

BUDGET JUSTIFICATION

DEFENSE LOGISTICS AGENCY

PROCUREMENT, DEFENSE-WIDE

P-1 LINE ITEM NUMBER 26

FISCAL YEAR (FY) 2008/2009 Budget Estimates

February 2007

DEFENSE LOGISTICS AGENCY
Procurement, Defense-Wide
P-1 Line Item Number 26
Fiscal Year (FY) 2008/2009 Budget Estimates

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DEFENSE LOGISTICS AGENCY
 Procurement, Defense-Wide
 Fiscal Year (FY) 2008/2009 Budget Estimates
 Exhibit P1 - Procurement Program
 (Dollars in Millions)

Procurement, Defense-Wide
 Budget Activity: 01

February 2007

P-1 Line Item #	Item Nomenclature	Ident Code	FY 2006		FY 2007		FY 2008		FY 2009		FY 2010		FY 2011		FY 2012		FY 2013	
			QTY	COST														
26	Passenger Carrying Vehicles	A	20	0.590	20	0.607	20	0.601	20	0.600	20	0.608	20	0.626	20	0.638	20	0.648
26	Microelectronics Equipment	A	4	7.626	4	8.052	4	8.101	4	8.353	4	8.472	4	8.716	4	8.891	4	9.031
26	DDMA Disintegrator	A	0	0.000	0	0.000	1	0.269	0	0.000	0	0	0	0.000	0	0.000	0	0.000
	Total Major Equipment, DLA			8.216		8.659		8.971		8.953		9.080		9.342		9.529		9.679

DEFENSE LOGISTICS AGENCY
 Procurement, Defense-Wide
 Fiscal Year (FY) 2008/2009 Budget Estimates
 Exhibit P1C - Comparison Report
 (Dollars in Millions)

Procurement, Defense-Wide
 Budget Activity: 01

February 2007

P-1 Line Item #	Item Nomenclature	Ident Code	FY 2006		FY 2007		FY 2008		FY 2009		FY 2010		FY 2011		FY 2012		FY 2013	
			QTY	COST														
26	Passenger Carrying Vehicles	A																
	FY 2007 President's Budget		20	0.590	20	0.609	20	0.611	20	0.613	20	0.626	20	0.640	0	0.000	0	0.000
	FY 2008 President's Budget		20	0.590	20	0.607	20	0.601	20	0.600	20	0.608	20	0.626	20	0.638	20	0.648
26	Microelectronics Equipment	A																
	FY 2007 President's Budget		4	7.626	4	8.085	4	8.292	4	8.495	4	8.677	4	8.864	0	0.000	0	0.000
	FY 2008 President's Budget		4	7.626	4	8.052	4	8.101	4	8.353	4	8.472	4	8.716	4	8.891	4	9.031
26	DDMA Disintegrator	A																
	FY 2007 President's Budget		0	0.000	0	0.000	1	0.279	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
	FY 2008 President's Budget		0	0.000	0	0.000	1	0.269	0	0.000	0	0	0	0.000	0	0.000	0	0.000
	Total																	
	FY 2007 President's Budget			8.216		8.694		9.182		9.108		9.303		9.504		0.000		0.000
	FY 2008 President's Budget			8.216		8.659		8.971		8.953		9.080		9.342		9.529		9.679

DEFENSE LOGISTICS AGENCY
 Procurement, Defense-Wide
 Fiscal Year (FY) 2008/2009 Budget Estimates
 (Dollars in Millions)

Budget Item Justification							A. Date February 2007				
B. Procurement Defense-Wide Budget Activity: 01							C. P-1 Item Nomenclature 26 Major Equipment, DLA				
	Prior Years	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total
Quantity		20	20	20	20	20	20	20	20		
Cost		8.216	8.659	8.971	8.953	9.080	9.342	9.529	9.679		
DLA's Procurement Defense-Wide program consists of Passenger Carrying Motor Vehicles, Microelectronics Equipment (managed by the Defense Microelectronics Activity) and a Defense Distribution Mapping Agency Disintegrator.											

