

Department of Defense

Revolving Funds

Justification/Overview



Fiscal Year (FY) 2010

President's Budget

May 2009

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Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates May 2009

Activity Group Function:

The Pentagon Reservation Maintenance Revolving Fund (PRMRF) was established by the FY 1991 Defense Authorization Act (10 USC 2674). The fund is responsible for the maintenance, protection, repair and renovation of the Pentagon Reservation. As established, the "Pentagon Reservation" refers to that area of land (consisting of approximately 280 acres) located in Arlington, Virginia, on which stand the Pentagon Building, Federal Office Building #2, and the Pentagon Heating and Sewage Treatment Plants. It also refers to other related facilities to include the land and physical facilities at the Raven Rock Mountain Complex. The PRMRF is financed by funds collected via a basic user charge for space and building services. Services above those paid for by basic charges are recovered on a reimbursable basis.

Activity Group Composition:

The PRMRF finances the activities of the Washington Headquarters Services (WHS), the Pentagon Force Protection Agency (PFPA) and the Raven Rock Mountain Complex (RRMC). 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: The Defense Facilities Directorate (DFD) is responsible for the safe and efficient operation, maintenance and repair of the Pentagon Reservation. The Pentagon Reservation includes the Pentagon, the Pentagon Heating and Refrigeration Plant, Federal Office Building #2 (Navy Annex), the Modular Office Complex, and all Reservation grounds and parking areas. Real Property Operations (RPO) include cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, trash removal, landscaping, and administrative support. Additional services include operating expenses for purchased utilities, operation of the Pentagon's Heating and Refrigeration Plant and classified waste incinerator. These services maintain the facilities at levels adequate to support the assigned mission and to prevent deterioration and damage to Reservation buildings, their support systems and operating equipment.

Pentagon Force Protection Agency: The Pentagon Force Protection Agency (PFPA) was established by the Deputy Secretary of Defense as a Defense Agency under Title 10 USC 191. The mission of PFPA is to provide force protection, security, anti-terrorism, law enforcement, and chemical, biological, radiological, and nuclear protection as required for the people, facilities, infrastructure and other resources at the Pentagon Reservation and DoD activities within the National Capital Region (NCR), to include the RRMCM. PFPA is the DoD focal point for coordination with DoD components, executive departments, agencies, state and local authorities on matters which involve force protection, security, and law enforcement for the Pentagon Reservation and DoD facilities within the NCR.

Pentagon Renovation and Construction: The Pentagon Renovation Program provides all new mechanical, electrical, plumbing and sprinkler systems. The Renovation also provides for new vertical transportation, cable management systems, improvements in fire and life safety systems, and accessibility throughout the building for persons with disabilities. It also preserves historic building elements, upgrades operation centers, installs modern telecommunications support features, and complies with energy conservation and environmental requirements. To manage this extensive program, the Pentagon Renovation and Construction Office (PENREN), develops and employs construction business practices that are performance based and results oriented.

Raven Rock Mountain Complex: The mission of Raven Rock Mountain Complex is to support the Continuity of Operations Plan (COOP) for the Office of the Secretary of Defense and the Joint Staff. Real property operations include cleaning, preventive maintenance, operation and repair of mechanical and utility systems, roads and grounds maintenance, fire and emergency services, food services, information management support services, and administrative support. These services support the Raven Rock Mountain Complex customer base to provide maintenance and upkeep of facilities within the Complex at levels adequate to support their assigned mission and to prevent deterioration and damage to its facilities, systems, and operating equipment.

The following table summarizes PRMRF obligation authority by activity group:

Budget Sub-activity	(Dollars in Millions)					
	FY 2008		FY 2009		FY 2010	
	Operating	Capital	Operating	Capital	Operating	Capital
Real Property Operations	168.6	2.0	188.3	26.4	222.7	26.4
Pentagon Renovation	121.9	210.2	82.9	273.8	79.5	153.1
Pentagon Force Protection Agency	192.7	2.6	183.0	2.6	221.6	21.7
Raven Rock Mountain Complex	48.5	0.0	40.6	7.8	44.4	16.5
	531.7	214.8	494.8	310.6	568.3	217.7
Total	746.5		805.4		786.0	

Operating Budget:

Budget estimates assume annual inflationary increases for supplies, equipment, service contracts, and civilian pay raises. Maintenance and repair services will be maintained at commercially equivalent levels.

Real Property Operation estimates includes projects to upgrade the Defense Post Office with a digital mail sorter and the installation of an automated cataloging system for the Pentagon Library.

PFPA's budget estimates are developed and programmed to provide a safe and secure environment and to deter acts of terrorism against DoD personnel, assets, and facilities through an effective, proactive, and viable force protection and anti-terrorism program.

Beginning in FY 2010, Pentagon Reservation Maintenance Revolving Fund customer rent orders are based on implementation of the Pentagon Occupancy Space Allocation Study (POSAS) results as approved in the DEPSECDEF Memorandum dated November 15, 2006 and briefed to the Pentagon Governance Council. The POSAS resulted in a reallocation of space to each of the Pentagon tenants.

Capital Budget:

Real Property Operations FY 2009 budget estimates include capital improvement projects that focus on updating and modernizing of interior and exterior support systems which were not maintained for decades because of the lack of funding and have deteriorated beyond economical repair.

Budget estimates for the Pentagon renovation are requirements based, allowing for lump sum contract awards for sequenced and interrelated blocks of work. The renovation continues through FY 2011 with construction of Wedge 4, and the design and construction of Wedge 5 including Information Management and Telecommunication (IM&T)

planning, move planning, furniture, security alarms and associated engineering, and acquisition continue through FY 2011. The target date for completing the renovation is 2011.

The PFPA budget estimates include funding of their Life Safety System Architecture which includes Information Assurance, system upgrades for AERIE, a network to integrate building operating systems and emergency alert systems in the Integrated Emergency Operations Center (IEOC); and Pentagon Shield equipment and systems - the next generation of Chemical, Biological, Radiological (CBR) detection.

The RRMC budget estimates include facility maintenance and projects to modernize the chilled water distribution system, improve the capacity of the HVAC system, improve the reliability of the electrical systems, develop a smoke containment and exhaust system, and improve emergency egress within the site.

Significant Changes in Activity Group for FY 2010:

- Funds increases for continuation of rent for swing space for tenants displaced due to the Pentagon renovation and implementation of the Base Realignment and Closure (BRAC) moves. (FY 2010, \$5.0 million)
- Funds increases for the initiation of an enhanced, integrated Pentagon perimeter security upgrade program. The Integrated Pentagon Security (IPS) program includes equipment and upgrades for:
 - Vehicle access posts in South Parking (FY 2010, Equipment of \$3.2 million and Upgrades of \$3.2 million);
 - