

**DEFENSE COMMISSARY AGENCY
(DECA)**

**FISCAL YEAR (FY) 2010
BUDGET ESTIMATES**

OPERATING AND CAPITAL BUDGET



May 2009

DEFENSE COMMISSARY AGENCY (DeCA)

**Fiscal Year (FY) 2010
Budget Estimates
May 2009**

OPERATING AND CAPITAL BUDGET

	PAGE
OVERVIEW	
Corporate Overview	1-9
OPERATING BUDGET	
Commissary Resale Stocks	
Narrative	10-13
Source of New Orders and Revenue	14
Revenue and Expenses	15
Supply Management Summary by Division	16-18
Inventory Status	19-21
Commissary Operations	
Narrative	22-25
Changes in the Costs of Operation	26
Source of New Orders and Revenue	27
Revenue and Expenses	28
CAPITAL BUDGET	
Commissary Operations	
Activity Group Capital Investment Summary	29
Activity Group Capital Purchase Justification	30-38
Capital Budget Execution	39-41

DEFENSE COMMISSARY AGENCY - CORPORATE OVERVIEW
DeCA WORKING CAPITAL FUND
COMMISSARY RESALE STOCKS AND COMMISSARY OPERATIONS

This is the Defense Commissary Agency (DeCA) Fiscal Year (FY) 2010 President's Budget. This budget is based upon our September 2008 Budget Submission, with changes based upon the guidance from the Under Secretary of Defense (Comptroller).

At the start of FY 2010, DeCA will operate 254 stores, 7 joint venture locations (6 with the Navy Exchange Service Command (NEXCOM) and 1 with the Army and Air Force Exchange Service (AAFES)), 10 Central Distribution Centers (CDCs), and 1 meat processing plant. Our workforce will consist of 5 military members and 14,591 civilian full-time equivalents.

Our mission is to deliver a premier commissary benefit to the Armed Services community that:


- Encourages an exciting shopping experience;
- Satisfies customer demand for quality grocery and household products;
- Delivers exceptional savings while enhancing quality of life;
- Fosters recruitment, retention and readiness; and
- Supports warfighters' peace of mind, knowing their families have secure and affordable access to American made products.

DeCA continues to meet its goals; as part of its work to improve the management and performance of the Agency. DeCA monitors progress and continuing challenges in using performance information to affect the budget. DeCA uses performance budgeting which encompasses a range of approaches, activities, and processes to link resources to delivering the benefit.

For each fiscal year, DeCA evaluates its performance against the previous year's performance and outlines future budget forecasts based on the performance measures into the Agency's Balanced Scorecard (BSC). The Agency presents a comprehensive and integrated picture of its performance for a specific fiscal year using semi-annual performance reports, based on the BSC, to the Program Analysis and Evaluation Directorate. These reports portray the Agency's success in achieving its strategic and performance goals, the results of any significant assessments of program activities that were carried out during the reporting period, and the management challenges facing the Agency.

This is DeCA's fourth fiscal year utilizing the BSC concept for measuring performance in meeting the strategic goals and objectives of the Agency. It brings together, on a single management report, key financial and nonfinancial performance measures that allow us to clarify our vision and strategy. DeCA uses the Norton and Kaplan BSC methodology addressing key performance measures in the Financial, Internal Business/Process, Customer, and Learning and Growth Perspectives. In addition, DeCA is conducting a comprehensive review of current metrics and goals to ensure they are aggressive and effectively measure the commissary benefit.

The BSC Financial Perspectives show DeCA's financial performance and respective goals for FY 2009 and the Agency's commitment to being a financial steward of taxpayers' money. The financial measures goals are subject to change throughout the year due to authorized adjustments from OUSD(C).




DeCA Balanced Scorecard

FY 2006-FY 2009 Financial Perspective

Performance Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Goals	FY 2008 Actual	FY 2008 Scoring	FY 2009 Goals
Resale Stocks (Sales) (\$M) (Current \$)	\$5,416.9	\$5,537.3	\$5,524.9	\$5,813.2	G	\$5,773.9
Resale Stocks (Sales) (\$M) (Constant FY00 \$)	\$5,141.5	\$5,220.4	\$5,174.9	\$5,234.7	G	\$5,137.7
Commissary Operations (Costs) (\$M) (Current \$)	\$1,202.8	\$1,201.9	\$1,267.7	\$1,263.2	G	\$1,305.1
Commissary Operations (Costs) (\$M) (Constant FY00 \$)	\$978.4	\$919.7	\$933.5	\$911.6	G	\$901.3
Surcharge Obligations (\$M)	\$237.0	\$335.9	\$277.8	\$277.3	G	\$291.6






NOTE: Financial measures are subject to change throughout the year due to authorized adjustments from OUSD(C)

The BSC Internal Business/Process Perspective covers our major internal business processes which demonstrate DeCA's commitment to providing services that add value to what customers receive.




DeCA Balanced Scorecard

FY 2006-FY 2009 Internal Business/Process Perspective

Performance Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Goals	FY 2008 Actual	FY 2008 Scoring	FY 2009 Goals
Facility Condition Index (FCI)	71.27	74.93	77	74.38		78
Major Construction Project Execution	84.62	84.62	≥80% of Projects are Green and 0% are Red	88.89		≥80% of Projects are Green and 0% are Red
Competitive Sourcing	58%	None ¹	None ¹	N/A		168
Internal Controls Over Financial Reporting	Full Compliance	Full Compliance	Full Compliance	Full Compliance		Full Compliance
Audit Results of Financial Statements	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion		Unqualified Opinion

¹Action On Hold for Store Level Per FY 2006 NDAA

The BSC Customer Perspective measures what our customers think of us, our commitment to providing dollar savings as a quality of life benefit, and goals for future measurements.