DEFENSE LOGISTICS AGENCY
 Procurement, Defense-Wide
 Fiscal Year (FY) 2008/2009 Budget Estimates
 (Dollars in Millions)

Budget Item Justification							A. Date February 2007				
B. Procurement Defense-Wide Budget Activity: 01							C. P-1 Item Nomenclature 26 Major Equipment, DLA Passenger Carrying Motor Vehicles				
	Prior Years	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total
Quantity		20	20	20	20	20	20	20	20		
Cost		0.590	0.607	0.601	0.600	0.608	0.626	0.638	0.648		
<p>DLA's requirement to procure replacement passenger carrying motor vehicles is in support of DLA's overseas logistics operations. At present, DLA maintains field offices in Europe, the Middle East, and the Far East. While our policy is to lease General Services Administration (GSA) vehicles where they are available, GSA lease support is still limited or nonexistent at many overseas locations. So, replacement of commercially leased PCMV's with owned PCMV's is required in cases when it is less expensive to own rather than lease. Most PCMV replacement requirements continue to be driven by age, condition, and utilization factors.</p>											

DEFENSE LOGISTICS AGENCY
 Procurement, Defense-Wide
 Fiscal Year (FY) 2008/2009 Budget Estimates
 (Dollars In Millions)

Project Cost Analysis		A. Appropriation/Budget Activity Title/Number			B. Program Model/Series/Popular Name			C. Manufacturer Name/Plant/City/State Location Various					
		Procurement, Defense-Wide Budget Activity 01			26 Major Equipment, DLA Passenger Carrying Motor Vehicles			D. Date February 2007					
		FY 2006			FY 2007			FY 2008			FY 2009		
Program Cost Element	Ident Code	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Passenger Carrying Motor Vehicles		20	0.02950	0.590	20	0.03035	0.607	20	0.03005	0.601	20	0.03000	0.600
Gross P-1 End Cost		20		0.590	20		0.607	20		0.601	20		0.600
Less: Prior Year Advance Procurement													
Net P-1 Full Funding Cost		20		0.590	20		0.607	20		0.601	20		0.600
Total 01		20		0.590	20		0.607	20		0.601	20		0.600

DEFENSE LOGISTICS AGENCY
 Procurement, Defense-Wide
 Fiscal Year (FY) 2008/2009 Budget Estimates
 (Dollars in Millions)

Exhibit P-5a Procurement History and Planning								A. Date		
B. Appropriation/Budget Activity								C. P-1 Item Nomenclature		
Procurement, Defense-Wide								26 Major Equipment, DLA		
Budget Activity: 01								Passenger Carrying Motor Vehicles		
Cost Element/Fiscal Year	Contractor and Location	Contract Method and Type	Contracted By	Award Date	Date of First Delivery	Quantity	Unit Cost	Spec Available Now	Spec Revision Required	If Yes When Available ?
FY 2006 Passenger Carrying Motor Vehicles	Various	Various	DLA	Sep-05	Mar-06	20	0.02950	Yes	No	
FY 2007 Passenger Carrying Motor Vehicles	Various	Various	DLA	Sep-06	Mar-07	20	0.03035	Yes	No	
FY 2008 Passenger Carrying Motor Vehicles	Various	Various	DLA	Sep-07	Mar-08	20	0.03005	Yes	No	
FY 2009 Passenger Carrying Motor Vehicles	Various	Various	DLA	Sep-08	Mar-09	20	0.03000	Yes	No	

DEFENSE LOGISTICS AGENCY
Procurement, Defense-Wide
Fiscal Year (FY) 2008/2009 Budget Estimates
(\$ In Thousands)

Requirements Study, Exhibit P-20						Date		
						February 2007		
P-1 Line Item Nomenclature:		Administrative Lead Time:			Production Lead Time:			
26 Major Equipment, DLA Passenger Carrying Motor Vehicles		6 months			6 months			
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Buy Summary	20	20	20	20	20	20	20	20
Unit Cost	29.5	30.5	30.1	30.0	30.4	31.3	31.9	32.4
Total Cost	598	609	601	600	608	626	638	648
Asset Dynamics								
Beginning Asset Position	93	99	109	119	129	134	134	134
Deliveries from all prior year funding								
Deliveries from current year funding								
Deliveries from BY1 funding								
Deliveries from BY2 funding								
Deliveries from all subsequent funding	20	20	20	20	20	20	20	20
Other Gains	0	10	10	10	5	0	0	0
Disposals	14	20	20	20	20	20	20	20
End of Year Asset Position	99	109	119	129	134	134	134	134
Current Authorized Allowance	99	109	119	129	134	134	134	134
Vehicles Eligible for Replacement	20	20	20	20	20	20	20	20
Vehicle Augmentation	0	0	0	0	0	0	0	0
Remarks:								
Increased fleet size is due mainly to replacement of leased PCMV's at new overseas sites.								

