175				
C. Minor Construction – Rome			700			250			-				
D. Minor Construction – Bratenahl			-			550			-				
E. Minor Construction – Cleveland			-			-			1,400				
F. Minor Construction – Indianapolis			1,300			-			1,034				
TOTAL Infrastructure/Other			2,175			1,110			2,859				

Narrative Justification:

A. Columbus requires replacement of the entranceway handicapped sliding doors. The doors are over 10 years old and have been repaired numerous times. The impact of not funding this capital purchase is a major health and safety concern for handicapped employees being denied entry into Building 21. Columbus needs replacement of existing fire control panels with latest technology (4100U version) to meet base and fire code requirements.

B. Texarkana needs site improvements for force protection and security. Facility will be located inside the perimeter fence of the Red River Army Depot and presents an opportunity for significant cost savings over improving force protection capabilities outside installation perimeter.

C. Rome requires funding for site force protection improvements such as blast resistant doors and fragment retention film for windows.

D. Bratenahl plans to expand the existing computer room by wall layout modification, raised flooring, GFE Power Distribution Unit (PDU), 2 air conditioning units, overhead wiring trays, door removal and dry-wall replacement, and fire sprinkler system installation. All modifications needed as a result of increased workload due to BRAC and Transformation.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

Exhibit Fund-9b – DFAS Minor Construction (Capital): 2 of 2

Continued:

E. Cleveland requires funding in excess of $750K, but less than $1.5M, for site force protection barriers as a result of a Vulnerability Assessment, IAW FMR Vol. 2B, CH 9, Para. 090103C16b.

F. Indianapolis required funding in excess of $750K, but less than $1.5M, for site force protection barriers and vehicle access control systems as a result of a Vulnerability Assessment, IAW FMR Vol. 2B, CH 9, Para. 090103C16b.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

Defense Finance and Accounting Service
Activity Group: DWCF
FY 2007
Fiscal Year (FY) 2009 - 2010 Budget Estimates

PROJECTS ON THE FY09 PRESIDENT'S BUDGET

(Dollars in Thousands)

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset / Deficiency	Explanation
Equipment – ADPE and TELECOM							
2007	Customer Service	0	1,049	1,049	0	0	Approved carryover to FY08
2007	Data Management	1,130	150	1,280	0	0	Approved carryover to FY08
2007	Financial Management	0	150	150	0	0	Approved carryover to FY08
2007	Infrastructure / Other	14,866	0	14,866	12,270	177	Balance approved carryover to FY08
Software Development							
2007	Customer Service	5,603	-2,788	2,815	951	1,864	
2007	Data Management	2,513	-64	2,467	2,199	268	
2007	Financial Management	29,088	755	29,843	14,555	11,057	Balance approved carryover to FY08
Minor Construction							
2007	Infrastructure / Other	1,427	748	2,175	2,167	8	
	Total FY 2007	**54,645**	**0**	**54,645**	**32,142**	**13,374**	

Defense Finance and Accounting Service
Activity Group: DWCF
FY 2008
Fiscal Year (FY) 2009 - 2010 Budget Estimates

PROJECTS ON THE FY09 PRESIDENT'S BUDGET

(Dollars in Thousands)

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset / Deficiency	Explanation
Equipment – ADPE and TELECOM							
2008	Customer Service	903	0	903	903	0	
2008	Data Management	825	0	825	825	0	
2008	Infrastructure / Other	10,170	0	10,170	10,170	0	
Software Development							
2008	Customer Service	2,880	0	2,880	2,880	0	
2008	Data Management	1,330	940	2,270	2,270	0	
2008	Financial Management	21,810	-940	20,870	20,870	0	Reprogram from DDS and DIFMS for MyMetrics Data Management efforts transferred from BTA
Minor Construction							
2008	Infrastructure / Other	1,110	0	1,110	1,110	0	
	Total FY 2008	**39,028**	**0**	**39,028**	**39,028**	**0**	

Defense Finance and Accounting Service
Activity Group: DWCF
FY 2009
Fiscal Year (FY) 2009 - 2010 Budget Estimates

PROJECTS ON THE FY09 PRESIDENT'S BUDGET

(Dollars in Thousands)

FY	Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset / Deficiency	Explanation
Equipment – ADPE and TELECOM							
2009	Customer Service	353	0	353	353	0	
2009	Data Management	825	0	825	825	0	
2009	Infrastructure / Other	10,524	0	10,524	10,524	0	
Software Development							
2009	Customer Service	2,480	0	2,480	2,480	0	
2009	Data Management	1,000	0	1,000	1,000	0	
2009	Financial Management	18,744	0	18,744	18,744	0	
Minor Construction							
2009	Infrastructure / Other	750	2,109	2,859	2,859	0	Increase in requirements for Force Protection measures as at various sites associated with BRAC/Transformation
	Total FY 2009	**34,676**	**2,109**	**36,785**	**36,785**	**0**	

Defense Finance and Accounting Service
Activity Group: DWCF
Fiscal Year (FY) 2009 - FY 2010 Budget Estimates
Capital Investment Program Budget/Accounting NOR Reconciliation

($ in Millions)

Capital Category	Projected Outlays	Projected Depreciation Expense	Estimated Non-Recoverable NOR
PY–Actual			
Equipment	0.000	0.000	0.000
ADPE Equipment	0.000	0.000	0.000
Software	0.000	0.000	0.000
Minor Construction	0.000	0.000	0.000
Total	0.000	0.000	0.000
CY			
Equipment	0.000	0.000	0.000
ADPE Equipment	0.106	0.021	0.085
Software	0.350	0.070	0.280
Minor Construction	0.000	0.000	0.000
Total	0.456	0.091	0.365
BY			
Equipment	0.000	0.000	0.000
ADPE Equipment	0.239	0.069	0.170
Software	0.600	0.190	0.410
Minor Construction	0.000	0.000	0.000
Total	0.839	0.259	0.580
BY+1			
Equipment	0.000	0.000	0.000
ADPE Equipment	0.126	0.094	0.032
Software	0.400	0.270	0.130
Minor Construction	0.000	0.000	0.000
Total	0.526	0.364	0.162

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: CS
February 2008
(Dollars in Millions)

Proj No.	Item Description	FY 2007 Quantity	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Total Cost
	Equipment						
	Replacement Equipment						
CE0300	Facilities Equipment	7	$10.600	4	$14.840	6	$30.600
	ADPE & Telecom						
	ADPE & Telecom						
CC0100	IBM - Tech Refresh	1	$4.850	1	$1.000	1	$1.000
CC0200	IBM - Customer	1	$1.000	0	$0.000	0	$0.000
CE0100	Systems Management / ADP	4	$9.371	3	$7.160	3	$7.900
CE0400	Communications	8	$4.000	5	$4.100	7	$5.000
CS0200	Server - Customer	1	$1.000	1	$1.000	1	$1.000
CX0100	Storage - Tech Refresh	4	$4.000	2	$5.000	2	$3.000
	Software						
	Externally Developed Software						
CV0200	Other - New Financial System	1	$3.524	0	$0.000	0	$0.000
	Minor Construction						
	Minor Construction						
CE0200	Minor Construction - Facilities	2	$1.000	1	$0.500	1	$0.500
	Total	**29**	**$39.345**	**17**	**$33.600**	**21**	**$49.000**
Total Capital Outlays			$24.504		$53.743		$42.041
Total Depreciation Expense			$53.303		$54.975		$42.037

Activity Group Capital Investment Justification | **A. FY 2009 Budget Estimate**

($ in thousands)

B. CS - Computing Services/February 2008 | **C. CE0300 Facilities Equipment** | **D. Defense Information Systems Agency**

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Facilities Equipment	7	$1,514.29	$10,600.00	4	$3,710.00	$14,840.00	6	$5,100.00	$30,600.00
Total	**7**	**$1,514.29**	**$10,600.00**	**4**	**$3,710.00**	**$14,840.00**	**6**	**$5,100.00**	**$30,600.00**

Narrative Justification:

Description and Purpose:

The upgrade and replacement of facilities and equipment (at four sites in FY 2008 and six sites in FY 2009) consists of the following:

In FY 2008, four projects totaling $14.840 million are planned for execution. The number of projects is reduced from the FY 2008 Budget Estimate due to the increase in the expense/investment threshold from $100 to $250 thousand. Planned FY 2008 projects include: upgrading/installing Building Automation System (BAS) controls in Montgomery, AL and St. Louis, MO; Fire Suppression System upgrade at Odgen, UT; and generator and Computer Room Air Condition (CRAC) unit replacement at San Antonio, TX.

FY 2009:

Design and upgrade fire detection/suppression systems at Chambersburg, PA and Warner Robins, GA in FY 2009: these two systems are beyond the end of their useful lives. A total of $6.6 million for the Chambersburg and Warner Robin projects are included in the FY 2009 Budget Estimate.

Replace and upgrade the Uninterrupted Power Supply (UPS) equipment and electrical system at Columbus, OH in FY 2009, which has been in operation since 1991. In addition, the generator, Uninterrupted Power Supply, and switch gear will be upgraded at San Antonio in FY 2009. The existing UPS system was installed in 1995 and the generator in 1984. Designs have already been completed for both the Columbus and San Antonio projects. A total of $12.0 million for these two projects are included in the FY 2009 Budget Estimate.

Design and upgrade the computer room raised floors at Odgen, UT and St. Louis, MO in FY 2009: At St. Louis, the first floor computer room was built in 1979 and the second floor in 1982; both floors have reached the end of their useful lives. While there have been minor maintenance actions, such as individual floor tiles being replaced as needed, the floors have never actually been upgraded. At Odgen, the raised floor was last upgraded in 1992. A total of $12 million is included in the FY 2009 budget request for these two projects.

Current Deficiency and/or Problem:

Many of DISA's facilities are in need of cyclical upgrades to infrastructure and equipment. These upgrades are necessary to ensure that adequate reliability and redundancy is available to support customer workload. The acquisition timetable for equipment design, manufacture, and replacement is typically 18-30 months. To maintain operational capability, we must plan and invest now to ensure performance goals are achieved.

Impact:

If these infrastructure investments are not funded, safety hazards and mission failure may result. Age-related infrastructure and equipment deficiencies could result in equipment failures, resulting in unplanned data center downtime. DISA's ability to provide redundancy to enable 24x7x365 operations will be jeopardized. This will have a negative impact on DISA's operational capability, efficiency and future business.

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
IBM - Tech Refresh	1	$4,850.00	$4,850.00	1	$1,000.00	$1,000.00	1	$1,000.00	$1,000.00
Total	**1**	**$4,850.00**	**$4,850.00**	**1**	**$1,000.00**	**$1,000.00**	**1**	**$1,000.00**	**$1,000.00**

Narrative Justification:

Description and Purpose:

Over this budget period, DISA Computing Services must replace and upgrade the critical hardware infrastructure in order to continue to meet increasing customer data storage and disaster recovery (assured computing) needs. As the IBM (OS 390) compatible central processors become non-supported equipment they are upgraded/replaced in tandem with the channel support system. There is also a requirement to replace aging tape drive equipment, some of which is over 11 years old. Our capacity services contract will ensure the replacement of the majority of central processor upgrades/replacements. However, it will not provide the associated channel support system (and tape subsystem) upgrades that will be required. The replacement mainframe equipment will comply with DoD security policy requirements and provide for more efficient processing capabilities and reduced system maintenance. The new equipment will be utilized to host Air Force, Army, Defense Finance and Accounting System, USMC and Navy customers.

The requested resources will be used to replace and upgrade mainframe equipment in Mechanicsburg, PA, Ogden, UT, and St. Louis, MO. Funding will be used to replace tape drives, upgrade consoles and communications equipment to provide assured computing capability, and convert channel technology from Enterprise System Connection (ESCON) to Fiber System Connection (FICON) for the tape system.

Current Deficiency and/or Problem:

The existing equipment is aging and will be non-supported by the vendor. The newer technology allows for faster processing which in turn prevents operational impacts in customer application processing times. To address the problem, we will upgrade our mainframe processors using our capacity services contract. However, the associated infrastructure upgrades will not be covered under that contract. Currently, our mainframe environment uses Enterprise System Connection channel technology to move date between the processors and storage systems. The new processors support Fiber System Connection technology. As a result, we will need to upgrade the channels within our processors to FICON channels to directors that connect the processors to storage peripherals. Our tape subsystems will also need to be upgraded to fully integrate with the new processors and channels. We have already begun the process of migrating to this new technology. We are requesting funding to continue this technology migration in future fiscal years in St. Louis, MO.

Impact:

Without this capital investment, DISA would not be able to provide assured computing and the associated disaster recovery Continuity of Operation Plan capability. Without this funding, our IBM enterprise infrastructure will contain outdated and unsupported hardware. The resulting technology gap in our infrastructure will significantly degrade our assured computing capability. This will leave DISA and our customers without a way to reconstitute applications and associated data in the event of an emergency.

Activity Group Capital Investment Justification

A. FY 2009 Budget Estimate

($ in thousands)

B. CS - Computing Services/February 2008

C. CE0100 Systems Management / ADP

D. Defense Information Systems Agency

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Systems Management / ADP	4	$2,342.75	$9,371.00	3	$2,386.67	$7,160.00	3	$2,633.33	$7,900.00
Total	**4**	**$2,342.75**	**$9,371.00**	**3**	**$2,386.67**	**$7,160.00**	**3**	**$2,633.33**	**$7,900.00**

Narrative Justification:

Description and Purpose:

The Customer Service Management (CSM) toolset consists of knowledge management, trouble management, reports management and a web-based access control point. The Helpdesk Improvement initiative of the CSM Program focuses on providing world-class post deployment call center/technical support service to its customers at the lowest possible cost. The Knowledge Management System is the central repository for the enterprise's intellectual assets; it needs to be easily accessible by anyone requiring the information using a method that is most appropriate for that person. The Trouble Management System provides the tools and processes for documenting, tracking, analyzing and managing problem events throughout the enterprise using a DISA standard tool. The Reports Management System provides the tools and processes for defining, scheduling and publishing integrated management and customer reports utilizing data from multiple enterprise sources. The E-mail management system provides rules for email sent to the helpdesk that can automatically provide answers quickly and efficiently.

This tool suite gives DISA Computing Services (CS) the ability to meet today's customer service needs and also to support future business requirements such as Army server workload, Net-Centric Enterprise Services and organizational virtualization while maintaining the highest levels of customer satisfaction with the DISA post deployment support structure as rated by an annual external Gartner survey.

Enterprise System Management tools provide situational awareness and operational support to the System Management Centers, Processing Elements and remote sites. As workload increases at all sites, there will be more reliance in managing and monitoring the multitude of customer applications in both the unclassified and classified environments. DISA CS conservatively manages over 4000 servers, communications devices and mainframe computers.

DISA Computing Centers uses over 2300 personal computers, printers, laptops and personal computing devices. The centers employ a variety of geographically dispersed mainframes and distributed computing systems. Redundant, functionally equivalent and excessively expensive products must be eliminated. Standard Operating Environment projects will eliminate functionally equivalent products, streamline the DISA CS inventory and create the most efficient processing environment for the DISA CS customer at the least possible cost.

Current Deficiency and/or Problem:

The core Computing Service Management (CSM)/ Enterprise Service Management (ESM) tools have been deployed in the unclassified environment; additional capabilities are required to address automation of Helpdesk email traffic, collaboration and situational awareness in the call center environment. Also, CSM unclassified hardware components are nearing end-of-life and require replacement. Only basic integrated support capabilities have been provided for classified processing. Rapidly growing classified requirements will demand the capabilities of the full core set of Computing Service Management tools to ensure appropriate support for critical DoD workload and maintain functional compatibility with the principles of Network Operations and Net-Centric Enterprise Systems. DISA CS has engineered and implemented an initial operating capability to host the situational awareness and operational support tools.

Impact:

Without this investment DISA CS will not be able to operate and manage customer applications in the most efficient manner. DISA Computing Services will be unable to support DISA initiatives to continue consolidating DoD processing into the robust and secure architecture of CS operating locations. Support for critical applications within the rapidly growing classified environment will be unresponsive and require additional situational awareness will be unavailable. Performance goals will be jeopardized.