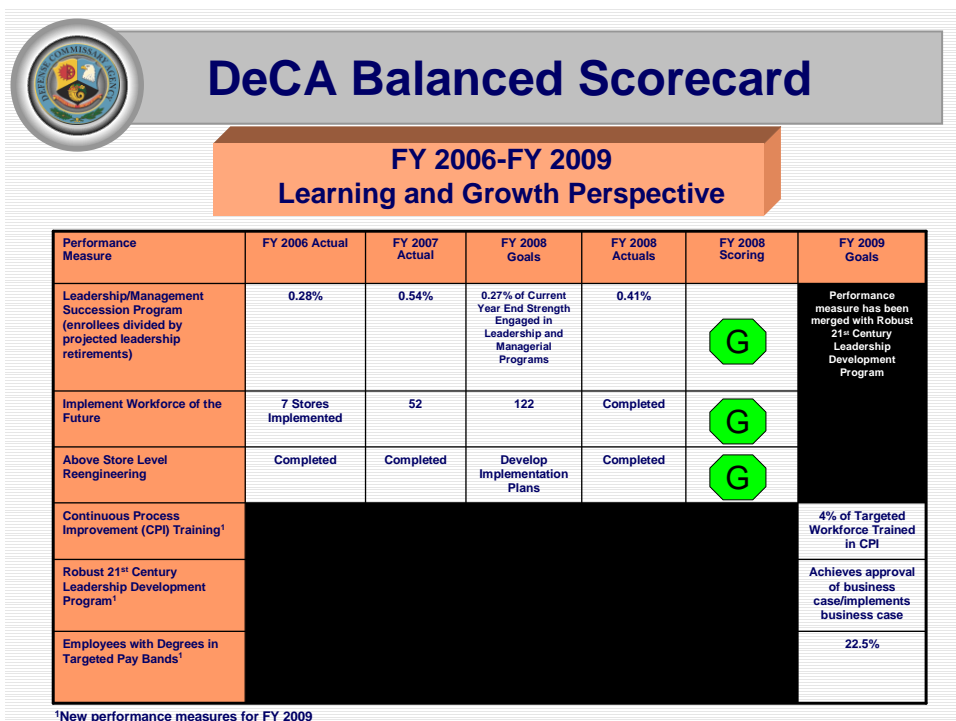


DeCA Balanced Scorecard

**FY 2006-FY 2009
Customer Perspective**

Performance Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Goals	FY 2008 Actual	FY 2008 Scoring	FY 2009 Goals
Commissary Customer Service Survey (CCSS)	4.61	4.60	4.55	4.61	G	4.61
American Customer Satisfaction Index (ACSI)	ACSI Industry Average = 75 DeCA = 77	ACSI Industry Average = 76 DeCA = 77	Meet or Exceed Industry Average	ACSI Industry Average = 76 DeCA = 77	G	Meet Industry Average
Sustain 30% Customer Savings	32.0%	31.9%	30%	31.1%	G	30%

The BSC Learning and Growth Perspective measures the workforce improvement goals necessary to enable DeCA to meet other BSC perspectives. DeCA is focused on employee satisfaction, employee retention, and employee productivity, all with the purpose of incurring the availability of the commissary benefit without incurring costs. DeCA completed the Workforce of the Future and Above Store Level Reengineering performance measures in FY 2008. The Leadership/Management Succession Program was merged into the Robust 21st Century Leadership Development Program in FY 2009. DeCA added two more replacement performance measures for FY 2009 - Continuous Process Improvement Training and Employees with Degrees in Targeted Pay Bands.



The image shows a Balanced Scorecard for DeCA from FY 2006 to FY 2009, focusing on the Learning and Growth Perspective. It includes a table with performance measures, actuals, goals, and scoring. A 'G' in a green octagon indicates a goal was met. A note indicates that the Leadership/Management Succession Program was merged into the Robust 21st Century Leadership Development Program in FY 2009.

Performance Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Goals	FY 2008 Actuals	FY 2008 Scoring	FY 2009 Goals
Leadership/Management Succession Program (enrollees divided by projected leadership retirements)	0.28%	0.54%	0.27% of Current Year End Strength Engaged in Leadership and Managerial Programs	0.41%	G	Performance measure has been merged with Robust 21 st Century Leadership Development Program
Implement Workforce of the Future	7 Stores Implemented	52	122	Completed	G	
Above Store Level Reengineering	Completed	Completed	Develop Implementation Plans	Completed	G	
Continuous Process Improvement (CPI) Training ¹						4% of Targeted Workforce Trained in CPI
Robust 21 st Century Leadership Development Program ¹						Achieves approval of business case/implements business case
Employees with Degrees in Targeted Pay Bands ¹						22.5%

¹New performance measures for FY 2009

The value and importance of the Defense Commissary Agency's mission has been recognized by the Department of Defense (DoD). Periodically, DoD reviews senior positions to ensure appropriate levels of leadership are in place to successfully manage important missions. During a recent review, the department recognized DeCA's mission as characterized by:

- Impact, which is extraordinary, tangible and substantially furthers the department, component or agency objectives and strategic goals.
- **Complex** and multicomponent, multifunction, multiagency, multinational, or joint interaction.

- Activities that are vital to the mission accomplishment of multiple organizations.

DoD further considers the commissary benefit a key component to supporting Service members, allowing them to deploy with confidence and peace of mind knowing that their families can obtain affordable groceries in a safe and secure environment. To match DeCA's recognized increased importance to the military's global and strategic mission with the level of leadership charged to manage the benefit, the DoD authorized the elevation of the DeCA director's position to a Tier 3 Senior Executive Service (SES) position. In DoD's leadership structure, a Tier 3 SES equates to the rank of a three-star flag officer.

The ability for DeCA to account for taxpayer funds is vital to delivering a strong benefit. Independent auditors validated the financial footing of the commissary benefit by issuing an unqualified audit opinion for DeCA's FY 2008 financial statements. Only four other DoD organizations have received this opinion (the Defense Contract Audit Agency, Defense Finance and Accounting Service, Military Retirement Fund and the DoD Inspector General). In addition, DeCA is one of only four DoD activities with seven consecutive clean audit opinions.

The U.S. Office of Government Ethics (OGE) presented DeCA with the 2008 Ethics Program Award for practicing honesty, integrity, and fairness in its business activities. DeCA is one of only 17 government agencies to receive the award this year. DeCA's ethics program was considered outstanding based on a review by two OGE officials during the summer of 2008. The review consisted of interviews with DeCA personnel and an examination of every ethics-related file at DeCA headquarters. The OGE review and evaluation centered upon DeCA's program structure, financial disclosure systems, ethics education and training, ethics counseling, the enforcement of ethics laws and regulations, and travel payments received from non-federal sources. Although DeCA routinely has multiple temporary duty assignments requiring frequent travel, as well as constant interaction and contracts with the civilian sector, the OGE officials found no infractions or questionable practices. The OGE also commended DeCA on its model practice of providing annual ethics training to all agency employees and e-mailing timely guidance to its employees throughout the year.

DeCA's latest employee satisfaction survey reveals that not only did the agency improve in every category, it set a new DoD benchmark score in employee orientation. The Organizational Assessment Survey, an elective survey administered by the Office of Personnel Management (OPM), helps "take the temperature" of

the workforce and its culture. OPM reported that DeCA's improvements were unprecedented. DeCA averaged seven percentage points of improvement in every category, across the board.

In summary, DeCA's past performance and projected FY 2009 performance indicates positive progress. DeCA's investment in human capital, technologies, programs, and product support applied to individual performance is necessary to achieve and provide the commissary benefit to the total force personnel and their families.

Our budget consists of three main business areas: Defense Working Capital Fund-Resale stocks, Defense Working Capital Fund-Commissary Operations, and Surcharge Collections Trust Fund.

Our sales projections reflect historical and demographic data, the change in sales days (calendar effects), declining tobacco sales, new store openings, Base Realignment and Closure (BRAC)/Restationing Impacts, and economic pressures on our patrons which makes "the commissary benefit worth the trip". Note that in our budget presentations we often refer to our Cost of Sales, which differs due to the timing of purchasing and selling inventory, and the transfer of prompt pay discounts from resale to surcharge.

Our operational costs emanate from our Defense Working Capital Fund-Commissary Operations (DWCF) fund. Our program continues to reflect a net decrease in real terms. Our total, approved program is:

\$ In Millions	FY08	FY09	FY10
Sales	\$5,813.2	\$5,773.9	\$5,815.9
Expenses	\$1,263.2	\$1,310.9	1,339.7
Appropriation	\$1,245.7	\$1,291.1	1,313.6
Other Revenue	\$33.8	\$23.7	\$25.3
Net Operating Result	\$16.3	\$3.9	(\$0.8)
Accumulated Operating Result	(\$3.1)	\$0.8	\$0.0
Unit Cost	\$0.2173	\$0.2270	\$0.2304
Capital Budget Authority	\$6.3	\$9.6	6.6
Depreciation Expense	\$7.2	\$6.5	6.7
FTEs (civilian)	14,738	14,609	14,591
FTEs (military)	5	5	5

Our Surcharge Collections Trust Fund derives a substantial amount of revenue from the sale of goods to our patrons (5 percent added at the register), as well as from prompt payment discounts, the sale of recycled cardboard, scanner data sales, and equipment sales. The surcharge program funds are used for commissary store construction, equipment, maintenance, repair, and store level information technology.

DeCA is initiating and continuing a number of programs to enhance the benefit. We are hitting the road to bring the commissary benefit to members of the National Guard and Reserve living in areas where DeCA does not have brick and mortar commissaries. Stateside, 54 percent of Reserve and National Guard units are located more than 20 miles away from a commissary. In recognition of the role the Guard and Reserve are playing in today's military, we have increased and expanded our focus on the quality and accessibility for them to the commissary benefit. "Bringing the Benefit to You" includes taking a bit of the commissary itself to Guard and Reserve units. Additional initiatives being considered include internet-based ordering from individual Guard and Reserve unit members that are delivered via truckload sales and combining sales efforts with military exchanges. In addition to supporting Guard and Reserve members, these sales are open to all authorized commissary customers. A schedule of on-site sales is at DeCA's Web site at http://www.commissaries.com/guard_reserve_sales.cfm.

DeCA's Outreach program includes conducting an aggressive and innovative marketing communications program, employing tools aimed at increasing sales and promoting continued and increased use of commissaries among all segments of our customer base. DeCA's outreach program is accomplished through tradeshow, conference briefings, health fairs, electronic newsletters, DoD partnerships, print advertising, and television promotional spots.

As part of the Agency's "Go Green" campaign, the commissary is selling reusable bags with remarkable success-over 2.6 million bags have been sold to date. Additionally, we continue to improve our energy usage performance. At this point, 50 percent of our stores are more efficient than the standards set forth by the Environmental Protection Agency and the Department of Energy's Energy Star® Label stores, ahead of commercial grocery stores.

DeCA continues to work with the exchange systems on cooperative initiatives whenever the opportunity arises where it best serves our customers in providing the benefit and will enhance the military resale system. We also continue our ongoing support of exchange-operated combined store formats and product

support to OCONUS exchange activities (mini-marts and Shopettes). Our joint efforts continue to be communication of sales events, on site Guard and Reserve sales, and communication of the benefit.

Positioning commissaries as the nutritional leader for the military is a wide-ranging marketing effort that ties in with other agency campaigns. In 2003, DeCA partnered with TRICARE DoD nutrition and medical professionals to encourage the military community as a whole to think about making food choices that improve health and control weight. Our emphasis on health and wellness has expanded to partnerships with the DoD Dietary Supplement Committee and DoD Nutrition Environment Enhancement Team (NEET) which fosters worldwide collaboration between military and civilian dietitians, and has become the DeCA Health and Wellness Promotion Group.

We focus on our new Director's motto: "The Commissary-It's Worth the Trip." This shows all our customers that we understand the value they expect; because of our superior customer service and product, they will make "the trip" to come to our stores.

**DEFENSE COMMISSARY AGENCY
DECA WORKING CAPITAL FUND
COMMISSARY RESALE STOCKS**

The Defense Commissary Agency (DeCA) Commissary Resale Stocks account is the backbone of the military commissary. DeCA's carries up to 25,000 product line items, depending on the specific store size and number of locally procured regional items carried in each of the 254 commissary stores. Items available span a vast array of perishable and non-perishable food items and household goods. FY 2010 sales are projected to exceed \$5.8 billion. Resale stocks sales generate revenue DeCA reinvests back into the commissary resale stocks inventory and finances the resale stocks inventory account. The DeCA Commissary Resale Stocks account is self-sufficient, requiring no appropriated fund support, except for recovery of inventory losses when, and if, a significant natural disaster has occurred.

A robust, well-rounded inventory of product selection is the pivotal position DeCA utilizes to offer world-class customer service and improve efficiency of operations while providing one of the highest-valued, top rated military non-pay benefits. DeCA continues to provide necessary and essential services for the military with a touch of home in locations throughout the world where our patrons have little or no alternative to obtaining U.S. grown and manufactured grocery and household supplies.

Total authorized patron baseline is 11.9 million personnel per the Defense Manpower Data Center in July 2008. DeCA processed 92.9 million customer transactions in FY 2008. Each time a customer purchases commissary products and pays the 5 percent surcharge, they personally share in contributing in the overall infrastructure costs of the commissary system. By statute, Title 10, United States Code - Armed Forces, directs a 5 percent surcharge on products purchased from a commissary at the point of sale. DeCA sells products to the Military Service members and their families, military dining halls, officers and enlisted military members clubs as well as to designated government civilian employees overseas, appropriated and non-appropriated fund activities, and U.S. State Department activities. Authorized commissary patrons include active duty military members, National Guard and Reserve component members, retired military personnel, and their families.

DeCA FY 2010 sales projections of \$5,816 million reflect an annual increase based on projected troop movements resulting from

integrated restationing deployment plans. DeCA has successfully reduced operating costs while increasing sales over the past several years. The FY 2009 revenue from the sale of commissary products of approximately \$5,774 million consists primarily of cash representing over 99 percent of the total resale stocks revenue, as well as charge sales, and manufacturer coupons. The unit cost goal for this activity group is \$1 per dollar of sales since resale products sold must recoup all costs to make the Commissary Resale Stocks Fund whole. The Surcharge Collections Trust Fund also derives revenue from prompt payment discounts and the sale of recycled cardboard. The 5 percent surcharge funds the investment and construction of commissary stores, their infrastructure and technology expenditures, such as information technology, store equipment, and store maintenance costs.

The commissary benefit fosters a sense of community on the military installation and is a core military family support quality-of-life benefit for active duty soldiers, National Guard and Reserve, and retirees, as well as their families. The FY 2008 Commissary Customer Service Survey (CCSS) of our patrons resulted in a 4.61 score, against a performance metric goal of 4.55. The American Customer Satisfaction Index (ACSI) published in February 2009 by the University of Michigan scored military commissaries with 76, tying with industry. The FY 2008 DeCA CCSS reported 53 percent of our patrons selected the commissary as their number one valued benefit.

Health and wellness is a major concern to industry customers and is highly-prized among military warfighters, retirees, and their families. The commissary store perimeters are loaded with special promotions displayed to highlight wholesome freshness available direct to our customers daily. We continue to offer greater varieties of produce to educate military families about the abundance and freshness of locally grown American produce along with the health benefits of five-a-day, while optimizing produce sales movement and maximizing marketing efficiencies. DeCA has expanded dietician services available to our customers through in-store newsletters with tips and basic nutrition information, as well as an on-line question and answer board that are answered directly to the customer. U.S. Natural Beef and Seafood Road Shows have greatly enhanced the product selection and year-round freshness available to our customers, offering both at reasonable cost.

Joint ventures with military exchanges are our first consideration for future facility projects. Standardization of personnel work practices and procedures have become our goal for a multi-skilled workforce within the ranks, providing greater

efficiencies and effectiveness in rendering services to our patrons. Automation of our point of sales system, the Commissary Advanced Resale Transaction System (CARTS) has been completed and is now fully up and running, including self-checkouts in over 90 percent of our commissary stores. These self-checkouts enable each customer to determine their own checkout method thereby reducing their wait time.

DeCA productivity is best illustrated by comparing workload data to commercial supermarkets. The following comparison clearly demonstrates that commissaries are cost effective and highly used by their patrons:

(Source for Supermarket Data is Supermarket Facts Industry Overview 2007)

<u>WORKLOAD DATA - AVERAGES</u>	<u>DeCA COMMISSARIES</u>	<u>COMMERCIAL SUPERMARKETS</u>
Weekly Sales per Store	\$ 523,286	\$ 382,226
Weekly Sales Per Square Foot	\$ 16.69	\$11.21
Sales Per Customer Transaction	\$ 64.83	\$ 28.88

(Calendar year 2007 commissary data for stateside locations >\$2M)

<u>Workload Indicators</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Number of Commissaries (begin year)	260	254	255
Resale Stocks Sales (\$ Millions)	\$5,813.2	\$5,773.9	\$5,815.9
Ending Inventory On Hand (\$ Millions)	\$329.7	\$332.3	\$334.0

Performance Measures	FY 2008	FY 2009	FY 2010
Inventory Turns (Average # of Days)	17.7	17.7	17.7
Customer Savings	31.1%	30%	30%
Commissary Customer Satisfaction Survey (CCSS)	4.61	4.61	4.61
American Customer Satisfaction Index (ACSI)	77	76	Meet Industry Average
<u>Financial Recap</u>			
Revenue (\$ Millions)	\$5,816.2	\$5,777.9	\$5,819.9
Cost of Goods Sold (\$ Millions)	\$5,805.1	\$5,800.6	\$5,842.7
Net Operating Results (\$ Millions)	\$11.1	\$(22.8)	\$(22.8)
Accumulated Operating Results for Budget Purposes	45.5	22.8	0.0
Unit Cost (Per \$ of Sales)	\$1.00	\$1.00	\$1.00

FY 2010 President's Budget
 Defense Commissary Agency
 Commissary Resale Stocks
 Source of New Orders and Revenue

(\$ in Millions)

	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>
1. New Orders			
a. Orders from DoD Components:			
Army			
Navy			
Air Force			
Marine Corps			
Other	0.0	0.0	0.0
b. Orders from Other Fund Activity Groups			
c. Total DoD	-	-	-
d. Other Orders:			
Other Federal Agencies	0.3	0.3	0.3
Non Federal Agencies	5,856.1	5,767.0	5,828.2
Total New Orders	5,856.4	5,767.3	5,828.5
2 . Carry-in Orders			
3. Total Gross Orders	5,856.4	5,767.3	5,828.5
4. Carry-Out Orders			
5. Gross Sales	5,813.2	5,773.9	5,815.9
6. Credit	3.0	4.0	4.0
7. Net Sales	5,816.2	5,777.9	5,819.9

FY 2010 President's Budget
 DeCA Working Capital Fund
 Commissary Resale Stocks
 Revenue and Expenses
 (\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue:			
Gross Sales	5,813.2	5,773.9	5,815.9
Operations	5,813.2	5,773.9	5,815.9
Capital Surcharge			
Depreciation excluding Major Construction			
Other Income			
Refunds/Discounts	3.0	4.0	4.0
Total Income:	5,816.2	5,777.9	5,819.9
Expenses:			
Cost of Material Sold from Inventory	5,805.1	5,800.6	5,842.7
Salaries and Wages:			
Military Personnel Compensation & Benefits			
Civilian Personnel Compensation & Benefits			
Travel & Transportation of Personnel			
Materials & Supplies (for Internal Operations)			
Equipment			
Transportation of Things			
Depreciation			
Printing & Reproduction			
Advisory & Assistance Services			
Rent, Communication, Utilities, & Misc. Charges			
Other Purchased Services			
Total Expenses	5,805.1	5,800.6	5,842.7
Operating Result	11.1	(22.8)	(22.8)
Less Cash Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	0.0	0.0	0.0
Net Operating Result	11.1	(22.8)	(22.8)
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	47.0	45.5	22.8
Non Recoverable Adjustment Impacting AOR ⁽¹⁾	(12.6)	0.0	0.0
Accumulated Operating Result for Budget Purposes	45.5	22.8	0.0

(1) AOR is reduced for non recoverable gain recorded in 4K00 that is properly chargeable to the 5K00 loss

FY 2010 President's Budget
 Defense Commissary Agency
 Supply Management by Division

FY 2008 BUDGET		DIVISION	April 2009	
		Commissary Resale Stocks		
DEFENSE COMMISSARY AGENCY SUPPLY MANAGEMENT				
	(\$ in Millions)		PEACETIME	PEACETIME
INVENTORY STATUS	TOTAL	MOBILIZATION	OPERATING	OTHER
1. INVENTORY BOP	341.8		341.8	
2. BOP INVENTORY ADJUSTMENTS				
a. RECLASSIFICATION CHANGE (Memo)				
b. PRICE CHANGE AMOUNT (Memo)				
c. INVENTORY RECLASSIFIED AND REPRICED				
3. RECEIPTS AT STANDARD	5,850.2		5,850.2	
4. SALES AT STANDARD	5,813.2		5,813.2	
5. INVENTORY ADJUSTMENTS				
a. CAPITALIZATIONS + or (-)				
b. RETURNS FROM CUSTOMERS FOR CREDIT +				
c. RETURNS FROM CUSTOMERS WITHOUT CREDIT				
d. RETURNS TO SUPPLIERS (-)				
e. TRANSFERS TO PROPERTY DISPOSAL (-)				
f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)				
g. OTHER (LIST/EXPLAIN)	12.1		12.1	
h. TOTAL ADJUSTMENTS				
6. INVENTORY EOP	390.9		390.9	
7. INVENTORY EOP, REVALUED (LAC, DISCOUNTED)				
a. ECONOMIC RETENTION (Memo)				
b. CONTINGENCY RETENTION (Memo)				
c. POTENTIAL DOD REUTILIZATION (Memo)				
8. INVENTORY ON ORDER EOP (Memo)	2.4		2.4	
9. NARRATIVE (Explanation of unusual changes)				
5g. Net Inventory Allowance Gains or loss				

FY 2010 President's Budget
 Defense Commissary Agency
 Supply Management by Division

FY 2009 BUDGET		DIVISION	April 2009	
		Commissary Resale Stocks		
DEFENSE COMMISSARY AGENCY SUPPLY MANAGEMENT				
	(\$ in Millions)		PEACETIME	PEACETIME
INVENTORY STATUS	TOTAL	MOBILIZATION	OPERATING	OTHER
1. INVENTORY BOP	390.9		390.9	
2. BOP INVENTORY ADJUSTMENTS				
a. RECLASSIFICATION CHANGE (Memo)				
b. PRICE CHANGE AMOUNT (Memo)				
c. INVENTORY RECLASSIFIED AND REPRICED				
3. RECEIPTS AT STANDARD	5,767.3		5,767.3	
4. SALES AT STANDARD	5,773.9		5,773.9	
5. INVENTORY ADJUSTMENTS				
a. CAPITALIZATIONS + or (-)				
b. RETURNS FROM CUSTOMERS FOR CREDIT +				
c. RETURNS FROM CUSTOMERS WITHOUT CREDIT				
d. RETURNS TO SUPPLIERS (-)				
e. TRANSFERS TO PROPERTY DISPOSAL (-)				
f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)				
g. OTHER (LIST/EXPLAIN)	(8.1)		(8.1)	
h. TOTAL ADJUSTMENTS				
6. INVENTORY EOP	376.2		376.2	
7. INVENTORY EOP, REVALUED (LAC, DISCOUNTED)				
a. ECONOMIC RETENTION (Memo)				
b. CONTINGENCY RETENTION (Memo)				
c. POTENTIAL DOD REUTILIZATION (Memo)				
8. INVENTORY ON ORDER EOP (Memo)	2.4		2.4	
9. NARRATIVE (Explanation of unusual changes)				
5g. Net Inventory Allowance Gains or loss				

FY 2010 President's Budget
 Defense Commissary Agency
 Supply Management by Division

FY 2010 BUDGET		DIVISION	April 2009	
		Commissary Resale Stocks		
DEFENSE COMMISSARY AGENCY SUPPLY MANAGEMENT				
	(\$ in Millions)		PEACETIME	PEACETIME
INVENTORY STATUS	TOTAL	MOBILIZATION	OPERATING	OTHER
1. INVENTORY BOP	376.2		376.2	
2. BOP INVENTORY ADJUSTMENTS				
a. RECLASSIFICATION CHANGE (Memo)				
b. PRICE CHANGE AMOUNT (Memo)				
c. INVENTORY RECLASSIFIED AND REPRICED				
3. RECEIPTS AT STANDARD	5,828.5		5,828.5	
4. SALES AT STANDARD	5,815.9		5,815.9	
5. INVENTORY ADJUSTMENTS				
a. CAPITALIZATIONS + or (-)				
b. RETURNS FROM CUSTOMERS FOR CREDIT +				
c. RETURNS FROM CUSTOMERS WITHOUT CREDIT				
d. RETURNS TO SUPPLIERS (-)				
e. TRANSFERS TO PROPERTY DISPOSAL (-)				
f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)				
g. OTHER (LIST/EXPLAIN)	(10.1)		(10.1)	
h. TOTAL ADJUSTMENTS				
6. INVENTORY EOP	378.6		378.6	
7. INVENTORY EOP, REVALUED (LAC, DISCOUNTED)				
a. ECONOMIC RETENTION (Memo)				
b. CONTINGENCY RETENTION (Memo)				
c. POTENTIAL DOD REUTILIZATION (Memo)				
8. INVENTORY ON ORDER EOP (Memo)	2.4		2.4	
9. NARRATIVE (Explanation of unusual changes)				
5g. Net Inventory Allowance Gains or loss				

**DEFENSE COMMISSARY AGENCY
DeCA WORKING CAPITAL FUND
COMMISSARY OPERATIONS**

This is the Defense Commissary Agency's (DeCA) FY 2010 President's Budget for the commissary operations portion of our Defense Working Capital Fund budget. Appropriated fund requests represent approximately 98 percent of required revenue to operate the commissaries. The remaining revenue is obtained through other sources such as fees paid by grocery manufacturers for redemption of manufacturers coupons, cost recovery fees for selling tobacco in commissaries and from burden sharing agreements to share costs for commissaries located in overseas countries.

The FY 2010 Appropriation request for \$1,313.6 million ensures members of our Armed Services will continue to receive this valued quality-of-life benefit. Our operations budget also includes \$22.9 million in other revenue.

In FY 2010, DeCA will operate 254 stores, 7 joint venture locations (6 with the Navy Exchange Service Command (NEXCOM) and 1 with the Army and Air Force Exchange Service), 10 Central Distribution Centers (CDCs), and 1 meat processing plant. Our workforce will consist of 5 military members and 14,591 civilian full-time equivalents.

Commissary Operations funds the costs of operating the commissary system. Specific costs include civilian and military labor, labor contracts, travel, transportation of commissary goods overseas, and other support. Its primary revenue source is funds appropriated by Congress.

Our budget reflects a net increase in operational costs for fact-of-life pricing issues. The budget includes the currently known effects of Base Realignment and Closures and Global Restationing.

Our commissary operations' budget is:

\$ In Millions	FY08	FY09	FY10
Sales	\$5,813.2	\$5,773.9	\$5,815.9
Expenses	\$1,263.2	\$1,310.9	1,339.7
Appropriation	\$1,245.7	\$1,291.1	1,313.6
Other Revenue	\$33.8	\$23.7	\$25.3
Net Operating Result	\$16.3	\$3.9	(\$0.8)
Accumulated Operating Result	(\$3.1)	0.8	\$0.0
Unit Cost	\$0.2173	\$0.2270	\$0.2304
Capital Budget Authority	\$6.3	\$9.6	6.6
Depreciation Expense	\$7.2	\$6.5	6.7
FTEs (civilian)	14,738	14,609	14,591
FTEs (military)	5	5	5

Note: .1 differences due to rounding

The majority of the operational cost price increase stems from the continual decline of the dollar versus the foreign currencies in the overseas commissaries. The foreign currency rates that are included in this submission are based on OUSD(C) that states that our foreign currency exchange rates should be based on DeCA's "most recent experience", and not on the rates established for DoD components that participate in the Defense Foreign Currency Fluctuation Account.

Foreign Currency rates are per \$1

Euro:	0.6717
Pound:	0.4990
Lira:	1.2180
Won:	951.2250
Yen:	108.1306

We continue to meet our goals, as reflected in our Balanced Scorecard (BSC), which has four quadrants (Financial Perspective, Internal Business/Process Perspective, Customer Perspective, and the Learning and Growth Perspective), referenced in our overall narrative. The financial perspective performance results were all "Green" for Commissary Operations Costs. Our goals for FY 2009 and FY 2010 reflect lower costs in real terms.

We are continuing a number of our programs to improve our operational efficiency. The Workforce of the Future (WOF) and the Defense Acquisition Workforce program provides the

flexibility needed to develop the work skills, experience, and or education in order to fill specific and critical workforce competencies and meet the overall organizational objectives/goals. Our Above Store Reengineering has been implemented for our CONUS operations. For FY 2009 and FY 2010, we will continue to study our OCONUS operations and implement the most effective model that continues to support our overseas mission.

We are implementing a number of programs to maintain customer satisfaction, increase sales, and reduce costs. Our initiatives include the Commissary Advanced Retail Systems, which is the new commissary front-end system, and includes self-checkout registers. We continue to utilize Lean Six Sigma, Black Belt Projects as a tool to improve DeCA's processes such as Personnel Security/Suitability - HSPD-12 compliance; Computer Assisted Ordering - accuracy and expansion; IT Project Prioritization - ROI and investment; DeCA/AAFES Tobacco Inventory Process Improvement; Store Facility Maintenance and Repair; Standardized Base Operating Support - ISA and funding; In-Store Hiring - lead time reduction; Statistical Receiving at Stores - validation of formula; Shelf Stocking Accountability and Payment Process; Price Changes - frequency and volume reduction; and the Europe and Far East Laydown - structure for future.

Our successful current initiatives include providing exceptional meat and produce savings to bring in shoppers, vendor campaigns to assist in increasing sales, a DeCA-wide natural beef solicitation, health and wellness choices, emphasizing perishable, natural and organic food, expanding our line of premium foods, and expanding the Virtual Commissary.

We continue to expand our outreach program to our authorized patrons by providing a two-way communication system between patrons and DeCA employees that will promote an increased awareness of the commissary benefit. We conduct off-site case lot sales to extend the benefit to sites away from our stores. We continue to inform and educate members and their families on the benefits of commissary shopping.

DeCA is hitting the road to bring the commissary benefit to members of the National Guard and Reserve whom live in areas where DeCA does not currently operate brick-and-mortar commissaries. Stateside, 54 percent of Reserve and National Guard units are located more than 20 miles away from a commissary. In recognition of the role that the National Guard and Reserve are play in today's military, we have increased and expanded our focus on the quality and accessibility for them to the commissary benefit. "Bringing the Benefit to You" includes taking a bit of

the commissary to National Guard and Reserve Service members, and their families, through on-site truckload case-lot sales.

The Defense Commissary Agency continues to be good stewards of government funding. Our program includes extensive strategic planning efforts. Our continuing initiatives and customer service reflect our motto: "The Commissary-It's Worth the Trip!"

**FY 2010 President's Budget
 Defense Commissary Agency
 Changes in the Costs of Operation
 (\$ in Millions)**

	<u>Expenses</u>
1. FY 2008 Actual	1,263.2
2. FY 2009 in President's Budget Submission	1,305.1
3. Pricing Adjustments	
Foreign Currency	20.1
Non Pay Rate Change	(3.6)
4. Program Changes:	
Guard & Reserve Support	5.4
Changes in Restationing	(5.3)
Separation Adjustment	(2.9)
Prior Year Adjustments	(7.9)
5. FY 2009 Current Estimate	1,310.9
6. Pricing Adjustments	
Annualization of Pay Raise	5.3
Pay Raises	14.3
Transportation Fuel Rate Increase	1.0
General Purchase Inflation	1.7
Department of Labor Wage Rate	0.8
Custodial Contracts Increase	3.3
DFAS increased rate	0.6
7. Productivity Initiatives and Other Efficiencies:	
Process Reengineering	(0.5)
Internal Efficiencies	(8.4)
8. Program Changes:	
Depreciation increase	0.2
Store Openings/Increased Store Operations	3.6
Strategic Initiatives	6.9
9. FY 2010 Current Estimate:	1,339.7

FY 2010 PRESIDENT'S BUDGET
 Defense Commissary Agency
 Commissary Operations
 Source of New Orders and Revenue

Source of New Orders and Revenue	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
1. New Orders			
a. Orders from DoD Components:			
Army Operations and Maintenance	0.0	0.0	0.0
Navy Operations and Maintenance	0.0	0.0	0.0
Marine Corps Operations and Maintenance	0.0	0.0	0.0
Air Force Operations and Maintenance	0.0	0.0	0.0
OSD Burdensharing Contribution, Defense	16,971.6	13,612.3	9,360.0
Other Reimbursements (Non-Appropriated Funds and Trust Funds)	664.0	270.0	80.0
b. Orders from other Fund Activity Group	0.0	0.0	0.0
c. Total DoD	17,635.6	13,882.3	9,440.0
d. Other Orders:			
Other Federal Agencies	2,834.6	2,655.0	2,942.0
Non Federal Agencies	13,348.9	7,125.7	13,220.0
Total New Orders	33,819.1	23,663.0	25,602.0
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	33,819.1	23,663.0	25,602.0

FY 2010 President's Budget
 Defense Commissary Agency
 Working Capital Funds
 Revenue and Expenses
 (\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue:			
Operations			
Services Reimbursement	1,247.6	1,281.6	1,310.8
Army	520.2	534.4	546.6
Navy	272.0	279.4	285.7
United States marine Corps	106.0	108.9	111.4
Air Force	349.3	358.8	367.0
Other Income	33.8	23.7	25.3
Total Income:	1,281.4	1,305.3	1,336.1
Expenses:			
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.5	0.6	0.6
Civilian Personnel Compensation & Benefits	744.0	789.1	808.7
Travel & Transportation of Personnel	9.2	8.5	10.8
Materials & Supplies (for Internal Operations)	57.7	52.9	53.1
Other Purchases from Revolving Funds	27.9	39.8	40.6
Transportation of Things	121.0	105.0	105.9
Capital Investments Between Budget and Accounting	0.0	0.0	0.0
Depreciation - Capital	5.2	6.5	6.7
Printing & Reproduction	0.4	0.5	0.5
Advisory & Assistance Services	0.0	0.0	0.0
Rent, Communication & Misc. Charges	66.3	62.8	63.3
Other Purchased Services	230.9	245.2	249.3
Total Expenses	1,263.2	1,310.9	1,339.7
Operating Result	18.2	(5.6)	(3.6)
Plus Other Appropriations Affecting NOR/AOR	(1.9)	9.5	2.8
Net Operating Result	16.3	3.9	(0.8)
Accumulated Operating Result	(3.1)	0.8	0.0
*Variances due to Rounding			

FY 2010 President's Budget
 Defense Commissary Agency
 Commissary Operations
 Capital Investment Summary
 (\$ in Millions)

Line Number	Item Description	FY 2008		FY 2009		FY 2010	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1000	Software Development>\$100K						
2000	ADPE and Telecommunications>\$100K						
3000	Non-ADPE & Telecomm Equipment>\$100K						
3001	Enterprise Data Warehouse	1	1.476	1	1.383		
3002	Corp Server III (Telephone Modernization)			1	1.200		
3003	Corp Server III ***	1	2.981	1	2.750	1	5.301
3004	ADP Equipment (\$500K-999K) - Located at DeCA HQ (DERMAS in FY07 thru FY10, WEB in FY08, DCPDS in FY10)					2	0.456
3005	Video Teleconferencing Equipment (VTC)			1	2.000		
3006	Move COOP to Alternate Site			1	1.885	1	0.395
	Software Development >250K						
4000	Minor Construction>\$20K and <=\$750K						
4001	Refurbish HQ Computer Room	1	0.205	1	0.425		
4002	HQ Elevators	1	0.204				
4003	Enhance HQ Power Lines					1	0.470
	TOTAL CAPITAL PURCHASE PROGRAM	4	4.866	6	9.643	5	6.622
	Total Capital Outlays		7.146		7.684		8.197
	Total Depreciation Expense		5.192		6.459		6.716