DEFENSE LOGISTICS AGENCY
 Procurement, Defense-Wide
 Fiscal Year (FY) 2008/2009 Budget Estimates
 (Dollars in Millions)

Budget Item Justification										A. Date February 2007	
B. Procurement Defense-Wide Budget Activity 01										C. P-1 Item Nomenclature 26 Major Electronics, DLA Microelectronics Equipment	
	Prior Years	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total
Quantity		4	4	4	4	4	4	4	4		
Cost		7.626	8.052	8.101	8.353	8.472	8.716	8.891	9.031		
<p>Microelectronics technologies are extremely dynamic and, on the average, become obsolete every 18 months. However, Department of Defense (DoD) weapon systems using such technologies have increased life cycles that commonly last for 40 or 50 years. The disparity between the long life cycles for weapon systems and the short life of microelectronics technology sources is the main factor driving DoD system obsolescence and mission degradation. Therefore, DoD is becoming increasingly dependent on a technology that obsoletes itself every 18 months. All too quickly, DoD's orders become too low to be profitable to the industry. This leads manufacturers to abruptly close "old" production lines that are no longer profitable in favor of the processes producing the latest technology. When a device becomes obsolete, every system using that device in DoD has a problem.</p> <p>The Defense Microelectronics Activity (DMEA) mission is to provide solutions to microelectronics obsolescence by leveraging the capabilities and payoffs of the most advanced microelectronics technology to solve obsolescence problems in fielded weapon systems. This mission covers all sustainment and modification issues relating to microelectronics technology regardless of where those devices are used. DMEA uses a unique and innovative methodology to reverse engineer microelectronic devices, analyze solution sets, and then build and test the prototype solution. DMEA's microelectronics engineering specialists, supported by analysis, design, test, and prototyping equipment, produce solutions which are technically correct, logistically supportable, schedule responsive, and fiscally affordable for the entire spectrum of microelectronics.</p> <p>DMEA's laboratory is uniquely positioned as a government entity to understand and accommodate the entire range of solution sets from all vendors. This not only provides a technologically correct solution, regardless of the type of microelectronics problem, but also allows the government specialists the ability to select the best business decision for DoD, if more than one solution set is available. DMEA's solutions provide a functional replacement by using the most current technology.</p> <p>To accomplish the mission, DMEA provides technical and application engineering support for the implementation of microelectronics technologies and manages an organic capability to support these technologies within the DoD. The DMEA equipment requirement is to procure new, replacement, and upgraded tools used for Engineering Analysis, Prototype Design, Verification and Integration, and Wafer Post Processing.</p>											

DEFENSE LOGISTICS AGENCY
Procurement, Defense-Wide
Fiscal Year (FY) 2008/2009 Budget Estimates
(Dollars In Millions)

Project Cost Analysis		A. Appropriation/Budget Activity Title/Number			B. Program Model/Series/Popular Name			C. Manufacturer Name/Plant/City/State Location					
		Procurement, Defense-Wide Budget Activity: 01			26 Major Equipment, DLA Microelectronics Equipment			Various					
		FY 2006			FY 2007			FY 2008			FY 2009		
Program Cost Element	Ident Code	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Engineering Analysis Equipment		1	0.719	0.719	1	0.981	0.981	1	0.760	0.760	1	1.081	1.081
Prototype Design Equipment		1	1.538	1.538	1	0.494	0.494	1	1.626	1.626	1	0.494	0.494
Verification and Integration Equipment		1	0.541	0.541	1	1.026	1.026	1	0.502	0.502	1	1.236	1.236
Wafer Post Processing Equipment		1	4.828	4.828	1	5.551	5.551	1	5.231	5.213		5.542	5.542
Gross P-1 End Cost				7.626			8.052			8.101			8.353
Less: Prior Year Advance Procurement													
Net P-1 Full Funding Cost				7.626			8.052			8.101			8.353
Total 02		4		7.626	4		8.052	4		8.101	4		8.353

DEFENSE LOGISTICS AGENCY
Procurement, Defense-Wide
Fiscal Year (FY) 2008/2009 Budget Estimates
(Dollars in Millions)

