

Department of Defense Revolving Funds

Justification/Overview



Fiscal Year 2016 President's Budget

February 2015

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Preparation of the Defense Revolving Funds Justification book cost the Department of Defense a total of approximately \$13,000 in Fiscal Year (FY) 2015.

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Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2016 Budget Estimate
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Activity Group Function

The FY 1991 Defense Authorization Act established the Pentagon Reservation Maintenance Revolving Fund (PRMRF) and Title 10, United States Code (USC) Section 2674 codified it. The fund finances the maintenance, sustainment, protection, repair and renovation of the Pentagon Reservation. As established, the "Pentagon Reservation" refers to the 280 acres of land located in Arlington, Virginia, on which stand the Pentagon Building, the Pentagon Heating and Refrigeration Plant and the Sewage Treatment Plant. It also refers to other related facilities including parking areas and the Raven Rock Mountain Complex (RRMC). The PRMRF customers pay a basic user charge for space and standard building services. Customers who request above standard services pay an additional charge for those services.

Activity Group Composition

The PRMRF finances the activities of the Washington Headquarters Services (WHS) and the Pentagon Force Protection Agency within the Pentagon Reservation. The PRMRF provides space, building services, deep underground relocation capability, and force protection for Department of Defense (DoD) Components including Military Departments and other activities located within the Pentagon Reservation.

Real Property Operations (RPO): Through the RPO, WHS provides for the safe and efficient operation, maintenance and repair of the Pentagon Reservation and the RRMC. The RPO services include cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, trash removal, landscaping, and administrative support. Additional services include purchased utilities and operation of the Pentagon's heating and refrigeration plant and classified waste incinerator. The RPO maintains the facilities at levels adequate to support the assigned mission and to prevent deterioration and damage to Reservation buildings, support systems, and operating equipment. The RPO also provides financial management, acquisition, and information technology for the Pentagon Reservation and the Pentagon Force Protection Agency.

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Raven Rock Mountain Complex. The RRMC satisfies the DoD Continuity of Operations Plan (COOP) for the Office of the Secretary of Defense, the Joint Staff and Senior DoD Leadership. COOP Support includes cleaning, operation and repair of mechanical and utility systems, road and grounds maintenance, fire and emergency services, food services, information management support services, and administrative support. The RRMC provides facility maintenance and upkeep within the Complex at levels adequate to support assigned missions and to prevent deterioration and damage to facilities, systems, and operating equipment. The RRMC also supports operational readiness by providing a safe and secure environment for DoD essential functions.

Pentagon Force Protection Agency (PFPA): The PFPA provides law enforcement; force protection; security; counterintelligence; antiterrorism; and chemical, biological, radiological, and nuclear protection to the people, facilities, infrastructure, and other resources at the Pentagon Reservation, to the DoD activities within the National Capital Region (NCR), and to the RRMC. The PFPA is the DoD focal point for coordination with DoD components, executive departments, agencies, and state and local authorities on matters involving force protection, security, and law enforcement for the Pentagon Reservation and DoD facilities within the NCR.

The following table summarizes PRMRF obligations by activity group:

Budget Sub-activity	Dollars in Millions					
	FY 2014		FY 2015		FY 2016	
	Operating	Capital	Operating	Capital	Operating	Capital
Real Property Operations	309.5	16.6	356.7	32.0	345.2	24.9
Pentagon Force Protection Agency	200.7	8.2	206.0	8.9	210.3	5.2
Total by Category	510.2	24.8	562.7	40.9	555.5	30.1
Total PRMRF	535.0		603.6		585.6	

Note: Totals may not add due to rounding.

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Financial Profile

	(Dollars in Millions)		
	FY 2014	FY 2015	FY 2016
Revenue	489.2	602.9	585.6
Operating Expenses	510.2	562.7	555.5
Capital Investments	<u>24.8</u>	<u>40.9</u>	<u>30.1</u>
Net Operating Result (NOR)	-45.8	- 0.7	- 0.0
Disbursements	483.4	582.5	590.9
Collections	<u>489.2</u>	<u>595.1</u>	<u>587.0</u>
Net Outlays	- 5.8	-12.6	3.9

The FY 2016 estimate includes reductions in administrative and overhead costs from civilian workforce reshaping and limiting contracts for advisory and assistance services. The overall decrease from FY 2015 to FY 2016 is a result of decreased requirements for facility repairs/replacements projects based on the Master Plan.

Customer rates are set to recover both operating and capital investment costs for each year. The negative NOR in FY 2014 reflects rent abatements to customers budgeted in the FY 2014 rates.

Operating Budget

The operating budget includes annual inflationary increases for supplies, equipment, service contracts and personnel. It also provides for a safe and secure environment, including effective, proactive force protection and anti-terrorism programs, for Pentagon personnel, assets and facilities.

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Capital Budget

The capital budget includes network redesigns, upgrades, and security improvements at the Pentagon, and network upgrades and Facility Sustainment, Restoration, and Modernization (FSRM) projects at RRMC. The capital budget also includes funding for security infrastructure modernization access control upgrades to meet Homeland Security Presidential Directive 12 (HSPD-12) requirements.