Defense Commissary Agency Capital Investment Justification (\$ in Thousands)				FY 2010 President's Budget					
C. Line No & Item Description 3001. Enterprise Data Warehouse (EDW)				D. Activity ID Defense Commissary Agency (DeCA)					
Element of Cost	FY 2008			FY 2009			FY 2010		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability									
Replacement									
Productivity									
New Mission									
Environmental									
ADPE and Telecommunications Capability									
Computer Hardware (Production)	1	1,476.0	1,476.0	1	1,383.0	1,383.0			
Computer Software (Operating System)									
Telecoms, Other Computer & Telecom Equipment									
Project Name >=\$1M									
Software (Named Line Items > \$1M)									
Minor Construction Capability									
Replacement									
Productivity									
New Mission									
Environmental									

Defense Commissary Agency Capital Investment Justification (\$ in Thousands)				FY 2010 President's Budget					
C. Line No & Item Description 3002. Corp Server II (Telephone Modernization)				D. Activity ID: Defense Commissary Agency (DeCA)					
Element of Cost	FY 2008			FY 2009			FY 2010		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability Replacement Productivity New Mission Environmental									
ADPE and Telecommunications Capability Computer Hardware (Production) Computer Software (Operating System) Telecom, Other Computer & Telecom Equip Project Name >=\$1M				1	1,200.0	1,200.0			
Software (Named Line Items > \$1M)									
Minor Construction Capability Replacement Productivity New Mission Environmental									
<p>Narrative Justification: The Telephone Modernization project replaces DeCA's current legacy telephone system used to support voice communication requirements at its headquarters/FOA, and regional headquarters locations world-wide. These systems currently in place are nearing the end of its life cycle, and in no longer in compliance with Information Assurance (IA) requirements (public law 107-314) which, state all DSN connected telephone systems must operate on JITC certified equipment. The project targets DeCA headquarters and Regions phone system which is 14 years old and utilizes a standalone voice mail system. Each of the regional phone system(s) are approximately six (6) years old and currently in non-compliance. Voice over Internet Protocol (VoIP) is the replacement technology chosen to replace the current legacy phone system. VoIP is a technology which allows us to use data network lines as telephone lines. It replaces the telephone CORE switches, all telephone sets, call director (supporting toll-free services such as help desk) and integrated voice mail. Full project completion anticipated not later than FY 2010. Economic Analysis Summary: Recommendation to move into VOIP is based on a comparison of current hardware maintenance and operating costs and compliance versus a technology "best value" refresh with maintenance. DeCA requires telecom hardware, software and support services to upgrade its obsolete and aging voice systems that have become cost prohibitive to support and do not comply with public law. This project will facilitate DeCA's objectives for business continuance, legacy migration, and net-centric manage, storage & accounting of telecom production systems utilization needs. Impact of Project Disapproval: Failure to comply with DoDI 8100.3 DoD Voice Networks and failure to comply with public law 107-314. All DSN-connected telephone systems must operate on certified switches. Not migrating to certified switches means DeCA will lose the ability to use DSN for voice communication with all commissaries, worldwide. VOIP capitalizes on new technology, and can save the Agency significant money in a number of different ways, including minimizing network hardware, reducing the need for long distance telephone services, and eliminating costs incurred by conventional telephone moves, adds, and changes.</p>									

Defense Commissary Agency Capital Investment Justification (\$ in Thousands)				FY 2010 President's Budget Submission					
C. Line No & Item Description 3003. Corporate Server III							D. Activity ID: Defense Commissary Agency		
Element of Cost	FY 2008			FY 2009			FY 2010		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability Replacement Productivity New Mission Environmental									
ADPE and Telecommunications Capability Computer Hardware (Production) Computer Software (Operating System) Telecoms, Other Computer & Telecom Equip Project Name >=\$1M	1	2,981.0	2,981.0	1	2,750.0	2,750.0	1	5,301.0	5,301.0
Software (Named Line Items > \$1M)									
Minor Construction Capability Replacement Productivity New Mission Environmental									
<p>Narrative Justification: Corporate servers are the backbone of DeCA's enterprise computing production. Efficient upgrades on a four year refresh cycle will allow us to adopt and utilize more efficient technological enhancements while reducing energy demand and controlling lower maintenance costs. During FY 2008 a technology refresh of the data storage system and tape backup archiving system was completed. These systems use state of the art technology to enhance disaster recovery preparedness, provide reliable access to archived historical data, and provides a restore capability to the corporate servers in the event of data corruption. The Enterprise Corporate Servers are nearing the end of their computing life cycle and are scheduled for technical hardware refresh during FY 2009 and FY 2010. As the equipment reaches end of life hardware refresh, we will enhance productivity in processing current applications while providing continuity capability, and adhering to a net centric data management strategy by consolidating and reducing servers, and reducing energy requirements of DeCA's data centers. Planned migration to new servers based on the criticality of the application to improve functionality and efficiency of the applications. Impact of Disapproval: An increased risk to continuity of operations and increased maintenance costs and energy expenditures for DeCA systems.</p>									

Defense Commissary Agency Capital Investment Justification (\$ in Thousands)				FY 2010 President's Budget					
C. Line No. & Item Description 3004. DeCA Electronic Records Management And Archive System (DERMAS)					D. Activity ID: Defense Commissary Agency (DeCA)				
Element of Cost	FY 2008			FY 2009			FY 2010		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability Replacement Productivity New Mission Environmental									
ADPE and Telecommunications Capability Computer Hardware (Production) Computer Software (Operating System) Telecom, Other Computer & Telecom Equip Project Name >=\$1M (DERMAS)							2	228.0	456.0
Software (Named Line Items > \$1M)									
Minor Construction Capability Replacement Productivity New Mission Environmental									
<p>Narrative Justification: The capabilities of the Defense Commissary Agency (DeCA) Electronic Records Management and Archive System (DERMAS) enable DeCA personnel to archive, retrieve, and research financial records required to complete financial tasks in compliance with the National Archives and Records Administration (NARA). As a federal entity, DeCA must maintain a records management (RM) program in compliance with 44 U. S. C, . Chapter 13 and 36 Code of Federal Regulations, as well as NARA. This technology refresh will ensure continued compliance through technological innovation and regulatory mandates. Functionality and access to centrally managed records in an electronic format, including the ability to interface with other key and evolving DeCA business systems is the primary goal. DERMAS will centralize agency records into an integrated electronic system that links files within an electronic centralized indexed docket.</p>									

Defense Commissary Agency Capital Investment Justification (\$ in Thousands)				FY 2010 President's Budget					
C. Line No & Item Description 3005. Video Teleconference (VTC) System				D Activity ID: Defense Commissary Agency (DeCA)					
Element of Cost	FY 2008			FY 2009			FY 2010		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability Replacement Productivity New Mission Environmental									
ADPE and Telecommunications Capability Computer Hardware (Production) Computer Software (Operating System) Telecom, Other Computer & Telecom Equip Project Name >=\$1M				1	2,000.0	2,000.0			
Software (Named Line Items > \$1M)									
Minor Construction Capability Replacement Productivity New Mission Environmental									
<p>Narrative Justification: DeCA has been utilizing a Video Teleconference (VTC) system for six years with five VTC conference areas within the headquarters and region facilities, and twenty-three at store level for zone managers and store personnel use. The system is currently operational but the maintenance contract expires in September 2009. Some of the equipment is now obsolete and has been discontinued by the manufacturer. Economic Analysis Summary revealed a realtime savings of \$2.2K per each 2 hour meeting held with headquarters and region personnel located in Pacific and European theaters via VTC. Use of VTC results in less tdy cost and increased productivity within rank and file employees assigned worldwide. Impact of disapproval would be ever rising travel costs, ISDN fees, increased maintenance contract costs and decreased productivity by employees while in travel status to attend meetings.</p>									