Exhibit P-5a Procurement History and Planning							A. Date			
B. Appropriation/Budget Activity							C. P-1 Item Nomenclature			
Procurement, Defense-Wide							26 Major Equipment, DLA			
Budget Activity: 01							Microelectronics Equipment			
Cost Element/Fiscal Year	Contractor and Location	Contract Method and Type	Contracted By	Award Date	Date of First Delivery	Quantity	Unit Cost	Spec Available Now	Spec Revision Required	If Yes When Available?
FY 2006										
Microelectronics Equipment										
Engineering Analysis	Various	CPFF	DMEA	Dec 05	FY 2006	1	0.719	No		
Prototype Design	Various	CPFF	DMEA	Apr 06	FY 2006	1	1.538	No		
Integration	Various	CPFF	DMEA	Dec 05	FY 2006	1	0.633	No		
Wafer Post Processing	Various	CPFF	DMEA	Apr 06	FY 2006	1	4.736	No		
FY 2007										
Microelectronics Equipment										
Engineering Analysis	Undecided	TBD	DMEA	TBD	FY 2007	1	0.981	No		
Prototype Design	Undecided	TBD	DMEA	TBD	FY 2007	1	0.494	No		
Integration	Undecided	TBD	DMEA	TBD	FY 2007	1	1.026	No		
Wafer Post Processing	Undecided	TBD	DMEA	TBD	FY 2007	1	5.551	No		
FY 2008										
Microelectronics Equipment										
Engineering Analysis	Undecided	TBD	DMEA	TBD	FY 2008	1	0.760	No		
Prototype Design	Undecided	TBD	DMEA	TBD	FY 2008	1	1.626	No		
Integration	Undecided	TBD	DMEA	TBD	FY 2008	1	0.502	No		
Wafer Post Processing	Undecided	TBD	DMEA	TBD	FY 2008	1	5.213	No		
FY 2009										
Microelectronics Equipment										
Engineering Analysis	Undecided	TBD	DMEA	TBD	FY 2009	1	1.081	No		
Prototype Design	Undecided	TBD	DMEA	TBD	FY 2009	1	0.494	No		
Integration	Undecided	TBD	DMEA	TBD	FY 2009	1	1.236	No		
Wafer Post Processing	Undecided	TBD	DMEA	TBD	FY 2009	1	5.542	No		

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Budget Item Justification							A. Date February 2007				
B. Appropriation/Budget Activity Procurement, Defense-Wide Budget Activity: 01							C. P-1 Item Nomenclature 26 Major Equipment, DLA DDMA Disintegrator				
	Prior Years	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total
Quantity		0	0	1	0	0	0	0	0		
Cost		0.000	0.000	0.269	0.000	0.000	0.000	0.000	0.000		
<p>Defense Distribution Mapping Agency (DDMA) has substantially expanded their mission to include storage of maps on Digital Video Disc (DVD) in addition to hard copied maps. In FY 08 the workload is projected to be 2 million DVDs per year as a result of this expanded mission. National Imagery and Mapping Agency is converting their classified maps to DVD and these units are being transferred to DDMA. DDMA's existing disintegrator unit is approximately five years old and has been maintenance intensive because it is undersized and does not meet this ongoing mission requirement of disposing of DVDs and hard copy non-classified maps. In addition, due to lack of an adequate disintegrator, all classified material both DVDs and hard copies are shipped to a burn facility for disposal. In FY 08, the purchase of a disintegrator capable of meeting the increased demands will allow DDMA to perform the entire mission of disposing of both classified and non classified DVDs, as well as the hard copied maps on site and in a cost effective manner.</p>											

DEFENSE LOGISTICS AGENCY
Procurement, Defense-Wide
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(Dollars In Millions)

Project Cost Analysis		A. Appropriation/Budget Activity Title/Number			B. Program Model/Series/Popular Name			C. Manufacturer Name/Plant/City/State Location			D. Date February 2007		
		Procurement, Defense-Wide Budget Activity: 01			26 Major Equipment, DLA DDMA Disintegrator								
		FY 2006			FY 2007			FY 2008			FY 2009		
Program Cost Element	Ident Code	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
DDMA Disintegrator		0	0.0000	0.0000	0	0.0000	0.000	1	0.269	0.269	0	0.0000	0.000
Gross P-1 End Cost		0	0.0000	0.0000	0		0.000	1		0.269	0		0.000
Less: Prior Year Advance Procurement													
Net P-1 Full Funding Cost		0	0.0000	0.0000	0		0.000	1		0.269	0		0.000
Total 03		0	0.0000	0.0000	0		0.000	1		0.269	0		0.000

DEFENSE LOGISTICS AGENCY
 Procurement, Defense-Wide
 Fiscal Year (FY) 2008/2009 Budget Estimates
 (Dollars In Millions)

Exhibit P-5a Procurement History and Planning								A. Date					
B. Appropriation/Budget Activity								Procurement, Defense-Wide			C. P-1 Item Nomenclature		
								Defense Logistics Agency			26 Major Equipment, DLA DDMA Disintegrator		
Cost Element/Fiscal Year	Contractor and Location	Contract Method and Type	Contracted By	Award Date	Date of First Delivery	Quantity	Unit Cost	Spec Available Now	Spec Revision Required	If Yes When Available?			
FY 2006 N/A													
FY 2007 N/A													
FY 2008 Disintegrator	TBD	RFP	TBD	TBD	TBD	1	0.269	NO	NO				
FY 2009 N/A													