Recent Initiatives

The WHS and the PFPA continually pursue opportunities to improve business practices and reduce costs to customers. Some examples of recent initiatives are:

- Improved controls in the prioritization process to ensure execution of only the highest priority projects supporting the Master Plan
- Reduced custodial cost by revising service standards
- Reduced utility costs by improving efficiency of heating and refrigeration systems
- Reduced PFPA personnel costs by limiting hours of operation for least-used entrances at the Pentagon
- Reduced the scope and cost of security upgrades for the Pentagon
- Eliminated emergency escape mask program for Pentagon occupants because improvements in CBRNE protection made the program unnecessary
- Reduced overtime cost by using scheduling software to optimize personnel resources

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Staffing

	Full Time Equivalents (FTE)		
	FY 2014	FY 2015	FY 2016
Real Property Operations	604	693	684
Pentagon Force Protection Agency	<u>1,067</u>	<u>1,099</u>	<u>1,099</u>
Total	1,671	1,792	1,783

The RPO staffing decreases by nine FTE primarily from civilian workforce reshaping efforts.

Changes in the Costs of Operations
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(\$ in Millions)

FY 2014 Actual	535.0
FY 2015 Estimate	603.6
Pricing Adjustments:	9.3
Annualization of Pay Raises	0.5
Price Growth Pay	2.1
General Purchase Inflation	6.7
Program Changes:	(27.3)
Decrease in funded Facilities Sustainment, Restoration and Modernization (FSRM) projects	(24.0)
Decreased labor costs from workforce reshaping	(0.9)
Decreased management and professional support requirements	(8.5)
Increase in repair projects	3.0
Increase for audit readiness effort	0.9
Increase in maintenance contracts	2.0
Increase for warehouse services and material handler support	2.8
Decrease in Pentagon Sentry and video surveillance projects	(6.1)
Increased PFPA costs due to increased workload and training requirements	3.6
FY 2016 Estimate	585.6

Exhibit Fund -2 Changes in the Costs of Operations

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
WASHINGTON HEADQUARTERS SERVICES
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	FY 2014	FY 2015	FY 2016
New Orders			
a. Orders from DoD Components			
Department of the Army	93.0	109.4	110.2
Department of the Navy	57.4	66.5	67.0
Department of the Air Force	80.1	94.3	95.0
United States Marine Corps	27.7	33.5	33.7
Subtotal Military Departments	258.1	303.7	305.9
Defense-Wide			
DMA	0.2	0.3	0.3
DIA	20.4	24.0	24.2
DISA	15.3	17.5	17.6
DLA	0.3	0.4	0.4
DLSA	0.1	0.0	0.0
JCS	70.4	81.8	82.3
NGA (NIMA)	0.4	0.4	0.4
NSA	0.3	0.4	0.4
NGB	2.5	2.9	2.9
WHS/OSD	107.7	131.9	132.9
Subtotal Defense-Wide	217.5	259.6	261.3

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
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	FY 2014	FY 2015	FY 2016
b. Orders from Non-DoD Activities			
DoD Concessions Committee	0.9	1.0	1.0
c. Total Standard Level Rent Orders	476.5	564.2	568.2
d. Above Standard Level Service Orders			
Building Services and Space Adjustment	11.5	32.1	10.6
Force Protection	3.4	4.9	4.9
Raven Rock Mountain Complex	0.0	1.8	1.8
Subtotal Above Standard Services	14.9	38.7	17.4
Total New Orders	491.4	602.9	585.6
Carry-In Orders	39.8	9.1	9.8
Total Gross Orders	531.2	612.0	595.4

Exhibit Fund -11 Source of New Orders and Revenue

Revenue and Expense
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	FY 2014	FY 2015	FY 2016
Revenue			
Standard level	470.9	564.2	568.2
Above standard level	18.3	38.7	17.4
Total Revenue	489.3	602.9	585.6
 Standard Level Operating Expenses:			
Real Property Operations	311.2	354.8	357.6
Compensation & Benefits	66.3	71.1	70.8
Cleaning	17.2	17.9	17.8
Utilities & Fuel	11.8	15.0	22.2
Maintenance	40.4	35.1	29.0
Other Building Services	38.2	56.7	54.9
Administration	5.4	7.4	6.1
Repairs (over \$10,000)	15.6	30.3	32.8
Design and Construction	7.0	0.0	0.0
Information Technology	68.2	78.2	78.4
Postal Opns/Library	4.0	2.8	2.8
Acquisition Services	1.7	0.6	0.6
Miscellaneous Support (HR, FM)	4.0	0.4	1.3
Other Services (RRMC)	5.3	3.4	6.5
Site R Improvements (RRMC)	26.1	36.0	34.5

Exhibit Fund -14 Revenue and Expense

Note: Totals may not add due to rounding.
Expenses include capital investment.