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Communications	8	$500.00	$4,000.00	5	$820.00	$4,100.00	7	$714.29	$5,000.00
Total	**8**	**$500.00**	**$4,000.00**	**5**	**$820.00**	**$4,100.00**	**7**	**$714.29**	**$5,000.00**

Narrative Justification:

Description and Purpose:

DISA manages, maintains and upgrades the Computing Services data center communication equipment as required. In FY 2008/ FY 2009, DISA will add switches and routers to the existing infrastructure in order to increase network security (Information Assurance (IA) Closed Architecture). Network management tools will be installed to support remote management and strengthen network security by increasing situational awareness. This capital requirement will be to add switches and routers to support the IA Architecture and to replace other switches and routers that are at the end of their lifecycle. This equipment is part of the core infrastructure of the Computing Centers. The production switches and routers as well as Out-of-Band Network (OOB) with redundant capabilities, will need to be replaced.

Current Deficiency and/or Problem:

The next generation of Computing Services IA Architecture needs to be installed. It leverages the use of distributed enclaves so that all information flows are consolidated to maximize performance, security and availability. As existing and new customer workloads migrate to the Out-Of-Band Network, we will need to provide additional ports to accommodate the migration. Additionally, in order to secure un-migrated customer systems, local firewalls and Network Access Control tools are necessary to maintain the security of the network. We need to mitigate some of the security risks in the Out-of-Band network. Network Access Control tools and devices will provide the risk mitigation necessary to maintain the integrity of the network. These products will allow us to introduce enhanced security policies (e.g. Dynamic Host Configuration Protocol and Domain Name Server services) and management (e.g. Internet Protocol Address Management across the entire enterprise).

Impact:

If DISA is unable to procure and install tools and devices, we will not be able to adequately secure our network. We will not have sufficient infrastructure to safeguard the network. We will not have an acceptable level of situational awareness in order to enable active computer network defense. In addition, this capability will alleviate network congestion and outages.

Activity Group Capital Investment Justification

A. FY 2009 Budget Estimate

($ in thousands)

B. CS - Computing Services/February 2008

C. CS0200 Server - Customer

D. Defense Information Systems Agency

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Server - Customer	1	$1,000.00	$1,000.00	1	$1,000.00	$1,000.00	1	$1,000.00	$1,000.00
Total	**1**	**$1,000.00**	**$1,000.00**	**1**	**$1,000.00**	**$1,000.00**	**1**	**$1,000.00**	**$1,000.00**

Narrative Justification:

Description and Purpose:

This investment is to acquire new server hardware components to accommodate new applications that DISA's customers are placing into production in DISA Enterprise Computing Centers. This equipment has a three- to five-year technical life and a three-year financial life (five-year on higher-end systems). Components include items such as non-Windows and non-Unix servers, networking switches, fiber channel cabling, and software products packaged with equipment. These capital requests support workloads that include DISA Net-Centric Enterprise Services, the Air Force Knowledge System, Military Health Systems, the Air Force Depot Maintenance Systems Integration, along with systems supporting the Army, Defense Finance and Accounting System, DISA, DLA and other major customers.

Current Deficiency and/or Problem:

A significant number of components, such as servers, disk storage and operating systems require replacement. The business area does maintain a Capacity-on-Demand Service Contract which enables us to acquire mainstream server hardware, certain peripherals, and operating systems for computer systems running the Unix, Linux, and Windows operating systems without using capital funds. This contract, however, does not cover every server vendor's hardware (e.g., Tandem and some dedicated firewalls) or every operating system (e.g., NonStop and SecureOS). To support our customers whose applications demand "non-standard" servers, we request capital funds.

Impact:

The impact of not receiving this capital authority will be obsolescence of government-owned serve assets which support DoD Computing Services' customers.

Activity Group Capital Investment Justification

A. FY 2009 Budget Estimate

($ in thousands)

B. CS - Computing Services/February 2008

C. CX0100 Storage - Tech Refresh

D. Defense Information Systems Agency

Element of Cost	FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Storage - Tech Refresh	4	$1,000.00	$4,000.00	2	$2,500.00	$5,000.00	2	$1,500.00	$3,000.00
Total	**4**	**$1,000.00**	**$4,000.00**	**2**	**$2,500.00**	**$5,000.00**	**2**	**$1,500.00**	**$3,000.00**

Narrative Justification:

Description and Purpose:

Storage requirements for unclassified processing systems using server based operating systems is the fastest growing segment of the DISA Computing Services (CS) infrastructure. The increasing deployment of online web based systems, the redeployment of mainframe systems to open systems, expanding requirements of existing systems and increasing requirements as a result of new DoD regulatory policies requirements are all factors in the rapidly increasing demand for storage resources. DISA conservatively estimates that our current inventory of approximately 1500 Terabytes will grow at a rate of between 15% and 25% per year. Supporting this growth will require the acquisition of new storage assets or the upgrading of existing assets. While DISA intends to address many of these requirements via capacity service contracts, upgrading government-owned assets requires some capital investment.

These capital funds are required to meet special upgrades or unique operating requirements. There are also storage requirements for classified processing systems using server-based operating systems. Increasing requirements for classified Secured Internet Protocol Router Network (SIPRNET) data storage have been identified by DoD customers. Because of the classified nature of the data, it must be hosted on physically separate. Like the unclassified Non-Secured Protocol Routing Network (NIPRNET) resources, DISA Computing Services conservatively estimates that the storage capacity requirements will need storage devices 15% and 25% per year. This estimated growth and technical refreshment represent approximately 20 disk arrays, 8 fiber channel switches and 7 tape libraries all of various capacities.

Current Deficiency and/or Problem:

Major customers such as Global Combat Support, Military Healthcare System, Defense Finance & Accounting Service, Electronic Business, etc. additional workload requirements that require additional storage capacity and capabilities that exceed current storage resources. These growth requirements must be met by either upgrading existing storage systems or acquiring new systems. While a new projected on-demand capacity contract can address most of the new systems requirements, upgrading existing storage systems that still have technical or financial life is outside the scope of that contract approach. This request provides funds for upgrading those currently owned assets until such time that they can be replaced via an on-demand capacity services offering.

DISA Computing Services supports customers who have deployed unique operating environments such as Teradata and Honeywell Bull. These environments are proprietary in nature and require acquiring storage assets from a limited or single source. These storage solutions, due to their proprietary nature, also fall outside the scope of the capacity services contract approach. DISA has the responsibility of providing life cycle sustainment of these systems and their related storage resources. Sustainment means replacing or upgrading a portion of these resources on an annual basis to meet customers' Service Level Agreements. Existing DISA storage resources are either nearing the end of their useful life or require upgrades to meet these growth requirements.

Impact:

Failure to fund these projects means DISA would not be able to provide the storage capacity needed to meet its customer requirements. The requirements include new application system functionality, increased growth in data volumes and other regulatory or mission requirements, which translate into more storage capacity.

Activity Group Capital Investment Justification

A. FY 2009 Budget Estimate

($ in thousands)

B. CS - Computing Services/February 2008

C. CE0200 Minor Construction

D. Defense Information Systems Agency

Element of Cost	FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Facilities - Minor Construction	2	$500.00	$1,000.00	1	$500.00	$500.00	1	$500.00	$500.00
Total	**2**	**$500.00**	**$1,000.00**	**1**	**$500.00**	**$500.00**	**1**	**$500.00**	**$500.00**

Narrative Justification:

Description and Purpose:

This capital budget line is requested to fund unspecified minor construction projects such as outbuilding to house equipment or to enhance security. The computing centers at Ogden, UT and San Antonio, TX have potential projects pending.

Current Deficiency and/or Problem:

Because the facilities projects that have been identified are currently in the design phase, the full extent of the requirement is still unclear. Therefore, it is unknown whether or not minor construction funds will ultimately be required.

Impact:

This requirement protects DISA in the event that a Computing Service facilities project results in the need for minor construction funds. Having the funds available will minimize unplanned downtime and mission failure and ensure efficiency.

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: CS
February 2008
(Dollars in Millions)

Projects in the FY 2008 President's Budget

FY	Approved Project	2008 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	Asset/Deficiency	Explanation
FY 2008	Facilities Equipment	16.940	0.000	16.940	14.840	2.100	Funds realigned to emergent requirements
	IBM - Tech Refresh	1.000	0.000	1.000	1.000	0.000	
	IBM - Customer	0.000	0.000	0.000	0.000	0.000	
	Systems Management/ADP	7.160	0.000	7.160	7.160	0.000	
	Communications	3.000	0.000	3.000	4.100	(1.100)	Increased Program Requirements
	Server - Tech Refresh	0.000	0.000	0.000	0.000	0.000	
	Server - Customer	1.000	0.000	1.000	1.000	0.000	
	Storage - Tech Refresh	4.000	0.000	4.000	5.000	(1.000)	Increased Program Requirements
	Other - New Financial System	0.000	0.000	0.000	0.000	0.000	
	Minor Construction	0.500	0.000	0.500	0.500	0.000	
	Total FY 2008	**33.600**			**33.600**		

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: CS
February 2008
(Dollars in Millions)

Projects in the FY 2008 President's Budget

FY	Approved Project	2008 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	Asset/Deficiency	Explanation
FY 2009	Facilities Equipment	15.700	0.000	15.700	30.600	(14.900)	Increased program requirements
	IBM - Tech Refresh	1.000	0.000	1.000	1.000	0.000	
	IBM - Customer	0.000	0.000	0.000	0.000	0.000	
	Systems Management/ADP	7.970	0.000	7.970	7.900	0.070	Pricing adjustment
	Communications	2.000	0.000	2.000	5.000	(3.000)	Increased program requirements
	Server - Tech Refresh	0.000	0.000	0.000	0.000	0.000	
	Server - Customer	1.000	0.000	1.000	1.000	0.000	
	Storage - Tech Refresh	3.000	0.000	3.000	3.000	0.000	
	Other - New Financial System	0.900	0.000	0.900	0.000	(0.900)	No known requirements in FY2009
	Minor Construction	0.700	0.000	0.700	0.500	(0.200)	Pricing adjustment
	Total FY 2009	**32.270**			**49.000**		

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2008
(Dollars in Millions)

Proj No.	Item Description	FY 2007 Quantity	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Total Cost
	Equipment						
	Replacement Equipment						
TR0016	EMSS Primary Gen/Tank/Switch Gear Repl	0	$0.000	1	$1.400	0	$0.000
TR0019	EMSS Ops Center HVAC Replacement	0	$0.000	1	$0.400	0	$0.000
TR0021	EMSS NC Notification Center	1	$0.400	0	$0.000	0	$0.000
TR0022	EMSS RWIF Red Interworking Function	1	$6.000	0	$0.000	0	$0.000
	Productivity Equipment						
TR0018	EMSS ECS (Earth Terminal Contr Comm Sub)	0	$0.000	1	$1.600	0	$0.000
	New Mission						
TR0024	EMSS Customer Support Lab	1	$0.110	0	$0.000	0	$0.000
	ADPE & Telecom						
	ADPE & Telecom						
TO0016	Wandl IP Tool	1	$0.185	0	$0.000	0	$0.000
TO0017	Wandl Optical Tool	1	$0.244	0	$0.000	0	$0.000
TO0018	Network Modeler and Circuit Spy	1	$0.102	0	$0.000	0	$0.000
TR0008	JWICS - Telecommunications Equipment	1	$9.200	0	$0.000	0	$0.000
TR0009	HITS/JHITS ASM DRM Swtch Tech Refr.	0	$0.000	1	$4.610	0	$0.000
TR0010	HITS/JHITS Switch Expansion & Ancil Equi	0	$0.000	1	$2.000	1	$2.000
TR0011	EMSS Operational Spares Augmentation	1	$0.500	0	$0.000	0	$0.000
TR0012	EMSS Ericsson AXE-10 Switch	1	$1.700	0	$0.000	0	$0.000
TR0013	EMSS Earth Terminal Controller (ETC-TSM)	0	$0.000	1	$1.418	0	$0.000
TR0014	EMSS NOC Display System Enhancement	1	$0.150	0	$0.000	0	$0.000
TR0020	EMSS MOC (Msg Orig Controller)	1	$0.500	0	$0.000	0	$0.000
TR0023	EMSS Equipment Rm HVAC Enhancement	1	$0.700	0	$0.000	0	$0.000
TT0027	Equipment > $100k < $250k	1	$2.000	0	$0.000	0	$0.000
	Software						
	Externally Developed Software						
EE0002	Enterprise Business Modernization	1	$0.758	0	$0.000	0	$0.000
EE0003	Standard Financial System	1	$2.967	0	$0.000	0	$0.000

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2008
(Dollars in Millions)

Proj No.	Item Description	FY 2007 Quantity	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Total Cost
	Software						
	Externally Developed Software						
EP0003	Software Development - Capability	0	$0.000	0	$0.000	1	$0.900
	Minor Construction						
	Minor Construction						
TO0019	Unspecified Minor Construction	0	$0.000	1	$0.592	1	$0.600
TR0015	EMSS Building Electrical Dist Enhancemen	0	$0.000	1	$0.400	0	$0.000
	Total	**15**	**$25.516**	**8**	**$12.420**	**3**	**$3.500**
Total Capital Outlays			$51.278		$39.395		$6.600
Total Depreciation Expense			$0.852		$4.603		$8.846

Activity Group Capital Investment Justification | **A. FY 2009 Budget Estimate**

($ in thousands)

B. TSEAS/February 2008 | **C. TR0016 EMSS Primary Gen/Tank/Switch Gear Replacement** | **D. Defense Information Systems Agency**

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Primary Gen/Tank/Switch Gear Repl	0	$0.00	$0.00	1	$1,400.00	$1,400.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$1,400.00**	**$1,400.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:

The existing generators have been in operation since the 1988 timeframe and provide contingency power to Enhanced Mobile Satellite Services (EMSS) operations during commercial power failures. The Uninterrupted Power Supply (UPS) system provides the initial uninterrupted power for up to ten minutes. This provides the time for the generators to come on-line and provide the long-term power to continue operations in the event of power failure or fluctuations.

Current Deficiency and/or Problem:

The existing generators, tank, and switch gear are beyond end-of-life and require replacement. The generators are beginning to fail completely. The switch gear has become increasingly difficult to maintain, making catastrophic failure imminent. The tanks are failing EPA requirements. Complete replacement of the backup power system is required to avoid catastrophic loss of service during commercial power interruption.

Impact:

If not funded, the risk of a backup power system failure will increase significantly with time. Upon system failure, we will not be able to sustain continuous operations during a local power outage which will potentially have grave operational consequences to our global mission.

Activity Group Capital Investment Justification

A. FY 2009 Budget Submission

($ in thousands)

B. TSEAS/February 2008

C. TR0019 EMSS Ops Center HVAC Replacement

D. Defense Information Systems Agency

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Ops Center HVAC Replacement	0	$0.00	$0.00	1	$400.00	$400.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$400.00**	**$400.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:

The existing HVAC system provides the critical cooling to the systems on the Enhanced Mobile Satellite Services (EMSS) Operations floor. The operations floor, located in the EMSS Gateway, is supported by electronics equipment that provide operational awareness to the operations personnel. Replacing the aging AC units will mitigate potential failure of the units and avoid impact to operations.

Current Deficiency and/or Problem:

The existing HVAC system has been operating continuously (24x7x365) for over eight years. These aging units need to be replaced before excessive wear causes a mechanical failure.

Impact:

If not funded, a failure of any one of the HVAC units would cause a sharp increase in temperatures on the operations floor and damage critical network management equipment resulting in a loss of management of EMSS services supporting warfighter operations worldwide.

Element of Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Unit Cost	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Unit Cost	FY 2009 Total Cost
EMSS ECS (Earth Term Contr Comm Sub)	0	$0.00	$0.00	1	$1,600.00	$1,600.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$1,600.00**	**$1,600.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:

The Earth Terminal Control Communication Subsystem (ECS) is a critical gateway component that interfaces with the earth terminal and supports the call processing functions required for establishing, maintaining, and releasing all connections to the subscriber through the D900 switch. It was originally installed in 1997. However, it does not have the redundancy and reliability necessary to ensure continuous operations.