Defense Commissary Agency Capital Investment Justification (\$ in Thousands)				FY 2010 President's Budget					
C. Line No & Item Description 3006. Movement of the Western Processing Center to an Alternate Site (COOP)							D. Activity ID Defense Commissary Agency		
Element of Cost	FY 2008			FY 2009			FY 2010		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability Replacement Productivity New Mission Environmental									
ADPE and Telecommunications Capability Computer Hardware (Production)				1	201.0	201.0			
Computer Software (Operating System) Telecom, Other Computer & Telecom Equip Project Name >=\$1M				1	1,322.2	1,322.2	1	395.2	395.2
Software (Named Line Items > \$1M)									
Minor Construction Capability Replacement Productivity New Mission Environmental				1	362.1	362.1			
<p>Narrative Justification: DeCA's Alternate Processing Center (APC), is in McClellan Park, Sacramento, CA, which is under consideration for closure. A study was conducted to determine alternative locations after September 11, 2001 and an emergency shutdown of the HQ building due to Hurricane Isabel. APCs considered included both commercial and governmental sites. Tests and exercises were conducted to identify potential adverse effect on the DeCA customer base at each identified APC location, as well as consideration of DeCA APC operating environment and communications infrastructure requirements within Anti-Terrorism/Force Protection (AT/FP) requirements. Criteria and limitations severely narrowed available site selection possibilities to best serve the needs of the Agency. Economic analysis revealed expensive one-time costs for communication lines required at a new site during the two-fiscal year transition from the current location, resulting in no immediate cost savings realized. Long term savings will be realized with no air flight required from HQ to the new APC. Impact if not approved would be continued operation at McClellan Park, currently under consideration for closure. Alternative commercial sites considered are more expensive than the costs of moving to the government location APC selected.</p>									

Defense Commissary Agency Capital Investment Justification (\$ in Thousands)				FY 2010 President's Budget Submission					
C. Line No & Item Description 4001. Refurbish HQ Computer Room				D. Activity ID: Defense Commissary Agency (DeCA)					
Element of Cost	FY 2008			FY 2009			FY 2010		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability Replacement Productivity New Mission Environmental									
ADPE and Telecommunications Capability Computer Hardware (Production) Computer Software (Operating System) Telecoms, Other Computer & Telecom Equip Project Name >=\$1M									
Software (Named Line Items > \$1M)									
Minor Construction Capability Replacement Productivity New Mission Environmental	1	205.0	205.0	1	425.0	425.0			
<p>Narrative Justification: Computer facility in HQ Nichols Wing had exceeded original designed capability and had to be upgraded to accommodate new and existing systems beyond original planned requirements over the last 18 years. Employees had resorted to working from table tops with limited workarea due to poorly planned workflow in available space. HVAC was increased to compensate for the energy useage within the room, as well as new electrical lines and floor stands installed to create an organized and planned workflow which allows for future expansion and greater efficiency within the confines of the computer room by assigned personnel. Employees have reported improved workflow with the first phase of work completed as of March 2009.</p>									

Defense Commissary Agency Capital Investment Justification (\$ in Thousands)				FY 2010 President's Budget					
C. Line No & Item Description 4002. HQ Building Elevators				D. Activity ID: Defense Commissary Agency (DeCA)					
	FY 2008			FY 2009			FY 2010		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability									
Replacement									
Productivity									
New Mission									
Environmental									
ADPE and Telecommunications Capability									
Computer Hardware (Production)									
Computer Software (Operating System)									
Telecom, Other Computer & Telecom Equip									
Project Name >=\$1M									
Software (Named Line Items > \$1M)									
Minor Construction Capability									
Replacement	1	204.0	204.0						
Productivity									
New Mission									
Environmental									
Narrative Justification: Defense Commissary Agency Headquarters building electrical elevators were upgraded to ensure continued access to the upper floors of the facility.									

Defense Commissary Agency Capital Investment Justification (\$ in Thousands)				FY 2010 President's Budget Submission					
C. Line No & Item Description 4003. Enhance HQ Building Power Lines					D. Activity ID: Defense Commissary Agency (DeCA)				
Element of Cost	FY 2008			FY 2009			FY 2010		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Equipment Capability									
Replacement									
Productivity									
New Mission									
Environmental									
ADPE and Telecommunications Capability									
Computer Hardware (Production)									
Computer Software (Operating System)									
Telecoms, Other Computer & Telecom Equip Project Name >=\$1M									
Software (Named Line Items > \$1M)									
Minor Construction Capability									
Replacement							1	470.0	470.0
Productivity									
New Mission									
Environmental									
Narrative Justification: Headquarters building Nichols and Siskey Wings need upgraded overhead cable for data and phone lines to be installed in perimeter walls for use in cubicles with upgraded phone and power supply. Workflow is haphazard due to current electrical and telephone system limitations. Need to meet current electrical code requirements. Equipment use within these areas is constricted by accessibility to data lines and electrical outlets. Current system provides least productive workflow on three floors due to layout planned around power and data supply lines, which has resulted after various organizational realignments and office moves. Data lines do not allow for future expansion and improved efficiency by personnel assigned in these work areas.									

FY 2010 President's Budget
 Department of Defense
 Defense Commissary Agency

PROJECTS ON THE FY 2010 PRESIDENT'S BUDGET

(Dollars in Millions)

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/Deficiency</u>	<u>Explanation</u>
2008	Operational Equipment					
2008	ADPE and TELECOM Equipment	0.6	7.0	4.5	0.0	
2008	Software Development					
2008	Minor Construction	0.5	0.6	0.4	0.0	HQ Computer Room \$0.6 was Carryover from FY 2007
	Total FY 2008	1.1	7.6	4.9	0.0	

FY 2010 President's Budget
 Department of Defense
 Defense Commissary Agency

PROJECTS ON THE FY 2010 PRESIDENT'S BUDGET

(Dollars in Millions)

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
2009	Operational Equipment					
2009	ADPE and TELECOM Equipment	0.0	9.2	9.2	0.0	
2009	Software Development					
2009	Minor Construction	0.0	0.4	0.4	0.0	HQ Computer Room Generator 425K Reprogrammed
	Total FY 2009	0.0	9.6	9.6	0.0	

FY 2010 President's Budget
 Department of Defense
 Defense Commissary Agency

PROJECTS ON THE FY 2010 PRESIDENT'S BUDGET

(Dollars in Millions)

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/Deficiency</u>	<u>Explanation</u>
2010	Operational Equipment					
2010	ADPE and TELECOM Equipment	0.0	6.3	6.3	0.0	
2010	Software Development					
2010	Minor Construction	0.0	0.5	0.5	0.0	
	Total FY 2010	0.0	6.8	6.8	0.0	