Revenue and Expense
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	FY 2014	FY 2015	FY 2016
Pentagon Force Protection Agency	205.5	210.1	210.6
Compensation & Benefits	123.4	128.9	130.6
Mission Integration	12.3	14.5	18.3
Science & Technology	6.8	7.6	6.1
Threat Management	2.6	3.8	3.5
Security Services	22.7	22.8	20.4
Law Enforcement	15.9	18.2	18.2
Human Capital / Training	2.8	2.6	3.2
Project Integration	19.0	11.7	10.2
Subtotal Standard Level Expenses	516.7	564.9	568.2
 Above Standard Reimbursable Expenses:			
Real Property Operations	14.9	33.9	12.4
Utilities and Fuel	7.8	24.0	2.4
Compensation & Benefit	7.1	8.1	8.2
Raven Rock Mountain Complex	0.0	1.8	1.8

Exhibit Fund -14 Revenue and Expense

Note: Totals may not add due to rounding.
Expenses include capital investment.

Revenue and Expense
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	FY 2014	FY 2015	FY 2016
Pentagon Force Protection Agency	3.4	4.9	4.9
Supplies/Equip Maint	1.3	0.6	0.6
Advisory and Assistance Services	0.0	1.6	1.7
Compensation & Benefits	2.1	2.6	2.7
Subtotal Above Standard Expenses	18.3	38.7	17.4
Total Operating Expenses	535.0	603.6	585.6
Net Operating Result	(45.8)	(0.7)	0.0
Deferred Accumulated Operating Result	0.0	0.0	(116.7)
Accumulated Operating Result	117.4	116.7	0.0

Exhibit Fund -14 Revenue and Expense

Note: Totals may not add due to rounding.
Expenses include capital investment.

Cost of Service
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PROGRAM	FY 2014		FY 2015		FY 2016	
	Workload Average Square Foot	Cost per Square Foot	Workload Average Square Foot	Cost per Square Foot	Workload Average Square Foot	Cost per Square Foot
Cleaning	4,534,054	\$ 3.80	4,561,045	\$ 3.93	4,572,908	\$ 3.89
Utilities & Fuel	4,534,054	\$ 2.59	4,561,045	\$ 3.28	4,572,908	\$ 4.85
Maintenance	4,534,054	\$ 8.92	4,561,045	\$ 7.70	4,572,908	\$ 6.35
Other Building Services	4,534,054	\$ 8.43	4,561,045	\$ 12.44	4,572,908	\$ 12.00
Administrative	4,534,054	\$ 7.19	4,561,045	\$ 8.05	4,572,908	\$ 8.63
Repairs (over \$10,000)	4,534,054	\$ 4.97	4,561,045	\$ 6.64	4,572,908	\$ 7.16
Administrative Cost as Percent of Total Program Cost		13%		13%		14%
Total RPO Standard Operating Expense for the Pentagon	\$ 250,382		\$ 282,130		\$ 285,195	

Square footage is the total amount of billable space in the Pentagon.

The change in square footage from FY 2014 to FY 2015 reflects completion of the Pentagon Basement Buildout. The change from FY 2015 to FY 2016 reflects the completion of the PFPA Support Operations Center military construction project.

Summary Statement
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	Obligations	Orders	Revenue	Cost	Disbursements by Fiscal Year						
					2014	2015	2016	2017	2018	2019	2020
Pentagon Force Protection Agency											
FY 2014	208.9	194.1	194.1	208.9	204.7	60.5	10.6	1.9	0.8	0.0	0.0
FY 2015	215.0	214.7	214.7	215.0	0.0	150.5	52.4	9.2	1.9	0.0	0.0
FY 2016	215.5	215.5	215.5	215.5	0.0	0.0	151.1	52.6	9.3	1.9	0.9
Real Property Operations											
FY 2014	326.1	359.1	295.2	326.1	329.9	181.9	48.3	19.0	4.6	0.0	0.0
FY 2015	388.7	388.1	388.1	388.7	0.0	179.5	163.5	33.0	8.2	4.4	0.0
FY 2016	370.1	370.1	370.1	370.1	0.0	0.0	171.0	154.9	31.5	7.8	15.1
Total Pentagon Reservation Maintenance Revolving Fund											
FY 2014	535.0	553.2	489.3	535.0	534.6	242.4	58.9	20.9	5.4	0.0	0.0
FY 2015	603.6	602.9	602.9	603.6	0.0	330.0	215.9	42.2	10.1	4.4	0.0
FY 2016	585.6	585.6	585.6	585.6	0.0	0.0	322.1	207.5	40.8	9.7	16.0
Fund Balance with Treasury											
	Beginning	Collect.	Disburs.	Ending							
FY 2014	272.0	489.3	483.4	277.9							
FY 2015	277.9	595.1	582.5	290.5							
FY 2016	290.5	587.0	590.9	286.6							

Exhibit Fund -PR2 Revolving Fund Summary Statement

Note: Totals may not add due to rounding.

Capital Investment Summary
WASHINGTON HEADQUARTERS SERVICES
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Line #	Item Description	FY 2014		FY 2015		FY 2016	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE Equipment	1	8.2	1	9.0	1	5.2
2	ADPE & Telecommunication	2	16.6	2	22.8	2	23.6
3	Software Development	0	0.0	0	0.0	0	0.0
4	Minor Construction	0	0.0	1	9.2	1	1.3
	TOTAL	3	24.8	4	40.9	4	30.1

Exhibit Fund -9a Capital Investment Summary

Note: Totals may not add due to rounding.