ECS consists of:
1) Four ECS Motorola equipment cabinets that consist of transcoder cards
2) One set of interconnection cables
3) A sun server
4) and a workstation (with software)

Current Deficiency and/or Problem:

The system does not have the redundancy required to ensure continuous operation of Enhanced Mobile Satellite Services. Software upgrades normally require the reboot of the system for ten to twenty minutes. However, in a recent software upgrade an unsuccessful installation caused a four hour global outage in the voice call services. Redundancy would mitigate such hardware failure, as well as provide the ability to continue operations during scheduled maintenance. The Earth Terminal Control Communication Subsystem supports critical missions and combat operations globally.

Impact:
Failure of this system will eliminate the EMSS call processing capability globally. This means that users will not be able to initiate any voice or data calls during the outage. If not funded, there will be no redundancy to support operations, which increases the risk for extended global outage to occur that will leave operational users isolated and without a means of communication. This will directly impact mission critical global operations.

Activity Group Capital Investment Justification

A. FY 2009 Budget Estimate

($ in thousands)

B. TSEAS/February 2008

C. TR0009 HITS/JHITS ASM DRM Switch Tech Refresh

D. Defense Information Systems Agency

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
HITS/JHITS ASM DRM Switch Tech Refresh	0	$0.00	$0.00	1	$4,610.00	$4,610.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$4,610.00**	**$4,610.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:

Administrative Service Module/Distinctive Remote Module (ASM/DRM) provides an efficient and cost effective method to upgrade the ten Government-owned Hawaii Information Transfer System/Joint Hawaii Information Transfer System (HITS/JHITS) 5ESS switches to the next major software release, Version 5E17. The current HITS switches are at software release 5E16. Version 5E17, and further software releases, are required to maintain mandatory joint interoperability certification for security and network interoperability for HITS mandated by DoD policy. Other benefits include Enhanced network management capabilities and high speed features for managing the HITS network.

Current Deficiency and/or Problem:

The current interoperability certification for HITS switches expires in FY 2008.

Impact:

All future switch upgrades for the next major 5ESS version release will cost significantly more money if the funding for ASM/DRM is not available. If the ASM/DRM is incorporated into the HITS/JHITS network, the total cost estimate for all ten switches is $110K per each future version release. However, without ASM/DRM, the total cost estimate for all ten Hawaii Information Transfer System switches is $2.0M per future version release.

Activity Group Capital Investment Justification

A. FY 2009 Budget Estimate

($ in thousands)

B. TSEAS/February 2008

C. TR0010 HITS/JHITS Switch Expansion & Ancillary Equipment

D. Defense Information Systems Agency

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
HITS/JHITS Switch Expansion & Ancillary Equip	0	$0.00	$0.00	1	$2,000.00	$2,000.00	1	$2,000.00	$2,000.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$2,000.00**	**$2,000.00**	**1**	**$2,000.00**	**$2,000.00**

Narrative Justification:

Description and Purpose:

The Hawaii Information Transfer System/Joint Hawaii Information Transfer System (HITS/JHITS) switch expansion is required to provide additional service at the HITS switches due to the increasing customer base in Hawaii as the military shifts more functions to the Pacific area, and to fund ancillary equipment to maintain operating systems and provide rapid replacement of mission critical equipment. Network expansions allow continued connection of other DoD communication systems to fund rapid replacement of mission critical equipment, e.g., Joint Communications Support Element. Mobile User Objective System. Teleport, Defense Video Services- II (DVS-II), to the only two Defense Switch Network (DSN) gateway switches in Hawaii--the HITS switches at Hickam AFB and Schofield Barucks.

Current Deficiency and/or Problem:

Limited line capacity exists for some of HITS/JHITS switches, which require hardware expansion in order to provide service to additional customers. Without this switch hardware expansion, customers in Hawaii cannot obtain telephone service. The Schofield HITS switch also has limited trunk/port capacity available to connect new communications systems being deployed to Hawaii which Defense Switch Network (DSN) connectivity.

Impact:

Serious military DSN, Federal Telecommunications Systems (FTS), and local commercial telephone service degradation could occur for DoD military and civilian agencies if the HITS DSN gateway switches suffered failure. The ability to accommodate an increasing customer base will be limited by insufficient switch capability.

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Earth Terminal Controller (ETC-TSM)	0	$0.00	$0.00	1	$1,418.00	$1,418.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$1,418.00**	**$1,418.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:

The transmission subsystem is the multiband satellite terminal that allows the Enhanced Mobile Satellite Services (EMSS) Gateway to transmit and receive satellite signals from the ground satellite dishes to the satellites in orbit. The controller allows the multichannel Ka-band to transmit and receive, making the component central to EMSS operations. The Earth Terminal Controller Transmission Subsystem (ETC-TSM) manages the connectivity from the earth terminals (satellite dishes), and by extension, the Iridium constellation, to the Gateway equipment. Partial failure of the terminal results in the immediate reduction in the transmission and receiving capabilities. Total failure of the terminal means the EMSS Gateway ceases operations.

A second Transmission Subsystem (TSM) would allow the EMSS Gateway to control additional sets of antennas to mitigate traffic and environmental issues and increase through put by load sharing between multiple antenna sets. These options do not currently exist with a single TSM.

Current Deficiency and/or Problem:

All EMSS services (inbound and outbound) pass through the Earth Terminal Controller Transmission Subsystem (ETC-TSM). Currently, there is only one ETC-TSM located at the EMSS Gateway, representing a critical component and a single point of failure. There is no redundancy associated with this critical system and an ETC-TSM failure would result in a complete, continuous, global outage affecting every EMSS user world wide (except handset to handset communications).

As the constellation ages and there is an increase in satellite failure, the ability to mitigate gaps in the constellation becomes increasingly critical. The lone Transmission Subsystem at the EMSS Gateway is unable to handle traffic from two or more sets of antennas. With a remote antenna capability, gaps in the constellation can be mitigated by switching traffic from one antenna group to another. This would reduce the amount of outages caused by gaps in the constellation by 50 percent.

Impact:

The Earth Terminal Controller Transmission Subsystem constitutes a single point of failure in a critical connectivity and operating component. Failure would result in a complete service interruption and extended downtime of Enhanced Mobile Satellite Services. If there were a catastrophic failure of the ETC-TSM today, there would be an extended global outage to all EMSS users.

Activity Group Capital Investment Justification

A. FY 2009 Budget Estimate

($ in thousands)

B. TSEAS/February 2008

C. EP0003 Software Development - Capability

D. Defense Information Systems Agency

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Software Development - Capability	0	$0.00	$0.00	0	$0.00	$0.00	1	$900.00	$900.00
Total	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**1**	**$900.00**	**$900.00**

Narrative Justification:

Description and Purpose:

This capital budget line is requested for software development requirements that may arise during the budget year that need to be fulfilled. One such possible project involves building an interface between the Business Transformation Agency's (BTA), Defense Agencies Initiative (DAI) new accounting system and the DISA Direct Order and Entry (DDOE) system.

The DDOE system is the interface with the DISA Telecommunications Services/Enterprise Acquisition Services (TS/EAS) customers for order entry. Currently the ordering system interfaces with the provisioning systems/processes. The ordering system is planned to interface with DISA's Enterprise Business Modernization (EBM) system. However, the final decisions on the data element structure, exchange, and other interface requirements are not yet fully defined. Because the DDOE system contains customer order information, some of the data is also required for DAI processing. EBM, DAI, and DDOE are premised on net-centric capabilities. As such, it is critical that the Defense Agencies Initiative be able to receive and process DISA Direct Order and Entry generated data, whether DAI receives that data directly from DDOE or indirectly from EBM.

Current Deficiency and/or Problem:

Both Defense Agencies Initiative and Enterprise Business Modernization are in the software development phases. As such, not all of the required interfaces have been defined and developed. Today, processing customer orders is a combination of manual and automated processes. It also requires multiple interfaces between systems be maintained. In order to achieve the goals and projected benefits of DAI and EBM, manual processes must be either eliminated or at best drastically reduced.

Impact:

Without this funding, DISA risks Enterprise Business Modernization and the DISA Direct Order and Entry system not having a net-centric universal core, common core, and/or common schema with DAI. Automated data exchanges utilizing net-centric capabilities afford business process improvement opportunities, as well as achieving operational efficiencies and effectiveness.

Activity Group Capital Investment Justification

A. FY 2009 Budget Estimate

($ in thousands)

B. TSEAS/February 2008

C. TO0019 Unspecified Minor Construction

D. Defense Information Systems Agency

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Unspecified Minor Construction	0	$0.00	$0.00	1	$592.00	$592.00	1	$600.00	$600.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$592.00**	**$592.00**	**1**	**$600.00**	**$600.00**

Narrative Justification:

Description and Purpose:

This budget line is requested to ensure that capital funding authority will be available in the event that any facilities projects become classified as minor construction. DISA's facilities include real property at Scott Air Force Base, Bahrain, DISA Pacific, and DISA Europe.

Current Deficiency and/or Problem:

For example, Building 3189, located at Scott Air Force Base, has several facilities projects that are awaiting classification by the Air Force. It is prudent to establish this budget line to ensure that sufficient authority is available, if needed.

Impact:

This budget line will provide DISA's Defense Working Capital Fund (DWCF) the funding, if it becomes necessary to complete miscellaneous and/or emergent minor construction facilities projects at any of the DISA owned and operated network operations centers.

Activity Group Capital Investment Justification

A. FY 2009 Budget Estimate

($ in thousands)

B. TSEAS/February 2008

C. TR0015 EMSS Building Electrical Distribution Enhancement

D. Defense Information Systems Agency

	FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Building Electrical Dist Enhancement	0	$0.00	$0.00	1	$400.00	$400.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$400.00**	**$400.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:

The Gateway electrical distribution is used to provide power to all Enhanced Mobile Satellite Services (EMSS) related activities and services. It was originally installed in the Gateway during the 1988 timeframe. The electrical distribution within the building needs to be upgraded and expanded to support the current equipment load as well as any growth required to support the increased usage.

Current Deficiency and/or Problem:

The Gateway electrical distribution has reached its capacity. As the amount of equipment and services in the building continues to increase, electrical distribution will not be able to support the additional growth.

Impact:

If not funded, the Gateway will reach a point where there will not be enough panels, outlets, and breakers to support implementation of additional mission critical equipment, services, or even circuits to support expanding operational usage in various regions.

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2008
(Dollars in Millions)

Projects in the FY 2008 Budget Estimate

FY	Approved Project	2008 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	Asset/Deficiency	Explanation
FY 2008	EMSS Primary Gen/Tank/Switch Gear Repl	1.400	0.000	1.400	1.400	0.000	
	EMSS Telephone Key Sys Replacement	0.110	0.000	0.110	0.000	0.110	CIP Threshold increased from $100k to $250k
	EMSS Ops Center HVAC Replacement	0.400	0.000	0.400	0.400	0.000	
	EMSS ECS (Earth Terminal Contr Comm Sub)	1.600	0.000	1.600	1.600	0.000	
	HITS/JHITS ASM DRM Switch Tech Refresh	4.610	0.000	4.610	4.610	0.000	
	HITS/JHITS Switch Expansion & Ancil Equip	2.000	0.000	2.000	2.000	0.000	
	EMSS Earth Terminal Controllor (ETC-TSM)	0.000	0.000	0.000	1.418	(1.418)	New program requirement
	Equipment > $100k < $250k	1.900	0.000	1.900	0.000	1.900	CIP Threshold increased from $100k to $200k
	Unspecified Minor Construction	0.000	0.000	0.000	0.592	(0.592)	For emergent requirements
	EMSS Building Electrical Dist Enhancement	0.400	0.000	0.400	0.400	0.000	
	Total FY 2008	**12.420**			**12.420**		

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2008
(Dollars in Millions)

Projects in the FY 2008 Budget Estimate

FY	Approved Project	2008 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	Asset/Deficiency	Explanation
FY 2009	HITS/JHITS Switch Expansion & Ancil Equip	2.000	0.000	2.000	2.000	0.000	
	Equipment > $100k < $250k	1.900	0.000	1.900	0.000	1.900	CIP Threshold increased from $100k to $250k
	Unspecified Software Development	0.900	0.000	0.900	0.900	0.000	
	Unspecified Minor Construction	0.000	0.000	0.000	0.600	(0.600)	For emergent requirements
	Total FY 2009	**4.800**			**3.500**		

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NON ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability			FY 2007		FY 2008		FY 2009	
				Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
REP 100	Material Handling/Storage Space Utilization					2	0.7		
NEW 100	Material Handling/Storage Space Utilization							1	0.3
REP 100	Quality Control								
REP 100	Installation Security							1	0.5
NEW 100	Installation Security			1	0.6	1	0.6	1	0.7
	TOTAL EQUIPMENT (Non ADP/T)			1	0.6	3	1.3	3	1.5
TEL 100	Telecommunications			4	1.2	4	2.2	3	1.4
TEL 200	Telecommunications $1.0M and Over					2	5.2		
PRD 100	Production Hardware					2	1.5		
PRD 200	Production Hardware $1.0 and Over			2	2.5	3	4.2	3	6.4
	TOTAL EQUIPMENT (ADP/T)			6	3.7	11	13.1	6	7.8
SWD 100	Supply Chain Management						0.0		0.0
SWD 200-01	Supply Chain Management - eProcurement				13.9		24.2		3.2
SWD 200-02	Supply Chain Management - Common Food Management System				18.3		19.7		18.3
SWD 200-03	Supply Chain Management - Business Systems Modernization				19.8		16.6		12.2
SWD 200-04	Supply Chain Management - Customer Relationship Management				2.0		0.0		0.0
SWD 200-05	Supply Chain Management - Defense Medical Logistics Standard System				5.1		2.6		2.5
SWD 200-06	Supply Chain Management - DoD EMALL				1.6		0.4		1.6
SWD 300-01	Net-Centric Hubs - Integrated Data Environment				4.2		5.9		1.0
SWD 300-03	Net-Centric Hubs - eWorkplace				0.0				
SWD 300-04	Net-Centric Hubs - Enterprise Operations Accounting System				7.5		4.8		3.0
SWD 300-05	Net-Centric Hubs - Logistics Data Gateway				0.8				
SWD 300-06	Net-Centric Hubs - DAASC Routing Control System						2.8		1.2
SWD 300-07	Net-Centric Hubs - Asset Visibility				1.4		2.4		3.4
SWD 400-01	Master Data - Hazardous Material Information Resource System				0.2		0.0		0.0
SWD 400-02	Master Data - Cataloging Re-Engineering System				0.8		0.3		0.3
SWD 400-03	Master Data - Federal Logistics Information System				1.0		0.3		0.3
SWD 400-04	Master Data - Product Data Management Initiative				1.3				
	TOTAL SOFTWARE DEVELOPMENT				77.8		80.0		47.0
REP 200	Minor Construction $100,000 - $750,000				2.3		3.4		2.5
	TOTAL MINOR CONSTRUCTION				2.3		3.4		2.5
	TOTAL AGENCY CAPITAL INVESTMENTS			7	84.3	14	97.7	9	58.8
	Total Capital Outlays				83.0		81.2		50.3
	Total Depreciation Expense				68.7		151.5		126.2

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
REP and NEW 100 Non-ADP Equipment

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP and NEW 100 Material Handling/Storage Space Utilization							2	362	724	1	267	267

Narrative Justification:

These investments are for material handling equipment, mobile material handling equipment, and miscellaneous warehouse equipment or systems. Replacement of equipment is for existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancements standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. Equipment may also support new mission or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment are met. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
NEW and REP 100 New Mission Non-ADP Equipment

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP and NEW 100 Installation Security				1	556	556	1	550	550	2	612.5	1,225

Narrative Justification:

This program involves providing installation security related items. Security items include entrance card readers, intrusion detection devices, closed circuit television systems, threat annunciating devices, etc. Equipment of this type will provide security of the items stored in the depots as well as safety and security for the DLA employees. This equipment is in accordance with security guidance provided by the Department of Defense and in order to rectify identified security deficiencies.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
TEL 100 Telecommunications Equipment

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 100 Telecommunications				4	299.7	1,199	4	552.3	2,209	3	454.7	1,364

Narrative Justification:

This investment for telecommunications equipment is in support of the Defense Supply Center Columbus (DSCC), Defense Supply Center Richmond (DSCR), Defense Logistics Information Service (DLIS), and the Defense Automated Addressing System Center (DAASC). This equipment will ensure that data transmissions from voice to video are successful. Requirements include telephone switches, cabling, Local Area Network (LAN) upgrades, and video teleconferencing hardware, voice mail replacement, and a trunked radio system.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
TEL 200 Telecommunications $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 200-01 Telecommunications Headquarters Complex Upgrade							1	3,600	3,600			

Narrative Justification:

This investment is to upgrade the telecommunications backbone at the DLA Headquarters Complex enabling the expanded use of on-line system technologies including Internet Protocol Version 6 (IPv6) and IP Telephony.

The backbone will be upgraded using the latest telecommunication and network technology, such as Smartswitch. Such technology provides for a robust system that affords us the ability to eliminate collision domains by reducing the amount of traffic competing for the same space on the backbone. Any data received at the center will move faster over the local area network (LAN) as a result of system being able to transport data packets much faster with greater volume and reliability. This upgrade we allow us to support more users and more telephones at HQC. In addition, the current 1 gigabyte backbone will be increased to a 10 gigabyte backbone to meet the growth needs of the ever changing network environment. The goal is seamless connectivity, increased reliability, functionality and throughput.

IPv6 is a federal mandate for completion in FY 2008. This purchase allows DLA HQC to become IPv6 compliant.

IP Telephony gives the ability to exercise the latest technologies, such as; call forwarding and fax forwarding to remote sites and will be more advantageous for teleworkers, and will lesson the time for add moves and changes to the existing phone switches. Voice over IP will also become possible with such an upgrade and can be used to reduce terrestrial communications costs.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
TEL 200 Telecommunications $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 200-02 Telecommunications DSCR LAN Upgrade							1	1,588	1,588			

Narrative Justification:

DoD has mandated that all network infrastructures comply with Internet Protocol Version 6 (IPv6) by June 8, 2008. This means approximately ninety-five percent of the network equipment and cabling at the Defense Supply Center Richmond (DSCR) will have to be replaced prior to June 2008. The FY 2006 capital will not be executed but carried over to FY 2007. The carry over and the FY 2007 and FY 2008 programmed funding will be used to accomplish the replacement.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
PRD 100 Production ADP Equipment

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100 Production Hardware							2	728.5	1,457			

Narrative Justification:

Over the past few years, DLA has undertaken an aggressive program to reduce its production hardware footprint. There are two aspects to this program. First, DLA has partnered with DISA to take over management and operations of its Enterprise mission critical processing at the Business Processing Center (BPC) under Business Systems Modernization (BSM). When BSM is fully operational, many DLA production hardware systems will sun set and be eliminated, such as site specific DPACS instances, and processing hosted at BPC. This will result in DLA production hardware no longer being required and processing provided via payment to DISA. Second, DLA is moving significant internal processing from its geographic locations to the Enterprise Data Centers. This will result in a further reduction in DLA's production hardware footprint, and move costs from capital hardware buys and operations maintenance costs to paying for a commercial hosting service. When these two initiatives reach full operational capability, DLA will be left with the following production hardware footprint:

1. File servers
2. Print servers
3. Low volume storage area networks for backup/restore
4. IA servers for authentication, firewalls, routers, scanning, etc.
5. Domain and active directory access control support servers
6. Process control equipment required by DAPS, DDC, and DRMS
7. Minor upgrades to existing equipment such as storage module increments, replacement backup media drives, expansion network cards, server memory upgrades, console replacement.

Funding requested in the production hardware area is purely replacement of obsolete equipment currently performing these functions that cannot be transferred to DISA or taken over by the EDC.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
PRD 200 Production Hardware $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-04 Production Hardware SOMA Servers							1	1,907	1,907			

Narrative Justification:

Service Oriented Messaging Architecture (SOMA) performs a core, mission critical function of the Defense Automated Addressing System Center (DAASC) and directly services the vast MQ Series, File Transfer Protocol (FTP) and Simple Mail Transfer Protocol (SMTP) customer base. SOMA processes over 3.7 billion logistics transactions per year. FY 2008 projections indicate SOMA will process nearly 5 billion transactions per year and FY 2013 projections indicate nearly 7 billion transactions per year. The SOMA servers will need to be refreshed in FY 2008 because they will have met their end of life cycle of five years.

SOMA is the front end component of the DAASC ADPE Replacement Program (DARP) II. It processes MILSTRIP and MILS like transactions which it may send to the DAASC Routing Control System (DRCS) for routing and distribution. The DRCS passes the transactions to DAASC Micro Automated Routing System (DMARS) for edits, validation, and routing rules applied. The DRCS receives routed transactions back from DMARS, which are then batched for each customer and sent back to the SOMA system for final delivery or pickup.

The impact of not replacing these hardware platforms will lead to degradation of services leading to mission failure.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
PRD 200 Production Hardware $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-05 Production Hardware DAASC Enterprise Infrastructure							1	1,296	1,296	1	3,146	3,146

Narrative Justification:

Defense Automated Addressing System Center (DAASC) enterprise infrastructure provides the common services environment for DAASC consisting of all infrastructure components needed for data exchange, storage, facility and security and DAASC's diverse external customer base. This infrastructure encompasses numerous applications that support the DAASC Routing Control System (DRCS), Service Oriented Messaging Architecture (SOMA), DAASC Micro Automated Routing System (DMARS), Logistics Data Gateway (LDG) and other mission critical systems. The Integrated Data Environment (IDE) Asset Visibility (AV) application development, test and production environments recently installed at DAASC are utilizing the enterprise infrastructure.

Increased transaction workload brought about by IDE/AV, MILS to DLMS conversion and RFID initiatives and the growing data retention and replication requirements for applications such as LDG and WEB/SDR have driven the requirement for an enterprise disk storage solution, enterprise tape solution and enhancements to the current network infrastructure. By consolidating the UNIX and Windows external disk storage and the UNIX and Windows backup hardware into one solution and replacing aging storage equipment, DAASC will increase storage reliability, improve disk storage performance, avoid multiple maintenance contracts, and fulfill Information Assurance requirements. The consolidation of the entire UNIX and Windows disk and tape storage solutions at DAASC reduces the need for valuable computer room floor space and provides scalability for projected workload.

Increasing requirements have also driven the need for dependable network resources and infrastructure. By providing redundant core switches at both locations (Dayton and Tracy), the chance for service interruption is greatly reduced. The goal is to increase service availability and allow for easier network modifications. Deploying these switches enables the support staff to remain at current levels while improving performance.

The additions that are described within this analysis are required by Federal guidelines, and are not intended to produce a savings, Return On Investment (ROI).

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
PRD 200 Production Hardware $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-06 Production Hardware Integrated Data Environment				1	1,227	1,227	1	1,000	1,000	2	1,647.5	3,295

Narrative Justification:

The end-state Integrated Data Environment (IDE) will provide an environment that enables the extended DLA enterprise to execute practices, processes, applications, and decision support tools to achieve logistics interoperability and allow for information sharing within DLA and between internal and external DLA business partners. In order to support the development of IDE services and support of data sharing services and interfaces, the IDE program requires adequate servers, memory, and associated peripheral equipment.

In FY 2008 and FY 2009, funding is required to augment the production, staging, and Continuity of Operations (COOP) environments being operated at the Defense Information Systems Agency (DISA) Defense Enterprise Computing Center (DECC) Mechanicsburg (production/staging) and Ogden (COOP) to support increased processing requirements resulting from establishment of the IDE/Global Transportation Network (GTN) Convergence program in FY 2008. IDE will be providing the data and information sharing services required by USTRANSCOM; increasing memory, web-service processing, metadata repository management, interface processing support, etc. In FY 2006, due to the inability of DISA to meet IDE schedule requirements, IDE acquired the initial ADP equipment supporting the production, staging, and COOP environments and established a “customer-owned, DISA operated (CO/DO)” service level agreement with DISA. DISA recommended that the IDE program continue with this CO/DO paradigm for the additional ADP equipment required to support the expanded IDE mission.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Supply Chain Management eProcurement						13,922			24,169			3,200

Narrative Justification:
eProcurement is a pre-planned post-FOC product improvement to the capabilities delivered with BSM. eProcurement will replace the legacy DLA procurement capability with SAP functionality integrated with the existing ERP capabilities. The eProcurement initiative requires the underlying ERP infrastructure delivered with BSM to be upgraded to a higher version which will technically provide additional features required to integrate eProcurement seamlessly with the end-to-end system. Planned improvements include replacing the legacy bolt-on procurement systems including DLA Pre and Post Award Contracting System (DPACS) with the SAP eProcurement module with integration activities starting in FY 2007.

SAP Public Sector Supplier Relationship Management (SRM) COTS solution will be integrated into existing DLA BSM ERP COTS architecture as a replacement to DLA's legacy procurement systems. The program includes all associated support activities including program management, knowledge transfer & training, business process design and reengineering, technical design, configuration and development, testing, site readiness and transition activities, and post-deployment support and sustainment. The expected outcomes of the activity include: increase in service level, decrease in cycle time, increase in horizontal integration, increase in financial accountability, and an increase in business alignment to the warfighter. The impact of not funding would result in the need to continue support and maintenance of DPACS at approximately $10 million a year and maintain interfaces between DPACS and BSM.

Funds in 2007-09 will be used for product upgrade and integration of the SAP SRM module into the DLA BSM architecture. This will include the design/build/test of necessary RICE objects, configuring the SAP SRM module to DLA specifications, change management and training of the user community.

The ROI is 1.83 and the payback period is FY 2011. eProcurement received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-02 Supply Chain Management Common Food Management System (CFMS)						18,307			19,695			18,259

Narrative Justification:

The Common Food Management System (CFMS), a DLA-financed and DLA-managed system, will replace the various military food management systems with a single retail system for the DoD. It will incorporate all food management functions performed by the Service legacy systems, in addition to the catalog, order, receipt, and management information currently provided by DLA wholesale systems. CFMS will utilize commercial off the shelf software, with some customization to address the special requirements of a system that must operate in peace and in war. CFMS will be the automation tool for total supply chain integration for Class I and will support DLA's role as Executive Agent. CFMS will extend BSM's functionality from DLA to the customer.

Moving to a DLA-financed single retail system for Class I will reduce system maintenance costs across the DoD and will assure that the Military Services continue ordering their garrison feeding from DLA. An economic analysis was conducted in 2004 to identify the full scope of the anticipated savings. The analysis showed at that time an ROI of 1.88 with an estimated payback in two years. The economic analysis is being updated to include additional benefits likely to be accrued from more efficient inventory management and financial compliance across the Military Services. This initiative satisfies the BMMP requirements and emerging information assurance and financial regulations such as the Standard Financial Information Structure (SFIS).

FY 2007 funding is to support initial deployment to the field of the CFMS system. FY 2008 and FY 2009 funding is for continued rollout of CFMS. CFMS will be deployed to over 700 fixed location dining facilities for all Military Services worldwide and to nearly 300 Navy ships.

CFMS received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-03 Supply Chain Management Business Systems Modernization (BSM)						19,830			16,614			12,240

Narrative Justification:

Business Systems Modernization (BSM), provided for the integration of business processes with a new enterprise business system based on Commercial-off-the-Shelf (COTS) software and best business practices. BSM provided an IT foundation that allows for both continuous process and continuous technology insertion. It is the IT foundation which will allow DLA to fully implement electronic business, web-based technologies, and an integrated data environment, as well as other innovations to be compliant with the Joint Technical Architecture (JTA) and the data exchange standards (e.g. ANS X.12 and XML), necessary for DLA to interoperate with its customers and suppliers. DoD and DLA are aligning our current business practices with best practices by re-engineering logistics processes at all echelons, using the installed BSM system.

Releases 2.2 and 2.2.1 (December 2005 and September 2006 respectively) completed the BSM Approved Blueprint and provide the functionality required to run the business. BSM achieved Full Operational Capability (FOC) in FY 2007.

$5 million per year in FY 2007 – FY 2009 is planned for System Change Requests (SCRs) for the system already in production including SAP Business Warehouse and BSM Management Information Center. A major product upgrade to bring BSM current with new SAP functionality is planned for FY 2008 and FY 2009.

Return-on-investment (ROI) has been calculated for each of the releases through 2.2.1, and the ROI for the total program is 11.57 and payback will occur in FY 2009, as documented in the September 2006 Economic Analysis Addendum based on future costs and expected mission area benefits of inventory and personnel reductions.

BSM received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in December 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-05 Supply Chain Management Defense Medical Logistics Standard System (DMLSS) Wholesale						5,090			2,572			2,511

Narrative Justification:

The Defense Medical Logistics Standard System-DLA (DMLSS-DLA) is an integrated system supporting the medical logistics needs of the Services and the Warfighter. While the program directly funds the business process improvements and Management Information System (MIS) enhancements at the Defense Supply Center Philadelphia (DSCP) Medical Directorate, the benefits and savings cascade down the entire DoD medical logistics supply chain. In FY08-09 the DMLSS-DLA program will focus on software redesign improvements to enhance the overall effectiveness of DMLSS-DLA support and to measure this effectiveness through the design, deployment, and reporting of Prime Vendor Key Performance indicators (PKI), Gen III Contract Option metrics, shipment tracking performance metrics for logistics response time, and other comparative PV and DSCP metrics. To support the receiving of orders, DMLSS-DLA will re-engineer software to enable business customers to order contingency items directly from the electronic catalogs and to order items by commercial identifiers. Catalogs will be integrated to allow customers to research contingency requirements and place orders within a single system, and the electronic Medical Catalog will be reengineered to support added customer search features. Software will be redesigned to develop identification capability to support multiple package configurations to better support commercial product identification and ordering in support of contingency related products. A prototype to determine the requirements for non-NSN contingency items will be developed. Software improvements will support real time price updates in the Medical Catalog and near real time price updates in the readiness data. Critical order tracking software will be changed to add carrier tracking via XML Data Stream and expand RFID tracking receipt capability. Enhancements to Price Adjudication software will enable daily price verification, and related enhancements to sales reporting software will enable daily sales updates. Vendor Payment and Vendor Status architecture will be reengineered to interface with DoD Wide Area Workflow (WAWF). Changes in the overall DMLSS-DLA System Architecture will support technology insertion including enhanced Internet Protocol (IP). The BSM financial interface will be designed and developed to support the free flow of product, sales, and price data between DMLSS-DLA and BSM. The Return on Investment for the DMLSS Program is almost 6 to 1. The benefits estimate is over $3.6 billion across the Department of Defense from FY 2002 through FY 2012. These savings were identified as part of the Milestone IIIC decision. All savings are aggregated for the retail and wholesale components because DMLSS is an integrated partnership between these components.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-06 Supply Chain Management DoD EMALL						1,600			400			1,600

Narrative Justification:

The DoD EMALL is an advanced, web-based government procurement application designed much like commercial applications. The site provides a personalized experience where each user can initiate transactions right from their desktop. DoD EMALL allows users to search or browse for commercial and government off-the-shelf products and services through a single interface and then to purchase those products or services in an easy to use online format.

Requirements for the DoD EMALL are submitted to a Joint Requirements Board. This board is chaired by the OSD Supply Chain System Transformation (SCST) Division. Members include Defense Logistics Agency (DLA), Defense Information Systems Agency (DISA), Army, Navy, Air Force and Marine Corp representatives. The JRB evaluates requirements in terms of some general goals i.e., consolidation of DLA eCommerce websites, integration of GSA Advantage and DoD EMALL, enabling FMS commercial orders, utilizing PKI on the website, enabling our Suppliers to use RFID tagging for commercial orders, etc. Based on these and other guiding principles, the JRB decides which requirements will be addressed in future EMALL releases. Those requirements not selected will remain as open candidates for future Board selections and will be reprioritized as new or higher priority requirements emerge.

In FY 2006 and FY 2007 funding supports the integration of 25 tailored vendor web sites including Warfighter.net for clothing and textile and Foreign Military Sales. FY 2007 funding also includes Navy ERP, Army Off-line Ordering, and AF contracts integration, integration with RDE to provide daily catalog updates on NSNs, and integration with Manufacturers data into the Master Data files for commercial items. FY 2008 and FY 2009 changes include enabling orders for GSA items (NSN and Part Numbers) to be paid for with Government Purchase Card (GPC), allowing GPC users to document their buying decisions on the DOD EMALL for orders over $2,500, enabling a single order to be split and shipped to multiple addresses based on user requirements, and, for contractors that are using DOD EMALL, enabling the Government to limit the NSNs that can be ordered to only those within the scope of the contract.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-01 Net-Centric Hubs Integrated Data Environment (IDE)						4,172			5,887			1,047

Narrative Justification:
The end-state IDE will provide an environment that enables the extended DLA enterprise to execute practices, processes, applications, and decision support tools to achieve logistics interoperability and allow for information sharing within DLA and between internal and external DLA business partners. IDE will employ a COTS based information technology service-oriented architecture that will provide industry-proven logistics transaction processing, data sharing, and state-of-the-art central data brokering capabilities. The IDE objectives are to make logistics information visible, interoperable, and accessible for authorized users from a single point of entry; improve the quality of data/information through use of authoritative sources and coordinated application of business rules; incrementally modernize common information services that support DoD logistics operations (peacetime and contingency/wartime) and DLA and DoD transformation efforts. The expected benefits of the IDE include reduced time to implement new business processes, increased sharing of information using net-centric strategy principles to support discovery, ensure interoperability, and assure information security in accordance with DoD policies; reduction in cost through reuse of interfaces, elimination of unnecessary redundancies, and increased productivity from use of modern COTS development/integration tools; continued reliable, available and responsive support for data exchange needs among the Services, Agencies and commercial suppliers. In FY 2008 and FY 2009 funding will be used to expand the IDE data and information sharing services developed in FY 2006 and FY 2007 to support the needs of DLA and USTRANSCOM as the IDE/Global Transportation Network (GTN) Convergence (IGC) program commences. IGC will provide common integrated data services to assist development of applications that will give Combatant Commands, the Military Services/Agencies, DOD, and other Federal Agencies a cohesive solution to manage supply chain, distribution, and logistics information. IGC will provide a single point of systems data integration within and among DLA and USTRANSCOM and other systems; will ensure consistent access to common, authoritative logistics data, business rules, and will provide reliable information for DLA, USTRANSCOM, and their customers from a single access point (IDE). IGC supports the Distribution Process Owner (DPO).
An update of the IDE Economic Analysis (IDE Phase II (IDE Post-AV Deployment)) is in process and expected to be approved in early FY 2007. The Return on Investment (ROI), as cited in the approved June 2003 Economic Analysis, is 4.13 and the estimated payback period is 2 years.
IDE received re-certification approval for the remainder of FY 2006 by the Defense Business Systems Management Committee (DBSMC) during the July 2006 in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-04 Net-Centric Hubs Enterprise Operations Accounting System (EOAS)						7,458			4,841			3,000

Narrative Justification:
The Enterprise Operations Accounting System (EOAS) will leverage the DLA Business Systems Modernization (BSM) (software configuration, licenses and infrastructure) to deploy a common integrated system solution across all DLA activities and business areas. EOAS is an extension of DLA Enterprise Business System (EBS) Enterprise Operational Accounting to Non-Supply business areas to capture and report timely and accurate financial management information and replace non-compliant legacy systems. The EOAS will facilitate the transformation of DLA financial management by providing a true enterprise-wide Enterprise Resource Planning (ERP) solution, with financial management functionality and data supported by a single Commercial Off The Shelf (COTS) solution. The EOAS will provide an integrated system which is compliant with the Federal Financial Management Improvement Act (FFMIA) and the DoD Business Enterprise Architecture.

EOAS/EBS will completely replace DLA's use of the Defense Business Management System (DBMS), Defense Property Accountability System (DPAS), and Defense Working-Capital Accounting System (DWAS) while partially replacing the Base Operations Support System (BOSS) with a single COTS solution which incorporates best business practices. A single COTS solution ensures the use of standard business practices, including cost elements and standard general ledger, and strong internal controls ensuring the consistency and integrity of financial data. A single agency-wide COTS solution will ensure financial management information will be readily available to decision makers and for consolidation for financial reporting and analysis.

In FY 2007 DLA began a gap analysis between BSM functionality and any unique requirements of the DLA non-Inventory Control Point activities and business areas. Blueprinting and design began in FY 2007 and will continue in FY 2008. The FY 2008 investment is for the blueprint/design, configuring, testing, and training for deployment. EOAS deployment will now be synchronized with the enterprise SAP upgrade. This decision will slip EOAS deployment one year. Deployment will consist of three rollouts in February, April, and June of FY 2009.

The ROI is 1.87 and Payback period is 7 years after initial development assuming a gradual phase-out of current systems.

EOAS received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in June 2007 and was previously certified by the Defense Business

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-06 Net-Centric Hubs DAASC DRCS									2,836			1,199

Narrative Justification:

DAASC Routing Control System (DRCS), identified in the Office of the Secretary of Defense (OSD) Information Technology (IT) Registry as a Mission Assurance Category (MAC) I, is an integral part of the DAASC core services which must support the readiness of today's War fighter. The DAASC is responsible for providing logistics solutions, processing, and management to its worldwide customers. It provides DoD components and participating agencies with network and data interoperability, logistics information services, and report generation. The DAASC provides transaction images to support Asset Visibility (AV) and a gateway for Electronic Business (EB) between DoD components, participating agencies and private sector trading partners, effectively helping to provide a uniform DoD supply system.

Currently, DRCS operates in an Open VMS environment. The 2005 DLA IT Solutions document has identified the Open VMS operating system as "plan for removal". DRCS must continue to provide a highly reliable, available and extensible mission critical core logistics processing services. These services facilitate the receipt, transmission, retransmitting, editing, validation, interception, and storage of logistics transaction data. Based on its role as a mission critical core logistics processing service, DRCS is required to provide peacetime availability at or above 99.5%.

The DAASC shall comply with the Defense Logistics Agency (DLA) Information Technology (IT) Solutions document and remove the Open VMS platform and rehost the DRCS service on a UNIX platform. This will also ensure the DAASC's ability to provide agile, responsive, best value, and interoperable solutions to the DoD and other customers and sustain the Defense Information Infrastructure/Common Operating Environment (DII/COE) in accordance with the DLA-IT Enterprise architecture.

The additions that are described within this analysis are required by Federal guidelines, and are not intended to produce a savings, Return On Investment (ROI).

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-07 Net-Centric Hubs Asset Visibility						1,364			2,420			3,400

Narrative Justification:

Asset Visibility (AV) provides Combatant Commands (COCOMs) with timely and accurate information including location, movement, and status of units, equipment, and supplies. AV also provides vital logistics information to consuming systems, e.g. Global Combat Support System (GCSS), National Level Ammunition Capability (NLAC), and Battle Command Sustainment and Support System (BCS3). The Joint Staff J4 is the AV functional sponsor.

The funding programmed is to support both functional enhancements. The COCOMS and Military Services request that AV provide a broader data view of requisition information (Service-specific and Foreign Military Sales), enhanced In Transit Visibility, role-based access for coalition and multinational partners, BSM-Energy data feed, and customized improvements to the application user interface.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 400 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 400-02 Master Data Cataloging Re-Engineering System (DLIS)						750			275			275

Narrative Justification:

The Cataloging Re-Engineering System (CRS) provides DoD with a standard cataloging system that fully supports the centralization of all cataloging functions under DLA responsibility. CRS went into production June 2003 and includes interfaces with Federal Logistics Information System (FLIS), DLA's Business Systems Modernization (BSM) and the Marine Corps remote users. In addition, CRS will provide interfaces to all of the Service Enterprise Resource Planning Systems (ERPs). CRS increases the productivity of catalogers and reduces the number of errors in cataloging batch transactions. CRS stores business logic not data. Systems that encapsulate knowledge, rather than merely store data, reduce processing time and free users to process other transactions that pose more intricate problems and require technical decisions. FY2007 funding will be used to continue System Change Requests (SCR's) to support variations in Service interfaces, to web-enable CRS for migration to the Enterprise Data Center (EDC) and to CAC/PKI (Common Access Card) enable CRS. Funding in FY 2008 and 2009 is required for redesigns to bring in new customer workloads (GSA cataloging, Federal Aviation Cataloging, Joint Strike Fighter) and to implement new technology.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2008

C. Line Number & Item Description
SWD 400 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 400-03 Master Data Federal Logistics Information System (FLIS)						1030			300			300

Narrative Justification:

The FLIS is identified as the authoritative source system to broadcast the logistics data for numerous processes that support DoD ERP implementations. Current gaps in the SAP system (In use by the Defense Logistics Agency (DLA), Army and Navy) will require Defense Logistics Information Service (DLIS) to handle many of these processes in FLIS. Additionally, Air Force is also embarking on and ERP effort and DLIS is collaborating with them discuss reuse of what has been developed for DLA and Army ERPs (BSM and LMP, respectively) as well as unique data requirements that will require FLIS changes. DLIS currently uses proprietary data exchange formats for FLIS queries and non-MILS, non-ANSI, FLIS specific formats for output transition processing. This is changing as work is done with the Services to reengineer their process as they implement their ERPs. Given the increased emphasis on commercial practice (ANSI, EDI, XML) DLIS understands the need and OSD mandates to migrate data to environment that is open and current standards based rather than on a pseudo proprietary standard. These changes position DLIS to satisfy customer information needs and to prepare for inclusion in commercial products.

Federal Item Identification Guides (FIIG) automation will engineer FIIG processes into an XML environment that will facilitate reduced maintenance costs and provide FIIG users with systems access to the Cataloging Taxonomy in the most efficient manner. The second phase of this project will include any remaining software development (including total automation of edit guides) to support the FIIG automation. It will also include milestones for the deployment throughout the US and NATO cataloging community and extends the capability to interface with commercial sectors through industry standard cataloging capabilities (such as Electronic Commerce Code Management Association's (ECCMA's) electronic Open Technical Dictionary (eOTD)). The successful completion of this project will streamline both customer interfaces and internal processing, allowing the automated interchange of data via XML standards. This work will begin in FY 2007 and continue through FY 2008.

DLIS has also been contacted to begin discussion with GCSS-Army and USAMMA on data needs for their enterprise programs. Changes to FLIS to accommodate these ERP requirements are planned for the FY 2007 – FY 2009 timeframe.

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission **Fiscal Year (FY) 2009** **Budget Estimates**		
B. Component/Activity Group/Date Defense Logistics Agency Supply Management – Non Energy Activity Group February 2008				C. Line Number & Item Description Rep 200 Minor Construction						D. Activity Identification		
Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction						2,268			3,367			2,501

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance and increase the level of protection of the workforce and the mission stock. These projects include:

1. Renovation and alteration of administrative facilities. An example is the conversion of a portion of a Pearl Harbor warehouse to administrative space to replace that in the buildings at Camp Smith, Hawaii which are scheduled for demolition.
2. Upgrading security facilities (gates, fences, security lighting). An example is the upgrade of two existing entrance gate facilities at the Headquarters Complex, Fort Belvoir, Virginia to comply with current Anti-Terrorism/Force Protection (AT/FP) standards.
3. Upgrades to utility systems to comply with environmental and fire protection standards.
4. Additional paving for road networks and personnel parking to comply with the new AT/FP standoff distances
5. Incidental improvements associated with facilities repair projects

All of these projects are required to allow existing missions to continue in safe, compliant and efficient facilities.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NON ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2007	Equipment except ADPE & TELCOM:	0.3	0.8	0.6	0.3	
	DSCR Trucks	0.3	0.3	0.0	0.3	
	DSCC Unit Length Measuring Machine	0.1	0.1	0.0	0.1	
	HQ Entry Control System(DSCR)	(0.2)	0.4	0.6	(0.2)	
2007	Equipment - ADPE & TELCOM:	1.9	5.6	3.7	1.9	
	DSCR LAN and Telecommunications	1.0	1.5	0.5	1.0	Two telcom projects cancelled
	DSCC LAN and Telecommunications	0.3	0.7	0.5	0.3	Cost increase
	DSCP Voice Mail Replacement	0.0	0.3	0.2	0.0	Cost increase
	eWorkplace Production Hardware	0.9	0.9	0.0	0.9	Canceled
	EMALL Production Hardware	0.9	0.9	0.0	0.9	Canceled
	Defense Automatic Addressing System Tech Refresh	0.0	1.3	1.3	0.0	
	Integrated Data Environment (IDE) Hardware	(1.2)	0.0	1.2	(1.2)	Emergent requirement
2007	Software Development:	(21.1)	56.6	77.8	(21.1)	
	Facility Management System (FMS)	(0.2)	0.0	0.2	(0.2)	Emergent requirement
	Hazardous Material Information Resource System	0.0	0.2	0.2	0.0	
	Cataloging Reengineering System (CRS)	0.0	0.8	0.8	0.0	
	Apparel Research Network (ARN) VPV	0.6	0.6	0.0	0.6	Requirement reduced
	Defense Medical Logistics Standard Sys (DMLSS)	0.0	5.1	5.1	0.0	
	Customer Relationship Management (CRM)	0.0	2.0	2.0	0.0	
	Common Food Management System (CFMS)	(1.5)	16.8	18.3	(1.5)	Additional IA requirements
	Integrated Data Environment (IDE)	(0.8)	3.4	4.2	(0.8)	Emergent requirements
	Asset Visibility	(0.3)	1.1	1.4	(0.3)	Increase in SCR cost
	eWorkplace (formerly Knowledge Management)	0.2	0.2	0.0	0.2	Requirement cancelled
	Federal Logistics Information System	0.1	1.0	0.9	0.1	Price adjustment
	Product Data Management Initiative (PDMI)	0.7	2.0	1.3	0.7	Requirement reduced
	EMALL	0.0	1.6	1.6	0.0	
	Pre-Planned Product Improvement - eProcurement	1.7	15.6	13.9	1.7	Project delay
	Business Systems Modernization (BSM)	(14.8)	5.0	19.8	(14.8)	Emergent requirements
	Logistics Data Gateway	0.4	1.2	0.8	0.4	Requirement reduced
	Enterprise Operational Accounting System (EOAS)	(7.5)	0.0	7.5	(7.5)	Emergent requirement
2007	Minor Construction:	1.1	3.4	2.3	1.1	Additional project
	Total FY 2007	**(17.9)**	**66.3**	**84.3**	**(17.9)**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NON ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2008	Equipment except ADPE & TELCOM:	0.7	2.0	1.3	0.7	
	DSCR Trucks	0.2	0.5	0.4	0.2	One requirement below capital threshold
	DSCR Crane Crawler	0.0	0.4	0.4	0.0	
	DES Material Handling Equipment	0.3	0.3	0.0	0.3	Below capital threshold
	DES Installation Security Equipment	0.2	0.8	0.6	0.2	One requirement below capital threshold
2008	Equipment - ADPE & TELCOM:	0.0	13.1	13.1	0.0	
	DSCR LAN and Telecommunications	0.0	3.1	3.1	0.0	
	DSCC LAN and Telecommunications	0.0	0.7	0.7	0.0	
	IDE Production Hardware	0.0	1.0	1.0	0.0	
	HQ IT Services	0.0	3.6	3.6	0.0	
	Defense Automatic Addressing System LDG	0.0	0.8	0.8	0.0	
	Defense Automatic Addressing System DRCS/SOMA(Dgate	0.0	2.6	2.6	0.0	
	Defense Automatic Addressing System Tech Refresh	0.0	1.3	1.3	0.0	
2008	Software Development:	(22.1)	57.9	80.0	(14.1)	
	DRCS(Dgate)	0.0	2.8	2.8	0.0	
	Hazardous Material Information Resource System	0.2	0.2	0.0	0.2	Requirements below capital threshold
	Cataloging Reengineering System (CRS)	0.5	0.8	0.3	0.5	Requirements below capital threshold
	Apparel Research Network (ARN) VPV	0.2	0.2	0.0	0.2	Requirements below capital threshold
	Defense Medical Logistics Standard Sys (DMLSS)	2.6	5.2	2.6	2.6	Requirements below capital threshold
	Customer Relationship Management (CRM)	2.0	2.0	0.0	2.0	Requirements below capital threshold
	Common Food Management System (CFMS)	0.0	19.7	19.7	0.0	
	Integrated Data Environment (IDE)	(2.0)	3.9	5.9	(2.0)	
	Asset Visibility	0.0	2.4	2.4	0.0	
	EOAS	2.5	7.4	4.8	2.5	Program deployment delayed one year.
	Federal Logistics Information System	0.7	1.0	0.3	0.7	Requirements below capital threshold
	EMALL	1.2	1.6	0.4	1.2	Requirements below capital threshold
	Pre-Planned Product Improvement - eProcurement	(22.0)	2.2	24.2	(22.0)	Increase due to SAP Product Upgrade
	Business Systems Modernization (BSM)	(8.0)	8.6	16.6	(8.0)	Increase due to SAP Product Upgrade
2008	Minor Construction:	0.0	3.4	3.4	0.0	
	Total FY 2008	**(21.4)**	**76.3**	**97.7**	**(13.4)**	

DEFENSE LOGISTICS AGENCY
SUPPLY MANAGEMENT - NON ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL INVESTMENT PROGRAM BUDGET/ACCOUNTING NOR RECONCILIATION
($ IN MILLIONS)

Capital Category	Projected Outlays	Projected Depreciation Expense	Estimated Non-Recoverable NOR
2007			
EQUIPMENT (Non ADP/T)	0.000	0.000	0.000
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000
2008			
EQUIPMENT (Non ADP/T)	0.693	0.035	0.658
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	6.361	0.636	5.725
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	7.054	0.671	6.383
2009			
EQUIPMENT (Non ADP/T)	0.360	0.087	0.273
EQUIPMENT (ADP/T)	3.358	0.336	3.022
SOFTWARE DEVELOPMENT	4.610	1.733	2.877
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	8.328	2.156	6.172

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability	FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Equipment Capability						
REP 200	Replacement Capability	1	1.7	1	12.5	1	12.5
PRD 200	Productivity Capability	0	0.0	0	0.0	0	0.0
NEW 200	New Mission Capability	2	5.9	2	3.9	3	7.4
ENV 200	Environmental Capability	0	0.0	0	0.0	0	0.0
	TOTAL EQUIPMENT	3	7.7	3	16.4	4	19.9
SWD 200	Supply Chain Management Capability		0.5		0.0		9.8
	TOTAL SOFTWARE DEVELOPMENT		0.5		0.0		9.8
REP/ENV 200	Replacement and Environmental Capability		23.1		25.5		24.5
	TOTAL MINOR CONSTRUCTION		23.1		25.5		24.5
	TOTAL AGENCY CAPITAL INVESTMENTS	3	31.3	3	41.9	4	54.2
	Total Capital Outlays		17.9		41.8		51.6
	Total Depreciation Expense		18.5		35.3		45.5

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management - Energy Activity Group February 2008

C. Line Number & Item Description
Equipment Capability – 200 New Mission

D. Activity Identification
DLA/DESC

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADPE/Telecomm New Mission				2	2,962.5	5,925	2	1,931	3,862	3	2,477	7,430

Narrative Justification:

Fuel Terminal Automation

The fuel terminal automation projects will include automation of valves, fuel transfer pumps, tank gauging, fuel metering systems, and pipeline instrumentation. As the integral component of the Automated Fuel Handling Equipment (AFHE) system, the Supervisory Control and Data Acquisition (SCADA) systems will be installed in the computers at the Operations Control Center (OCC) optimally located in the base. The SCADA system will provide remote control of fuel transfer operations and alarms in response to abnormal conditions; enhanced capabilities for inventory control and accounting; enhanced leak detection capabilities; remote monitoring and data exchange. The new AFHE system architecture will ensure connectivity to the existing Fuel Accounting System. The entire operations of the terminal, such as, receiving and issuing fuel will be controlled from the central OCC. The communication infrastructure and other devices required for the transfer of signals from the equipment to the OCC will also be provided.

The primary cost benefit of these automation projects is the prevention of oil spills and costly cleanup expenses.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management - Energy Activity Group February 2008

C. Line Number & Item Description
Equipment Capability – 200 Replacement

D. Activity Identification
DLA/DESC

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADPE/Telecomm Replacement				1	1,739	1,739	1	12,500	12,500	1	12,500	12,500

Narrative Justification:

Automated Tank Gauging (ATG)

These investments include replacement of existing Automated Tank Gauging (ATG) systems that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancements standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. There are more than 400 fuel terminals worldwide for which DLA is the DoD Executive agent. In all of these terminals there are various types of fuel tanks, each with Automated Tank Gauges (ATG) to measure and monitor the fuel level in the tanks. In addition, these gauges have connectivity to the Business Systems Modernization (BSM) Energy system, which will capture all the data with regard to fuel in the tank and maintain accurate inventory records. The various Service Stations in DoD facilities have equipment to capture the quantity of fuel dispensed and also have connectivity to the same BSM Energy system. A study was completed in 2005 that provided final recommendations with regards to the type and corresponding sites where ATG systems will be installed. The budgeted amount also includes design and review costs in conjunction with implementation.

The primary cost benefit of this investment is accurate inventory records and loss control procedures.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management - Energy Activity Group February 2008

C. Line Number & Item Description
SWD Capability - 200 Supply Chain Management

D. Activity Identification
DLA/DESC

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development Supply Chain Management						533						9,799

Narrative Justification:

Business Systems Modernization (BSM)/ Energy Convergence

In order to completely address the Energy supply chain, additional functions must be automated, converged, and standardized in Business Systems Modernization (BSM)/ Energy. The BSM/BSM Energy Analysis of Alternatives was completed in May FY 2006 and concluded that converging BSM Energy with BSM through the implementation of SAP is the preferred alternative and provides a positive Return on Investment (ROI). SAP will provide improved efficiencies which will enable the Defense Energy Support Center (DESC) to process the increased workload associated with the overall DoD energy mission.

A milestone decision is planned for second quarter FY 2009 to begin system integration and demonstration. Funds in FY 2009 will be used to begin implementation of BSM Energy business processes and systems to the desired end-state.

There is also a requirement to support an acquisition and tailoring of an automated contract writing system for BSM Energy. This system will facilitate an end-to-end procurement cycle from requirements definition/initiation, solicitation, evaluation, contract award, contract administration and closeout. DLA is assessing Commercial-Off-The-Shelf (COTS) packages to include SAP Supplier Relationship Management (SRM) to determine the overall applicability to the various Energy commodities, to include but not limited to missile fuels, natural gas and electricity.

Benefits will include reduced inventory; reduced demurrage, transportation, facilities, and interest penalty costs; as well as savings from use of the same software suite.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management - Energy Activity Group February 2008

C. Line Number & Item Description
Minor Construction Capability - Replacement/Environmental

D. Activity Identification
DLA/DESC

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction Replacement/Environmental						23,088			25,500			24,500

Narrative Justification:

Replacement/Environmental

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance and increase the level of protection of the workforce and the mission stock. These projects include:

1. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities.
2. Upgrades to utility systems to comply with environmental and fire protection standards.
3. Incidental improvements associated with facilities repair projects

Benefits include continued safe, compliant and efficient facility operations.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - ENERGY
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2007	Equipment except ADPE & TELCOM:	7.5	15.1	7.7	7.5	
	Inventory Accuracy - Automated Tank Gauging (ATG)	5.0	6.7	1.7	5.0	Scheduling conflicts with API inspections
	Fuel Terminal Automation	2.5	8.4	5.9	2.5	
2007	Equipment - ADPE & TELCOM:	0.0	0.0	0.0	0.0	
2007	Software Development:	17.5	18.1	0.5	17.5	
	Pre-Planned Product Improvement - BSM/BSM Energy Convergence	17.5	18.1	0.5	17.5	Funds reprogrammed; Project reprioritization
2007	Minor Construction:	2.4	25.5	23.1	2.4	Requirements reduced
	Total FY 2007	**27.4**	**58.7**	**31.3**	**27.4**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - ENERGY
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2008	Equipment except ADPE & TELCOM:	0.0	16.4	16.4	0.0	
	ATG Equipment	0.0	12.8	12.8	0.0	
	Fuel Terminal Automation	0.0	3.6	3.6	0.0	
2008	Software Development:	13.9	13.9	0.0	13.9	
	BSM/BSM Energy Convergence	13.9	13.9	0.0	13.9	Program integration delayed one year.
2008	Minor Construction:	0.0	25.5	25.5	0.0	
	Total FY 2008	**13.9**	**55.8**	**41.9**	**13.9**	

DEFENSE LOGISTICS AGENCY
SUPPLY MANAGEMENT - ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL INVESTMENT PROGRAM BUDGET/ACCOUNTING NOR RECONCILIATION
($ IN MILLIONS)

Capital Category	Projected Outlays	Projected Depreciation Expense	Estimated Non-Recoverable NOR
2007			
EQUIPMENT (Non ADP/T)	0.000	0.000	0.000
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000
2008			
EQUIPMENT (Non ADP/T)	0.000	0.000	0.000
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000
2009			
EQUIPMENT (Non ADP/T)	0.000	0.000	0.000
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability			FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T)								
PRD 100	Material Handling/Storage Space Utilization								
REP 100	Material Handling/Storage Space Utilization			8	4.1	5	3.1	7	3.2
NEW 100	Installation Security			7	3.2	3	1.1	4	1.2
PRD 200	Material Handling/Storage Space Utilization $1.0 and Over								
REP 200	Material Handling/Storage Space Utilization $1.0 and Over			1	1.9	3	9.1	3	11.6
NEW 200	Material Handling/Storage Space Utilization $1.0 and Over			2	7.1	1	4.3	1	3.5
	TOTAL EQUIPMENT (Non ADP/T)			18	16.2	12	17.6	15	19.6
TEL 100	Telecommunications			13	5.6	2	1.0	2	1.8
TEL 200	Telecommunications $1.0 and Over			7	5.0	10	6.0	10	4.8
	TOTAL EQUIPMENT (ADP/T)			20	10.6	12	7.0	12	6.6
	SOFTWARE DEVELOPMENT								
SWD 100	Distribution				0.0		0.3		0.3
SWD 200	Distribution $1.0 and Over-Distribution Standard System (DSS)				2.8		2.0		2.0
	TOTAL SOFTWARE DEVELOPMENT				2.8		2.3		2.3
	MINOR CONSTRUCTION								
REP 200	Minor Construction $100,000 - $750,000				13.4		9.0		9.0
	TOTAL MINOR CONSTRUCTION				13.4		9.0		9.0
	TOTAL AGENCY CAPITAL INVESTMENTS				43.0		35.9		37.4
	Total Capital Outlays				46.2		38.9		38.9
	Total Depreciation Expense				37.0		37.5		37.3

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
REP and PRD 100 Replacement and Productivity Non-ADP Equip

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP and PRD 100 Material Handling/Storage Space Utilization				12	344.3	4,131	5	611.4	3,057	7	454.4	3,181

Narrative Justification:

These investments include the replacement of existing items that have reached or exceeded their useful life. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancement standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. FY 2008 – FY 2009 includes investments for trucks, forklifts, front end loaders, a baler, street sweeper, unitary power systems, narrow aisle rack systems, and other material handling equipment.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
NEW 100 New Mission Non-ADP Equipment

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 100 Installation Security				7	453.1	3,172	3	376.7	1,136	4	308	1,232

Narrative Justification:

This program involves providing installation security related equipment. Security items include entrance card readers, intrusion detection devices, closed circuit television systems, threat annunciating devices, etc. This equipment will provide depot security as well as safety and security for DDC employees.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-04 Material Handling/Storage Space Utilization Narrow Aisle Pallet Racks				1	1,850	1,850				1	3,710	3,710

Narrative Justification:

The North Island Complex at Defense Distribution Depot San Diego (DDDC) consists of six 600 x 200 x 18 foot clear stack height buildings. The buildings are 656, 657, 658, 659, 660 and 662. In FY 2007, DDDC must vacate Building 662 and return the building to the Navy. The stock which is currently in building 662 must be consolidated within the remaining five buildings. The racks that were originally installed in the North Island Complex by the Navy are substandard for the following reasons: 1) They are not rated for seismic zone 4, 2) the racks are severely damaged from forklift impact, 3) multiple vendors have installed these racks making it difficult to replace the damaged components, 4) the racks have different ratings from 600 pounds to 2,000 pounds, 5) most of the racks do not have crossbars or back to back ties, and 6) in-rack sprinkler fire protection as required by the National Fire Protection Association was never installed. To maximize cube utilization and correct serious fire protection and safety violations of the present rack systems, existing racks will be replaced in sections 1, 2 and 3 of buildings 659 and 660 with 18 foot high narrow aisle rail guided pallet racks. This will yield 10,400 new pallet rack locations. To meet fire code, an in-rack sprinkler system will be installed and all racks will be designed and installed for seismic zone 4. The only alternative to installing pallet racks in these warehouses is to double or triple stack pallet material on the floor where possible. This alternative will not solve the problem of overcrowding and will not permit DDDC to vacate building 662. If the project is not funded, stacking height will be limited, available cube will not be properly utilized and the consolidation of material in fewer buildings will not be possible.

The payback period for the project is 3.27 years and the savings to investment ratio is 2.80

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-05 Material Handling/Storage Space Utilization High Density Bin Storage							1	2,000	2,000			

Narrative Justification:

The consolidation of all active items at Defense Distribution Depot San Joaquin (DDJC) Tracy site, has increased the number of National Stock Numbers (NSNs) being stored at the depot. In addition, the number of binable candidates currently being stored in a significant number of bulk storage locations has necessitated the development of long range storage planning for binable items. Sound storage management principles dictate that higher popularity items be stored together in close proximity to the operational hub, with lower priority item storage moving to the outermost storage locations. This project will provide another warehouse section of high density bin storage within the small parcel operations hub, Building 16. The project proposes a storage system of double deck bins with push carts, a reconfigured package conveyor system and radio frequency Distribution Standard System terminals. High density storage, coupled with a manual selection process, will provide optimum resource utilization for storage and/or issuance of high demand material. Among the other alternatives considered was a High-Rise Narrow Aisle Bin Shelving with Rail Guided Stock Selectors in Building 16B-3. This alternative was dismissed as being more expensive with little or no improvement in storage density or in processing time. The impact of not providing this project would be that a significant amount of bulk storage space in other warehouses, not closer to the operations hub, would continue to be dedicated to hold unit packs of binable NSNs resulting in lower productivity. High popularity items could not be consolidated in high density storage to effect optimum resource and storage space utilization.

The discounted payback for this project is 2.28 years and the savings to investment ratio is 3.95

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-06 Material Handling/Storage Space Utilization Storage System Upgrade							1	2,500	2,500			

Narrative Justification:

Defense Distribution Depot San Joaquin (DDJC) is designated as a primary distribution center within the Defense Logistics Agency's Defense Distribution Center. At the present time, Building 16 at DDJC's Tracy site is the operations hub and storage policy calls for all active items to be stored within the operational hub. The upgrade/replacement of the carousels, which are currently past their economic life, will provide high-density storage; it will also provide optimum resource utilization for storage and issuance of high demand material. The main purpose of this project is to upgrade and replace the existing carousel storage in Warehouse 16A-3. The project will refurbish the upper level carousel storage system to provide new motor controllers and necessary mechanical components, replace the lower level carousel storage system with bin storage and complete any necessary modifications to the package/tote conveyor system in building16A-3. It will also provide a vertical carousel storage system in Warehouse 15-1 to rewarehouse slow moving material from the existing carousels in Building 16A-3 to increase productivity. The existing carousel storage units in building 16A-3 were installed in two increments (in 1984 and 1988) and need replacement/refurbishment in order to be available to meet future operational requirements. Among alternatives considered were using the existing equipment/systems without replacement/refurbishment as well as replacing the system with a manual walk and pick storage system. These alternatives were rejected due to the fact that they will not meet necessary requirements—operations will be negatively impacted resulting in multiple handling of material and misplaced/damaged material. If this project is not funded, the impact will be reduced productivity and higher material handling costs.