Capital Investment Justification
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PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				A. Fiscal Year (FY) 2016 Budget Estimates					
B. Real Property Operations				C. ADPE & Telecommunications Equipment					
Element of Cost (\$000)	FY 2014			FY 2015			FY 2016		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
ADPE and Telecomm (Pentagon)	1	15,877	15,877	1	20,400	20,400	1	20,527	20,527
ADPE and Telecomm (RRMC)	1	745	745	1	2,414	2,414	1	3,114	3,114
TOTAL	2	16,622	16,622	2	22,814	22,814	2	23,641	23,641
FY 2014: \$16.6 million - Centralized Enterprise Monitoring System (CEMS) Phase II (\$1.0M) - Tier 1 Mission Critical Consolidated Server Room (CSR) Modernization (\$6.5M) - Storage Virtualization Implementation (Build/Buy Analysis) (\$5.8M) - Network Capacity and Reliability (\$2.5M) - Purchase network upgrades at RRMC (\$.7M); Wake-on LAN (WOL) (\$.1M)									
FY 2015: \$22.8 million - Network Transport Modernization-IPv6 Transistion (\$0.6M); Network (\$3.0M); Wireless (\$1.4M) - Cloud Computing-Design and implementation of server and application hosting services (\$3.1M) - Cloud Computing-Enterprise data storage (\$3.3M) - Unified Capabilities (\$4.8M); Security Architecture (\$2.4M) - Enterprise Service Desk - Deploy/Integrate (\$1.8M); Purchase network upgrades at RRMC (\$2.4M)									
FY 2016: \$23.6 million - Pentagon Network Architecture Redesign (\$1.4M); Pentagon IPN Upgrade (\$1.9M) - Network Transport - Capacity Upgrade(\$3.9M); Load Balancer Redesign (\$.73M) - Implement Port Security and Wake-on-LAN (\$3.8M) - Storage Virtualization (\$3.5M); SSL Decryptor (\$1.3M); Computer Network Defense (\$1M) - Service Management, Enterprise Capabilities Service Desk (\$3M); Network upgrades at RRMC (\$3.1M)									

Exhibit Fund -9b Capital Investment Justification

Note: Totals may not add due to rounding.

Capital Investment Justification
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PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				A. Fiscal Year (FY) 2015 Budget Estimates					
B. Real Property Operations				C. Construction					
Element of Cost (\$000)	FY 2014			FY 2015			FY 2016		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Minor Construction (RRMC)	0	0	0	1	9,150	9,150	1	1,257	1,257
Total	0	0	0	1	9,150	9,150	1	1,257	1,257
FY 2015: Infrastructure Repair Projects (\$9.2M)									
FY 2016: Infrastructure Repair Projects (\$1.3M)									

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				A. Fiscal Year (FY) 2016 Budget Estimates					
B. Pentagon Force Protection Agency				C. Non-ADPE Equipment					
Element of Cost (\$000)	FY 2014			FY 2015			FY 2016		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Non-ADPE Equipment	1	8,201	8,201	1	8,954	8,954	1	5,177	5,177
TOTAL	1	8,201	8,201	1	8,954	8,954	1	5,177	5,177
FY 2014: \$8.2 million, PFPA initiatives for Sentry.									
FY 2015: \$9.0 million, PFPA initiatives for Sentry.									
FY 2016: \$5.2 million, PFPA initiatives for Sentry.									

Note: Pentagon Sentry is a multi-year effort to upgrade Pentagon Reservation physical and electronic security systems to comply with applicable laws, regulations and directives.

Exhibit Fund -9b Capital Investment Justification

Capital Budget Execution
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	Major Category	Current			Explanation
		Initial Request	Projected Cost	Approved Change	
2014	Non-ADPE	11.6	8.2	-3.4	Reprioritized requirements
	ADPE and Telecom Equipment	18.3	16.6	-1.6	Reprioritized requirements
	Total 2014	29.8	24.8	-5.0	
2015	Non-ADPE	9.0	9.0	0.0	
	ADPE and Telecom Equipment	22.8	22.8	0.0	
	Minor Construction	9.2	9.2	0.0	
	Total 2015	40.9	40.9	0.0	
2016	Non-ADPE	5.2			
	ADPE and Telecom Equipment	23.6			
	Minor Construction	1.3			
	Total 2016	30.1			

Exhibit Fund -9c Capital Budget Execution

Note: Totals may not add due to rounding.

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Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
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Activity Group Function

In FY 1995, the Secretary established the Buildings Maintenance Fund (BMF) per Title 10 USC 2208. The BMF provides space, building services and force protection for three federally owned facilities (Mark Center, Hybla Valley and U.S. Court of Appeals), as well as 15 other facilities, which Washington Headquarters Services (WHS) operates under delegated authority from the General Services Administration (GSA). Customers pay a basic user charge for space and basic building services. Customers who request above standard services pay an additional amount for those services.

The BMF also includes the GSA/Department of Homeland Security (DHS) Rent Program, which enables WHS to collect and pay the GSA rent and DHS security bills for all DoD tenants in 69 leased facilities throughout the NCR. The program improves billing, earnings and collection processes, enabling the Department to make timely payments to the GSA and DHS.

Activity Group Composition

The BMF finances WHS and Pentagon Force Protection Agency (PFPA) activities within the NCR. It provides space, building services and force protection for DoD components, including Military Departments and other activities located within the NCR.

Real Property Operations (RPO): The RPO is responsible for the safe and efficient operation and management of all DoD delegated buildings within the NCR. The RPO includes services such as cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, trash removal, landscaping, information technology, administrative support, and metering utilities in leased facilities. Scheduled maintenance and day-to-day customer support provide operational continuity for the customer's mission. The GSA/DHS Rent Program simplifies lease and security payments for BMF customers by combining GSA and DHS costs into one rent bill. The program has significantly improved oversight and visibility of the transactions and costs associated with the BMF.

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GSA/DHS Rent Program. In FY 2013, the RPO began including the cost of leases and security in customer bills. Previously, tenants paid their lease and security costs directly to GSA and DHS. The RPO now makes consolidated payments for all BMF lessees. The GSA/DHS Rent Program enhances audit readiness by providing end-to-end visibility of transactions and costs associated with BMF rent.

Pentagon Force Protection Agency (PFPA): The Deputy Secretary of Defense established the PFPA as a Defense Agency under Title 10 USC 191. The PFPA provides force protection, security, anti-terrorism, law enforcement, and chemical, biological, radiological, and nuclear protection as required for the people, facilities, infrastructure and other DoD resources within the NCR.

The following table summarizes BMF obligations by activity group:

	(Dollars in Millions)		
	FY 2014	FY 2015	FY 2016
Real Property Operations	327.9	335.6	334.9
Pentagon Force Protection Agency	50.0	56.4	57.1
Total	377.9	392.0	392.0

Budget Highlight

Budget estimates derived for FY 2014 through FY 2016 assume annual inflationary adjustments for real property operations and force protection requirements. FY 2014 obligations reflect completion of the GSA/DHS Rent Program. The WHS is currently conducting a study to optimize and reduce the amount of leased space occupied by the Department. Subsequent budgets will reflect the results of this study.

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The BMF finances two types of facilities: government-owned and leased facilities. In FY 2016, government-owned facilities (Mark Center, Hybla Valley and U.S Court of Appeals) account for \$76.2 million of standard level revenue, while the leased facilities, to include the GSA/DHS Rent Program, account for \$296.1 million. Above standard work accounts for the remaining \$19.7 million in revenue. The following table depicts revenue by type:

	(Dollars in Millions)		
	FY 2014	FY 2015	FY 2016
Government Owned Facilities	87.1	74.8	76.2
Leased Facilities	293.0	297.2	296.1
Above Standard Work	7.8	19.4	19.7
Total	387.9	391.4	392.0

Financial Profile

	(Dollars in Millions)		
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Revenue	387.9	391.4	392.0
Expenses	377.9	392.0	392.0
Net Operating Results	10.0	-0.6	0.0

Disbursements	374.0	374.2	389.5
Collections	338.2	391.8	392.0
Net Outlays	35.8	-17.6	-2.4

Staffing

	Full Time Equivalents		
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Real Property Operations	61	72	69
Pentagon Force Protection Agency	142	162	162
Total	203	234	231

Note: Totals may not add due to rounding.

Changes in the Costs of Operations
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2016 Budget Estimate
February 2015
(\$ in Millions)

FY 2014 Actual	377.9
FY 2015 Estimate	392.1
Pricing Adjustments:	6.5
Annualization of Pay Raises	0.1
Price Growth Pay	0.3
General Purchase Inflation	6.2
Program Changes:	(6.6)
GSA rent decreases because Navy and the Defense Security Cooperation Agency (DSCA) no longer need leased space at the Transpoint building in Washington,	(6.7)
Utilities reduction due to reassessment of utilization at the Mark Center after 2 full years of occupancy	(3.0)
Increase in repairs resulting from expired warranties	1.3
Additional resources to support the NCR Leased Space Reduction Study	2.0
Other Changes	(0.2)
FY 2016 Estimate	392.0

Exhibit Fund -2 Changes in the Costs of Operations

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2016 Budget Estimate
February 2015
(\$ in Millions)

New Orders	FY 2014	FY 2015	FY 2016
a. Orders from DoD Components			
Department of the Army	76.7	87.2	90.7
Department of the Navy	33.3	26.2	19.6
Department of the Air Force	3.6	3.9	3.7
Subtotal Military Departments	113.6	117.3	114.0
Defense-Wide			
CAAF	1.8	1.9	3.3
CENTCOM	0.0	0.0	0.0
COWARDIN	0.2	0.3	0.3
DARPA	19.1	20.0	19.8
DCAA	0.9	1.4	1.6
DCMA	1.7	3.1	2.3
DFAS	1.0	1.0	1.1
DHRA	12.5	11.8	12.9
DIA	30.0	31.3	31.4
DISA	1.3	1.8	1.5
DLA	14.3	16.3	15.5
DLSA	1.1	1.2	2.3
DMA	0.7	0.7	0.7
DMPO	1.3	1.4	1.5
DoD Classified Program	1.2	1.3	1.3
DODEA	5.7	4.8	5.2
DODIG	14.7	12.9	14.2
DOHA	0.6	3.0	2.8

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2016 Budget Estimate
February 2015
(\$ in Millions)

Defense-Wide (Cont.)	FY 2014	FY 2015	FY 2016
DSCA	6.5	7.0	5.7
DSCMO	0.5	0.6	0.6
DSS	23.3	2.6	2.7
DTRA	0.5	1.5	0.7
DTSA	3.0	2.7	2.9
High Performance Computing	3.7	3.7	2.3
JIAMDO	1.0	1.0	1.0
JOINT STAFF	0.0	0.3	0.2
Joint Strike Fighter	6.0	6.6	8.2
MDA	3.0	4.3	3.5
OEA	0.7	0.7	0.8
OIG	0.0	0.0	0.0
OMC	4.5	4.9	5.0
PFPA	3.8	4.3	4.4
SOUTHCOM	0.0	0.6	0.0
TMA	42.4	43.1	45.1
TRANSCOM	0.1	0.2	0.2
TRMC	1.1	1.1	1.2
WHMO Classified Program	0.3	0.4	0.2
WHS/OSD	58.2	55.0	56.0
Subtotal Defense-Wide	266.5	254.8	258.4
b. Total Standard Level Rent Orders	380.1	372.1	372.4

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2016 Budget Estimate
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(\$ in Millions)

	FY 2014	FY 2015	FY 2016
c. Above Standard Level Service Orders			
Building Services and Space Adjustments	7.8	11.6	11.8
Force Protection	0.0	7.8	7.8
Subtotal Above Standard Services	7.8	19.4	19.6
Total New Orders	387.9	391.4	392.0
Carry-In Orders from Prior Year	36.6	58.3	9.3
Total Gross Orders	424.5	449.8	401.3

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

Revenue and Expense
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2016 Budget Estimate
February 2015
(\$ in Millions)

	FY 2014	FY 2015	FY 2016
Revenue			
Standard level	380.1	372.1	372.4
Above standard level	7.8	19.3	19.6
Total Revenue	387.9	391.4	392.0
 Standard Level Operating Expenses:			
Real Property Operations	315.8	324.0	323.0
Cleaning/Trash/General	9.5	7.5	7.1
Utilities & Fuel	3.4	7.6	4.7
Maintenance	17.6	14.0	13.2
Other Building Services	1.8	1.2	4.5
Administration	7.7	11.7	13.4
Repairs (over \$10,000)	0.0	0.0	0.0
Travel & Transportation of Personnel	3.7	3.8	3.9
Information Technology	19.0	18.8	19.1
Defense Post Office	0.1	0.1	0.1
GSA/DHS Rent Program	252.9	259.2	257.0
 Pentagon Force Protection Agency	44.3	48.7	49.3
Compensation & Benefit	16.7	16.9	17.0
Deputy Director	0.0	0.0	0.0
Human Capital & Workforce Development	0.0	0.0	0.0
Law Enforcement	2.0	2.1	2.1
Mission Integration	0.4	0.6	0.6
Security Services	5.3	5.1	5.0
Threat Management	19.9	23.9	24.6
 Subtotal Standard Level Expenses	360.1	372.7	372.4

Exhibit Fund -14 Revenue and Expense

Note: Totals may not add due to rounding.

Revenue and Expense
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2016 Budget Estimate
February 2015
(\$ in Millions)

Above Standard Reimbursable Expenses:

Real Property Operations	11.1	11.6	11.8
Pentagon Force Protection Agency	6.7	7.8	7.8
Subtotal Above Standard Expenses	17.9	19.4	19.6
Total Operating Expenses	377.9	392.0	392.0
Net Operating Result	10.0	-0.6	0.0
Accumulated Operating Result	1.0	0.3	0.3

Exhibit Fund -14 Revenue and Expense

Totals may not add due to rounding.

Cost of Service
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2016 Budget Estimate
February 2015

PROGRAM	FY 2014		FY 2015		FY 2016	
	Workload Average Square Foot	Cost per Square Foot	Workload Average Square Foot	Cost per Square Foot	Workload Average Square Foot	Cost per Square Foot
Cleaning	2,028,627	\$3.01	1,953,901	\$3.86	1,953,901	\$3.63
Utilities & Fuel	2,028,627	\$3.97	1,953,901	\$3.90	1,953,901	\$2.40
Maintenance	2,028,627	\$5.70	1,953,901	\$7.17	1,953,901	\$6.74
Administrative	4,877,400	\$2.10	4,802,674	\$2.44	4,802,674	\$2.80
Other Building Services	2,028,627	\$2.18	1,953,901	\$0.60	1,953,901	\$2.32
Repairs (over \$10,000)	2,028,627	\$0.49	1,953,901	\$0.00	1,953,901	\$0.00
Administrative Cost as a Percent of Total Program Cost		3.5%		3.6%		3.6%

The workload square footage for real property operations is based on the execution of leased and government owned facilities.