The discounted payback for this project is 4.92 years and the savings to investment ratio is 1.89.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-07 Material Handling/Storage Space Utilization Bin Storage System Replacement							1	4,600	4,600	1	1,930	1,930

Narrative Justification:

This project will provide a new high density package-rack storage system and an in-rack sprinkler for storage of 70,000 small stock items each in Defense Distribution Depot Oklahoma City, Oklahoma (DDOO), Building 416, Bay H and Bay J. Recent Defense Distribution Center safety inspections raised concerns about safety and long-term stability of the shelves produced in-house in Bays H and J 15 years ago. At that time, the shelves were produced by stacking 3 sets of 6 foot high uni-strut shelves on top of one another, welding them together, and then also welding support members from one row of shelves/bins to the next to enhance stability. Total replacement, rather than attempted repair of these existing shelves/bins, is preferred due to concerns for potential domino-effect collapse of several adjacent rows. Alteration of even a single row, either by attempted repair or by collision from heavy material handling equipment vehicles that continually operate among these rows of shelves/bins, could cause collapse. New racks will also provide required in-rack sprinkler piping for fire protection that cannot be provided with the existing shelving system. Among alternatives considered in place of installing a new package-rack system was renting 140,000 commercial small item stowage locations off-base near DDOO and transporting, by truck, all of those issued/received stock items to/from DDOO building 416 for processing. It was found that providing new racks is more economical.

The discounted payback is 4.94 years and the savings to investment ratio is 1.89.
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Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-08 Material Handling/Storage Space Utilization Package Receiving Upgrade										1	2,500	2,500

Narrative Justification:

This project provides the material handling equipment/systems required to replace and/or refurbish the existing receipt processing area to include the Preservation, Packaging, Packing and Marking area, package conveyor system, programmable process control system and associated workstation equipment. The existing conveyor system equipment was installed in 1997 and will need replacement/refurbishment in order to continue meeting operational requirements. This is primarily due to an increase in workload caused by transferring all package receiving operations to the Tracy Facility from the Sharpe Facility in 2000 as well as a constant three-shift operation since 2001. Replacement of the new material handling equipment will lower overall material handling costs, reduce maintenance costs and decrease overall processing times. Alternatives to this project that were considered was continuing to use the existing equipment/system without replacement/refurbishment as well as using manual methods where the system is unusable/obsolete. These alternatives were determined to be unacceptable from the point of providing consistent, quality service to the customer. If this project is not fully funded, the impact will be increased material handling costs and decreased system production capabilities as the maintainability and reliability of the system continue to diminish.

The discounted payback for this project is 2.0 years and the savings to investment ratio is 4.67.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-09 Material Handling/Storage Space Utilization Upgrade 80 Ton Crane											0	0

Narrative Justification:

The primary mission of the Defense Distribution Depot Anniston (DDAA) portal crane is to conduct the heavy lift operations necessary to receive and ship combat vehicles from rail cars and tractor trailers. It is the only means available at the depot to lift these types of combat vehicles, which can weigh in excess of 67 tons. The crane is used to lift approximately 5000 combat vehicles per year and, with workload fluctuations, it could be as many as 50 lifts a day. The portal crane 22 years old and is approaching the end of its planned life expectancy. In 2006, a study of the crane was commissioned to determine whether it should be refurbished or replaced. The study indicated that structurally and mechanically it could be maintained for another twenty or more years with upgrades. The decision was made to pursue a refurbishment of the crane at a cost of $2.5 million instead of replacing a cost of $6 million. Failure of the crane would create mission failure for both DDAA and the Anniston Army Depot.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
NEW 200 New Mission Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 200-01 Material Handling/Storage Space Utilization Equipment for GPW, DDJC				1	3,107	3,107	1	4,300	4,300			

Narrative Justification:

An FY 2006 MILCON project providing a new warehouse at Defense Distribution Depot San Joaquin (DDJC) will replace four World War II era warehouses located at the Tracy site. This MILCON project will also eliminate improperly stored mission stock in various locations and provide for workload increases. A new General Purpose Warehouse (GPW) will be constructed west of building 56, the new active bulk warehouse complex. This is part of the process to eliminate substandard facilities and reduce infrastructure at DDJC. This investment will provide equipment for the new 480,000 square foot GPW with cube efficient, easily accessible material storage. This equipment will consist of a high rise narrow aisle pallet rack storage system, turret trucks including batteries and chargers, guidance system for material handling equipment, floor level pallet conveyor, intra-depot transporter conveyors and work stations. Installation of this new equipment will lower overall material handling costs, reduce facility space requirements and decrease warehouse receiving, storage and shipping times. In an effort to coordinate installation of the equipment with MILCON, the entire project will be installed in two phases. The first phase will be installed in FY 2007 at an estimated cost of $6.0M and the second phase in FY 2008 at a cost of $4.3M.

The estimated payback period is 4.50 years and the savings to investment ratio is 2.05.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
NEW 200 New Mission Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 200-02 Material Handling/Storage Space Utilization Equipment for GPW, DDSP				1	3,968	3,968				1	3,500	3,500

Narrative Justification:

An FY 2005 MILCON project providing a new 412,000 square foot General Purpose Warehouse at Defense Distribution Depot Susquehanna Pennsylvania (DDSP) will replace two World War II era warehouses. The MILCON project was originally planned for FY 2004 but was deferred to FY 2005. The construction is expected to be completed by January 2007. Phase one of the equipment project, funded in FY 2005, will provide a rail-guided, narrow-aisle, high-rise pallet storage system that will take advantage of the 26' clear stack height in the new warehouse and will compliment the bulk storage planned for this building. Funding in FY 2007 is for phase two which will provide a walk and pick system with flow racks and work stations for streamlining the pick and issue operations in connection with the clothing and textile mission. Additional mechanization to improve the efficiency of operations will also be provided. The equipment will increase the pick rates compared to the existing bulk warehouse system. Inventory accuracy will also increase due to discrete location assignments and increased automated processing. This project is part of a plan to eliminate all substandard facilities at DDSP.

The discounted payback is 3.36 years and SIR is 2.73.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
NEW 200 New Mission Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 200-03 Material Handling/Storage Space Utilization Upgrade Automatic Storage and Retrieval System										1	3,500	3,500

Narrative Justification:

The purpose of this project is to provide for refurbishment of the 18 Automated Storage and Retrieval Systems (AS/RS). The 18 AS/RS currently service 18 double deep pallet rack aisles and approximately 42,268 material locations. The project consists of upgrading and/or replacing existing drive and lifting motors, the various lifting and drive components, all worn parts, and replacement of on-board controls and diagnostics with the latest state-of-the-art equipment. This will increase productivity, reduce material handling costs and improve system maintainability/reliability. As with all AS/RS, there is an inherent system dependence on cranes for material movement attributable to basic system design. Movement of the material within the aisles cannot practically be accomplished without the use of the cranes or an equivalent piece of equipment. Therefore, after the cranes have exceeded their economically useful life, they will either have to be refurbished or replaced. Past experience indicates that it is far more expensive to purchase new cranes than to refurbish existing cranes. If this project is not funded, continued utilization of the existing AS/RS without this level of renovation will result in increased maintenance costs and decreased productivity levels.

The discounted payback for this project is 4.08 years and the savings to investment ratio is 2.27

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
TEL 100 ADP Equipment

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 100 Telecommunications				2	2801.5	5,603	2	545	1,090	2	550	1,100

Narrative Justification:

Specifications for the Unique Item Tracking (UIT) mission, as specified in DoD 4140.1-R and Defense Reform Initiative Directive (DRID) 48, call for the ability to read 2D bar codes during the pick operation. The mission relies upon the perpetuation of serial number information throughout the supply chain; suppliers will mark this information on material in the form of 2D bar codes. This work is primarily supported by Radio Frequency equipment. Since the existing equipment cannot read 2D bar codes, the current systems must be replaced. The costs associated with replacing the systems are based on a one for one replacement of the existing end user equipment (hand held terminals and vehicle mounted terminals) as well as the number of access points (base stations) necessary to support this equipment. Beyond completion of the UIT projects (both replacements and new RF systems) in FY07, no RF infrastructure requirements are known at this time. During the past several years, DDC has been required to fund capital projects for new depots in Sigonella, Guam, and Korea. Funding is programmed in FY 2008 and FY 2009 to support contingencies.

Radio Frequency Identification (RFID) supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners. The first phase of the RFID initiative is to read passive RFID tags at receipt locations, initially for new procurement and eventually for field returns. During FY 2007 site surveys in support of deploying seven OCONUS depots were accomplished, additional portals were installed at CONUS sites, one OCONUS depot was implemented for receiving, and printers were purchased in preparation for picking and shipping enhancements. During FY 2008 RFID will expand to the picking, packing, and shipping functions and six additional OCONUS depots will be implemented for receiving. During FY 2009 RFID will expand to the storage function.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
TEL 200 ADP Equipment $1.0M and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 200 Telecommunications				7	716.6	5,016	10	590	5,900	10	545	5,450

Narrative Justification:

In FY 2008 and FY 2009 the Defense Distribution Center (DDC) will upgrade LAN networks to include hardware and infrastructure cabling. These upgrades will improve mission performance through increased connectivity depot-wide. The LAN infrastructure is standardized, upgraded, and refreshed according to recognized DoD and DLA standards. FY 2008 upgrades are planned for Defense Distribution Depot Germany, Anniston, Albany, San Joaquin, Puget Sound, Susquehanna, Richmond and the Defense Distribution Center. FY 2009 upgrades are planned for Defense Distribution Depot San Diego, Norfolk, Oklahoma, Pearl Harbor, Red River and Kuwait.

As Radio Frequency technologies and wireless LAN networks expand within the infrastructure, a robust telecommunications system is required to maintain a reliable base system. The telephone switches owned by DDC will be properly aligned with current operating baselines to allow users the voice applications that are mission critical. Aging hardware and software will be regularly replaced within the telecommunications confinements of the cable plant, trunked radio systems, and the telephone switch systems. Subsequently each DLA distribution depot telecommunications configuration will be able to support all mandated DoD, DLA, DDC, and local site projects and initiatives.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
SWD 100 Software Development

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200 Distribution						413			300			306

Narrative Justification:

Radio Frequency Identification (RFID) supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners. The first phase of the RFID initiative is to read passive RFID tags at receipt locations, initially for new procurement and eventually for field returns. As the RFID function develops, it is anticipated to expand into picking, packing, storage, and shipping sections as well. Therefore additional funding for software has been requested for middleware that can provide data monitoring and management, device monitoring and management, and application development tools as well as for System Change Requests to develop modifications to DSS to support RFID functionality.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200 Distribution Distribution Standard System (DSS)						2,340			2,000			2,000

Narrative Justification:
The Distribution Standard System (DSS) was fully deployed at all 21 sites in FY 1998. DSS will continue to be enhanced through Business Process Improvements beyond Full Operational Capability (FOC). Many of these productivity System Change Requests (SCR's) are generated by the Defense Distribution Centers to improve and standardize the Distribution Business Processes. They will provide more cost effective customer support by enhancing the following functional areas: Storage, Workload Planning, Transportation, Inventory, Receiving, Total Package Fielding/Small Arms Serialization Program (TPF/SASP), Packing, Packaging, Preservation and Marking (PPP&M), Care Of Supplies In Storage (COSIS), Hazardous Material (HAZMAT), Equipment Control System (ECS), and Management Information System (MIS). In the latest releases DSS has expanded its capbilities to meet the warfighters needs in their theater of operations with Theater Consolidation Shipping Point (TCSP) both in Central Asia and Europe and Reverse Logistics in Central Asia. Radio Frequency Identification (RFID) and Wide Area Work Flow (WAWF) have been incorporated into specific functions within DSS to meet DODs requirement to improve inventory accountability and the receipt acceptance process. Additionally, DSS is fully interoperable with all DOD systems that are compliant with DOD's standard DLSS and DLMS interfaces. DSS System Change Requests (SCRs) are created by DLA/DDC HQ to support ERP (Enterprise Resource Planning) of DSS interface requirements. This funding will support expanding DSS not only to new sites as required (for example, SW Asia and Pacific sites) but also for ongoing Distribution Depot Europe, Sigonella, and Yokosuka initiatives.

SCRs are required to keep DSS current with changing commercial and government freight policies, unique DoD and Service related initiatives, and regulatory changes to on-line and batch programs. These SCRs address priority 1 or priority 2 core mission issues. All development will be performed internally.

Analysis of individual DSS SCRs shows a range of Return On Investment (ROI) from 0.33 to 11.1; the payback periods range from less than one (1) month to three (3) years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2008

C. Line Number & Item Description
Rep 200 Minor Construction

D. Activity Identification

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction						13,404			8,979			8,983

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:

1. Installing and improving fire protection and alarm systems.
2. Upgrading security facilities (gates, fences, lighting) to meet current Anti-Terrorism/Force Protection standards.
3. Adding paving for open storage, road networks and operational areas.
4. Altering facilities to accommodate mission changes, consolidation and stock repositioning
5. Improvements to utilities to enhance reliability.
6. Incidental improvements associated with facilities repair projects.
7. Replacement of existing facilities that cannot be economically repaired.

These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the distribution mission.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2007	Equipment except ADPE & TELCOM:	2.1	17.9	16.2	2.1	
	Transporter Trucks (4)	(0.0)	0.6	0.6	(0.0)	
	Crane	0.0	0.4	0.4	0.0	
	Pallet Strapper	0.2	0.2	0.0	0.2	Cancelled
	Crane System Replacement	(0.3)	0.0	0.3	(0.3)	Emergent requirement
	Intrusion Detection Systems, Electronic Security Systems and Closed Circuit TV	0.1	2.0	1.9	0.1	Price adjustment
	Uninterruptible Power Supply (UPS)	(0.0)	0.3	0.3	(0.0)	
	Narrow Aisle Package Rack Systems (2)	0.2	1.0	0.8	0.2	Price adjustment
	Wheelabrator	(0.2)	0.4	0.6	(0.2)	Price adjustment
	DDJC Fire Truck	(0.8)	0.0	0.8	(0.8)	Emergent requirement
	Emergency Notification System	(0.1)	1.2	1.3	(0.1)	Price adjustment
	DDJC General Purpose Warehouse Equipment	1.0	4.1	3.1	1.0	Project down-sized
	Narrow Aisle Pallet Rack System (San Diego)	2.0	3.8	1.9	2.0	Project down-sized
	DDSP General Purpose Warehouse Equipment Phase 2	0.0	4.0	4.0	0.0	
	Tray Pack Automation	(0.4)	0.0	0.4	(0.4)	FY 2006 project change order
2007	Equipment - ADPE & TELCOM:	0.8	11.4	10.6	0.8	
	Telephone System Upgrades	0.9	0.9	0.0	0.9	Authority carried over to FY 2008
	Radio Frequency Identification (RFID)	(3.5)	1.5	5.0	(3.5)	Project rescoped
	LAN Upgrades	(1.0)	4.0	5.0	(1.0)	Additional sites upgraded
	Radio Frequency Equipment	4.4	5.0	0.6	4.4	Requirements cancelled
2007	Software Development:	5.2	8.0	2.8	5.2	
	Distribution Standard System	1.2	3.5	2.3	1.2	System changes below capital threshold
	Radio Frequency Identification (RFID)	4.1	4.5	0.4	4.1	System changes not required
2007	Minor Construction	(4.5)	8.9	13.4	(4.5)	Emergent requirements
	Total FY 2007	**3.6**	**46.1**	**43.0**	**3.6**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2008	Equipment except ADPE & TELCOM:	3.2	20.7	17.6	3.2	
	Transporter Trucks (8)	1.3	1.3	0.0	1.3	Capital threshold change
	50K Diesel Forklift Replacement	0.0	0.4	0.4	0.0	
	DDSP Truck (2)	0.4	0.4	0.0	0.4	Capital threshold change
	Front End Loader	0.1	0.1	0.0	0.1	Capital threshold change
	ESS, CAC and CCTV	0.0	1.1	1.1	0.0	
	Intelli-Flex Fence System	0.2	0.2	0.0	0.2	Capital threshold change
	Uninterruptible Power Supply (UPS)	0.4	0.4	0.0	0.4	Capital threshold change
	Baler	0.2	0.2	0.0	0.2	Capital threshold change
	Tilt Tray Sorter Upgrade	0.2	0.2	0.0	0.2	Capital threshold change
	Compressor System	0.2	0.2	0.0	0.2	Capital threshold change
	Blast Booth	0.0	0.5	0.5	0.0	
	DDJC Package Conveyor Upgrade	0.0	0.8	0.8	0.0	
	DDSP PLC Controls Upgrade	0.0	1.0	1.0	0.0	
	High Density Bin Storage	0.0	2.0	2.0	0.0	
	Narrow Aisle Pallet Rack System	0.0	0.5	0.5	0.0	
	Storage System Upgrade	0.0	2.5	2.5	0.0	
	DDJC General Purpose Warehouse Equipment	0.0	4.3	4.3	0.0	
	DDOO Bin Storage System	0.0	4.6	4.6	0.0	
2008	Equipment - ADPE & TELCOM:	0.0	7.0	7.0	0.0	
	Telephone System Upgrades	0.0	1.0	1.0	0.0	
	Radio Frequency Identification (RFID)	0.0	0.3	0.3	0.0	
	LAN Upgrades	0.0	4.9	4.9	0.0	
	Radio Frequency Equipment	0.0	0.8	0.8	0.0	
2008	Software Development:	0.0	2.3	2.3	0.0	
	Distribution Standard System	0.0	2.0	2.0	0.0	
	Radio Frequency Identification (RFID)	0.0	0.3	0.3	0.0	
2008	Minor Construction	0.0	9.0	9.0	0.0	
	Total FY 2008	**3.2**	**39.0**	**35.9**	**3.2**	