Cost does not include above standard services.

Exhibit Fund -PR1 Cost of Services

Summary Statement
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2016 Budget Estimate
February 2015
(\$ in Millions)

	Obligations	Orders	Revenue	Cost	Disbursements by Fiscal Year						
					2014	2015	2016	2017	2018	2019	2020
Pentagon Force Protection Agency											
FY 2014	51.0	58.1	58.1	51.0	21.0	25.6	3.7	0.6	0.1	0.0	0.0
FY 2015	56.4	56.4	56.4	56.4	0.0	30.0	22.7	3.2	0.5	0.1	0.0
FY 2016	57.2	57.2	57.2	57.2	0.0	0.0	30.3	23.0	3.2	0.5	0.1
Real Property Operations											
FY 2014	326.9	330.8	330.8	326.9	219.9	93.9	11.1	1.4	0.6	0.0	0.0
FY 2015	335.6	335.1	335.1	335.6	0.0	224.5	97.7	11.7	1.0	0.7	0.0
FY 2016	334.9	334.9	334.9	334.9	0.0	0.0	224.0	97.4	11.7	1.0	0.7
Total Buildings Maintenance Fund											
FY 2014	377.9	387.9	387.9	377.9	240.9	119.5	14.8	2.0	0.7	0.0	0.0
FY 2015	392.0	391.4	391.4	392.0	0.0	254.5	120.4	14.9	1.5	0.8	0.0
FY 2016	392.0	392.0	392.0	392.0	0.0	0.0	254.4	120.4	14.9	1.5	0.8
Fund Balance with Treasury											
	Beginning	Collect.	Disburs.	Ending							
FY 2014	72.3	338.2	374.0	36.5							
FY 2015	36.5	391.8	374.2	54.1							
FY 2016	54.1	392.0	389.5	56.6							

Exhibit Fund -PR2 Revolving Fund Summary Statement

Note: Totals may not add due to rounding.

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Summary of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2016 Budget Estimate
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The Defense Logistics Agency (DLA) Strategic Materials operates under the authority of the Strategic and Critical Materials Stockpiling Act (50 U.S.C. §98, et seq.). The Stockpiling Act provides for the acquisition and retention of stock for certain strategic and critical materials. The Act also encourages the development of sources of such materials within the United States to mitigate a dangerous and costly dependence upon foreign or single sources of supply, particularly in times of national emergency. The DLA Strategic Materials identifies risks and associated mitigation strategies for the supply chain of defense and essential civilian industrial materials. The DLA Strategic Material activities include acquisition, storage, management, and disposal of the National Defense Stockpile (NDS).

The DLA Strategic Materials will continue to mitigate risks by using strategies such as research and development, responsible management of NDS material inventory, and application of Better Buying strategic sourcing initiatives.

Sales

The DLA Strategic Materials' Principal Sales program consists of commodity disposals considered excess to the needs of the DoD that were authorized for sale prior to FY 1996. Subsequent authorization acts granted sales authority for additional excess commodities.

Collections	(Dollars in Millions)		
	FY 2014	FY 2015	FY 2016
Principal Sales Program	16.8	54.2	78.7
HHS and Treasury General Fund Program	13.2	0.0	0.0
Spectrum/Military Benefits Program	<u>43.5</u>	<u>28.5</u>	<u>0.0</u>
Total Sales	73.5	82.7	78.7

Summary of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2016 Budget Estimate
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Department of Health and Human Services (HHS) and Treasury General Fund Sales Program: The National Defense Authorization Act (NDAA) for FY 1999, P.L. 105-261, and subsequent acts, authorized additional disposal of commodities through FY 2014. The DLA Strategic Materials consequently deposited receipts from these disposals into the U.S. Treasury General Fund account. Portions of the receipts were to supplement the Federal Hospital Insurance Fund and the Federal Supplementary Medical Insurance Trust Fund. Required transfers for the program ended in fiscal year 2014.

Spectrum/Military Benefits Sales Program: The NDAA for FY 2000, P.L. 106-65, authorized additional sales of commodities through the end of FY 2009. Subsequent authorization acts gradually raised the program goal to \$830 million by the end of FY 2016 (NDAA FY 2012).

Budget Highlights

	(Dollars in Millions)		
Program Costs	FY 2014	FY 2015	FY 2016
Material	1.5	7.5	22.8
Labor	7.3	9.3	10.0
Non Labor	<u>32.4</u>	<u>38.7</u>	<u>39.5</u>
Subtotal Program Costs	41.2	55.5	72.3
 Payments to Legislative Programs			
HHS and Treasury General Fund	36.0	0.0	0.0
Spectrum / Military Benefits	<u>48.9</u>	<u>28.5</u>	<u>21.0</u>
Subtotal Legislative Payments	84.9	28.5	21.0
 Total Costs	 126.1	 83.9	 93.3

Note: Totals may not add due to rounding.