DEFENSE LOGISTICS AGENCY
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL INVESTMENT PROGRAM BUDGET/ACCOUNTING NOR RECONCILIATION
($ IN MILLIONS)

Capital Category	Projected Outlays	Projected Depreciation Expense	Estimated Non-Recoverable NOR
2007			
EQUIPMENT (Non ADP/T)	0.000	0.000	0.000
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000
2008			
EQUIPMENT (Non ADP/T)	3.152	0.158	2.994
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	3.152	0.158	2.994
2009			
EQUIPMENT (Non ADP/T)	1.284	0.379	0.905
EQUIPMENT (ADP/T)	0.200	0.020	0.180
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	1.484	0.399	1.085

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability			FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T)								
REP 100	Material Disposal			12	6.202	2	1.000		
	TOTAL EQUIPMENT (Non ADP/T)			12	6.202	2	1.000		
	EQUIPMENT (ADP/T)								
PRD 200	Production Hardware							1	1.600
	TOTAL EQUIPMENT (ADP/T)				0.000		0.000	1	1.600
	SOFTWARE DEVELOPMENT								
SWD 200	Supply Chain Management $1.0 and Over - Reutilization Modernization Program (RMP)				0.000		10.988		9.820
	TOTAL SOFTWARE DEVELOPMENT				0.000		10.988		9.820
	MINOR CONSTRUCTION								
REP 200	Minor Construction $100,000 - $750,000				1.400		2.150		2.065
	TOTAL MINOR CONSTRUCTION				1.400		2.150		2.065
	TOTAL AGENCY CAPITAL INVESTMENTS			12	7.602	2	14.138	1	13.485
	Total Capital Outlays				7.778		15.463		14.148
	Total Depreciation Expense				7.333		9.955		11.514

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Reutilization & Marketing Service February 2008

C. Line Number & Item Description
REP 100 Replacement Non-ADP Equipment

D. Activity Identification
DLA/DRMS

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100 Material Disposal				12	516.8	6,202	2	500	1,000			

Narrative Justification:

These investments, which include front end loaders, shredders, and scrap handlers, replace existing material disposal equipment that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy- with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Reutilization & Marketing Service February 2008

C. Line Number & Item Description
PRD 100 ADP Equipment

D. Activity Identification
DLA/DRMS

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100 Production Hardware Reutilization Modernization Program (RMP)										1	1,600	1,600

Narrative Justification:

In FY 2009 radio frequency equipment is required to support the RMP. Plans are for forty-nine (CONUS and OCONUS) sites to receive printers and readers configured to handle the Automated Information Technology needs of the DRMS inventory. The hardware will be configured to work with the RMP COTS solution.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Reutilization & Marketing Service February 2008

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification
DLA/DRMS

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200 Supply Chain Management Reutilization Modernization Program (RMP)									10,988			9,820

Narrative Justification:

The Reutilization Modernization Program (RMP) is the capability DLA will use to satisfy new mission requirements and replace the legacy Defense Reutilization and Marketing Service (DRMS) Automated Information System (DAISY). The RMP will ensure compliance with the Business Transformation Agency (BTA), DoD Information Technology Security Certification and Accreditation Process (DITSCAP) (being replaced by DoD Information Assurance Certification and Accreditation Process (DIACAP)) and the Federal Financial Management Improvement Act (FFMIA), as well as address General Accounting Office (GAO) audit findings. The GAO audit specifically states that DRMS problems stem from unreliable excess property inventory data, inadequate oversight, accountability and physical control of excess property and inadequate processes and outdated, nonintegrated inventory systems that do not provide adequate visibility of excess property available for reutilization at the time military units order and purchase commodity items. The RMP will provide increased asset visibility and planning services to customers/suppliers. It will correct issues identified in the GAO audit in terms of asset visibility, reutilization of excess property in lieu of new procurement; proactive planning services to include integration of disposal and reutilization of assets and management of items that pose security risks. The corrections will be obtained through RMP Business Process Re-engineering (BPR) and a COTS/GOTS portfolio software solution set that will integrate into the DLA target enterprise architecture, Enterprise Business System (EBS) (to include the system formerly known as Business Systems Modernization (BSM), Customer Relationship Management (CRM), eProcurement, and Enterprise Operational Accounting System (EOAS)), Distribution Standard System (DSS), eWorkplace, and Learning Management System (LMS).

The RMP achieved Milestone B in May 2006, however the Systems Integrator (SI) contract will not be awarded until the third quarter of FY 2008. FY 2008 investment includes acquisition of COTS/GOTS software (licenses and development), Systems Integration services and services to configure and integrate the software into the EBS, DSS, and the DRMS business. FY 2009 will continue the incremental development and deployment of the RMP system.

RMP received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Reutilization & Marketing Service February 2008

C. Line Number & Item Description
Rep 200 Minor Construction

D. Activity Identification
DLA/DRMS

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction						1,400			2,150			2,065

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:

1. Adding paving for open storage, road networks and operational areas.
2. Altering facilities to accommodate mission changes, consolidation, and relocation
3. Improvements to warehouse, administrative, and demilitarization facilities to increase employee safety and comfort
4. Replacement of facilities that cannot be economically repaired.
5. Incidental improvements associated with facilities repair projects

These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the DRMS mission.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) FY 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
Feburary 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2007	Equipment except ADPE & TELCOM:	(5.052)	1.150	6.202	(5.052)	
	Material Disposal Equipment	(5.052)	1.150	6.202	(5.052)	Southwest Asia emergent requirements
2007	Equipment - ADPE & TELCOM:	0.000	0.000	0.000	0.000	
		0.000	0.000	0.000	0.000	
2007	Software Development:	10.681	10.681	0.000	10.681	
	Reutilization Modernization Program	10.681	10.681	0.000	10.681	Contract award delayed
2007	Minor Construction:	0.600	2.000	1.400	0.600	Requirements reprioritized; reprogrammed to Non-ADP equipment.
	Total FY 2007	**6.229**	**13.831**	**7.602**	**6.229**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) FY 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
Feburary 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2008	Equipment except ADPE & TELCOM:	0.250	1.250	1.000	0.250	
	Material Disposal Equipment	0.250	1.250	1.000	0.250	Reduced due to capital threshold change
2008	Equipment - ADPE & TELCOM:	0.000	0.000	0.000	0.000	
		0.000	0.000	0.000	0.000	
2008	Software Development:	12.612	23.600	10.988	12.612	
	Reutilization Modernization Program	12.612	23.600	10.988	12.612	Program delay due to reprioritization of DLA software development projects.
2008	Minor Construction:	0.000	2.150	2.150	0.000	
	Total FY 2008	**12.862**	**27.000**	**14.138**	**12.862**	

DEFENSE LOGISTICS AGENCY
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL INVESTMENT PROGRAM BUDGET/ACCOUNTING NOR RECONCILIATION
($ IN MILLIONS)

Capital Category	Projected Outlays	Projected Depreciation Expense	Estimated Non-Recoverable NOR
2007			
EQUIPMENT (Non ADP/T)	0.000	0.000	0.000
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000
2008			
EQUIPMENT (Non ADP/T)	0.250	0.013	0.238
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	0.250	0.013	0.238
2009			
EQUIPMENT (Non ADP/T)	1.170	0.084	1.087
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	1.170	0.084	1.087

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DOCUMENT AUTOMATION AND PRODUCTION SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability			FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T)								
REP 100	Digitization			1	0.580	4	2.400	4	2.400
	TOTAL EQUIPMENT (Non ADP/T)			1	0.580	4	2.400	4	2.400
	EQUIPMENT (ADP/T)								
PRD 100	Production Hardware			1	0.286	1	0.915	1	1.330
	TOTAL EQUIPMENT (ADP/T)			1	0.286	1	0.915	1	1.330
	SOFTWARE DEVELOPMENT								
SWD 100	Net-Centric Hubs								
SWD 200	Net-Centric Hubs $1.0M and Over-Electronic Document Management				1.845		3.585		5.143
	TOTAL SOFTWARE DEVELOPMENT				1.845		3.585		5.143
	MINOR CONSTRUCTION								
REP 200	Minor Construction $100,000 - $750,000				0.113		0.300		0.300
	TOTAL MINOR CONSTRUCTION				0.113		0.300		0.300
	TOTAL AGENCY CAPITAL INVESTMENTS			2	2.824	5	7.200	5	9.173
	Total Capital Outlays				2.447		4.075		4.075
	Total Depreciation Expense				1.853		3.200		3.900

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automation and Production Service February 2008

C. Line Number & Item Description
REP 100 Replacement Non-ADP Equipment

D. Activity Identification
DLA/DAPS

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100 Digitization				1	580	580	4	600	2,400	4	600	2,400

Narrative Justification:

This investment for duplicating equipment replaces existing equipment that has reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automation and Production Service February 2008

C. Line Number & Item Description
PRD 100 Production ADP Equipment

D. Activity Identification
DLA/DAPS

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100 Production Hardware				1	286	286	1	915	915	1	1,330	1,330

Narrative Justification:

Electronic Document Management (EDM) is a transformational, capabilities-based capital planning initiative. It allows for the rapid acquisition of hardware, software and technical labor services for the deployment and implementation of various data management solutions for emergent customer requirements. EDM provides the customer with the ability to manage their content via electronic storage, workflow, web-based retrieval and certified records management. DAPS must be able to react quickly to emergent customer fact-of-life needs, usually within one year, or less. The FY 2008 – FY 2009 projection was developed based on the number, size and scope of projects DAPS has already installed, as well as, those anticipated. FY 2007 also included a refresh and upgrade of the Electronic Document Management Service (EDMS) system hardware at the Defense Distribution Center's (DDC) field activities. This equipment was originally purchased in FY 2002 and FY 2003. The equipment replacement strategy not only ensures the highest quality equipment is purchased to refresh the original equipment but also minimizes equipment related costs by taking advantage of discounts available for high quantity buys. Examples of the equipment generally required are database, archive and web servers, document scanners, workstations, uninterruptible power supplies, miscellaneous switches, cables, and connectors.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automation and Production Service February 2008

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification
DLA/DAPS

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200 Net-Centric Hubs Electronic Document Management						1,845			3,585			5,143

Narrative Justification:

Electronic Document Management (EDM) is a transformational, capabilities-based capital planning initiative. It allows for the rapid acquisition of hardware, software and technical labor services for the deployment and implementation of various data management solutions for emergent customer requirements. EDM provides the customer with the ability to manage their content via electronic storage, workflow, web-based retrieval and certified records management. DAPS must be able to react quickly to emergent customer fact-of-life needs, usually within one year, or less. The FY 2008 – FY 2009 projection was developed based on the number, size and scope of projects DAPS has already installed, as well as, those anticipated. Software requirements are for COTS application software licenses and contract labor to perform integration, testing, and training.
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Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2009
Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automation and Production Service February 2008

C. Line Number & Item Description
Rep 200 Minor Construction

D. Activity Identification
DLA/DAPS

Element of Cost				FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction						113			300			300

Narrative Justification:

The minor construction investment for projects (between $100,000 and $750,000) will construct new, replace existing, or modify current facilities to implement mission consolidations and allow for operational improvements. These projects consist of:

(1) Renovations and alterations of administrative facilities.

(2) Renovations and alterations to mission operational facilities such as printing, blueprint and microfilm facilities.

These investments will result in cost effective facilities to support the mission and will allow for the implementation of the MEO resulting from the recent A76 competition.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE AUTOMATED PRINTING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2007	Equipment except ADPE & TELCOM:	0.340	0.920	0.580	0.340	
	High Speed Duplicating Equipment	0.340	0.920	0.580	0.340	Requirement reduced to one machine.
	Equipment - ADPE & TELCOM	0.503	0.789	0.286	0.503	
	Electronic Document Management	0.503	0.789	0.286	0.503	
2007	Software Development:	0.971	2.816	1.845	0.971	One requirement canceled
	Electronic Document Management	0.971	2.816	1.845	0.971	
2007	Minor Construction:	0.187	0.300	0.113	0.187	Only one project required
	Total FY 2007	**2.001**	**4.825**	**2.824**	**2.001**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE AUTOMATED PRINTING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2008
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2008 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2008	Equipment except ADPE & TELCOM:	0.480	2.880	2.400	0.480	
	High Speed Duplicating Equipment	0.480	2.880	2.400	0.480	Reduced due to capital threshold change
	Equipment - ADPE & TELCOM	0.084	0.999	0.915	0.084	
	Electronic Document Management	0.084	0.999	0.915	0.084	Reduced due to capital threshold change
2008	Software Development:	0.506	4.091	3.585	0.506	
	Electronic Document Management	0.506	4.091	3.585	0.506	Reduced due to capital threshold change
2008	Minor Construction:	0.000	0.300	0.300	0.000	
	Total FY 2008	**1.070**	**8.270**	**7.200**	**1.070**	

DEFENSE LOGISTICS AGENCY
DOCUMENT AUTOMATION AND PRODUCTION SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2009 BUDGET ESTIMATES
CAPITAL INVESTMENT PROGRAM BUDGET/ACCOUNTING NOR RECONCILIATION
($ IN MILLIONS)

Capital Category	Projected Outlays	Projected Depreciation Expense	Estimated Non-Recoverable NOR
2007			
EQUIPMENT (Non ADP/T)	0.000	0.000	0.000
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.000	0.000	0.000
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000
2008			
EQUIPMENT (Non ADP/T)	0.480	0.024	0.456
EQUIPMENT (ADP/T)	0.000	0.000	0.000
SOFTWARE DEVELOPMENT	0.506	0.051	0.455
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	0.986	0.075	0.911
2009			
EQUIPMENT (Non ADP/T)	0.480	0.072	0.408
EQUIPMENT (ADP/T)	0.112	0.011	0.101
SOFTWARE DEVELOPMENT	0.408	0.142	0.266
MINOR CONSTRUCTION	0.000	0.000	0.000
TOTAL	1.000	0.225	0.775