Summary of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2016 Budget Estimate
February 2015

Material

This budget includes the acquisition of six high priority materials recently authorized in the 2014 NDAA. Additionally, it includes funding authority to recycle materials from surplus Federal assets to satisfy NDS materials requirements or to leverage the Transaction Fund to create domestic sources of supply and eliminate the need for static stockpiles.

Labor

The DLA Strategic Materials will continue to identify and close emerging skill gaps, enabling the agency to carry out its mission. Budget projections through FY 2016 ensure optimal staffing levels to achieve program goals.

Non-Labor

Mobilization Studies Program: The Mobilization Studies program is comprised of a broad range of projects that enable DLA to gain a clear and comprehensive understanding of the requirements and vulnerabilities of U.S. defense and essential civilian industries. These research, analysis, and development projects support reconstitution and expansion of stockpiling capabilities, through (1) laboratory-based scientific research, analyses and development, (2) expanded processes to model material supply chains downstream from mines to finished platforms, and development of effective risk mitigation strategies and solutions, and (3) development of additional data and analysis collection and evaluation sources from industry and academia.

Material Handling Program: The Material Handling Program will support: (1) continuation of the beryllium upgrade project, (2) long term mercury storage operations, (3) reclamation of surplus materials from the Department of Energy and other Federal Agencies that are suitable for transfer to or required for the NDS, and (4) storage of new semi-process NDS materials at vendor locations to expedite finish processing in the event these materials are required in a contingency.

Summary of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2016 Budget Estimate
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Depot Operations: Depot Operations are costs associated with operating and maintaining the day-to-day depot mission, which includes security, operations, maintenance, janitorial services, fuel, and equipment.

Real property rental and leasing required to support stockpiling operations include warehouses, administrative buildings, service buildings and open land for outdoor storage obtained through occupancy agreements with the General Services Administration (GSA), other Federal Agencies or commercial leases. Service Level User Charges in FY 2016 and future years continue as long as inventory remains.

The table below provides the projected number of sites (staffed and unstaffed) at fiscal year-end that are holding NDS materials. Additionally, the Somerville, NJ, and Large, PA, sites remain open pending the completion of environmental restoration. Site selection and planning decisions can be influenced by demand for excess material, the purchase of new material, consolidation efforts, and environmental considerations.

Sites	FY 2014	FY 2015	FY 2016
Staffed/Unstaffed	8	8	8

Summary of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2016 Budget Estimate
February 2015

Transaction Fund

The table below summarizes cash balances, payments, and program costs of the Transaction Fund.

Cash Balances	(Dollars in Millions)		
	FY 2014	FY 2015	FY 2016
Beginning Cash Balance	332.7	271.2	269.9
Collections from Sales of Material	<u>73.5</u>	<u>82.7</u>	<u>78.7</u>
Subtotal	396.2	353.9	348.6
Transfers for Legislative Programs	-84.9	-28.5	-21.0
Disbursements from Obligations	<u>-40.1</u>	<u>-55.5</u>	<u>-72.3</u>
Ending Cash balance	271.2	269.9	255.3

Statement of Financial Condition
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2016 Budget Estimate
February 2015
(\$ in Millions)

	FY 2014	FY 2015	FY 2016
Assets			
Selected Assets:			
Cash (EOY)	271.2	269.9	255.3
Accounts Receivable	0.3	0.3	0.3
Inventories	504.7	483.6	459.4
Other Asset Accounts	0.0	1.3	1.3
Total Assets	776.1	755.1	716.3
Liabilities			
Selected Liabilities:			
Accounts Payable	0.5	0.5	0.5
Advances Received	0.2	0.2	0.2
Environmental Clean-up Liability	21.3	21.5	21.5
Other Liabilities	2.5	2.0	2.0
Total Liabilities	24.5	24.2	24.2
Government Equity			
Cumulative Results of Operations	751.7	730.9	692.1
Total Net Position	751.7	730.9	692.1
Total Liabilities and Equity	776.1	755.1	716.3

Exhibit Fund -23 Statement of Financial Condition

Note: Totals may not add due to rounding.

Stockpile Financial Status Report
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2016 Budget Estimate
February 2015
(\$ in Millions)

	FY 2014	FY 2015	FY 2016
Cash Balance, Beginning of Prior Year	322.7	271.2	269.9
Collections	73.5	82.7	78.7
Disbursements	40.1	55.5	72.3
Labor	7.3	9.3	10.0
Non-Labor	31.3	38.6	39.6
Other Program Costs	1.5	7.5	22.8
Payments and Transfers	84.9	28.5	21.0
HHS & TGF	36.0	0.0	0.0
Spectrum	48.9	28.5	21.0
Cash Balance, End of Year	271.2	269.9	255.3
Selected Liabilities	93.9	72.5	72.2
Accounts Payable	0.5	0.5	0.5
Advances Received	0.2	0.2	0.2
Environmental Clean-up Liability	21.3	21.5	21.5
Other Liabilities	2.5	2.0	2.0
Undelivered Orders	27.6	30.0	30.0
Other Contingencies	41.9	18.3	18.0
Estimated Available Cash	177.2	197.4	183.1

Exhibit Fund -SP1 Stockpile Financial Status Report

Note: Totals may not add due to rounding.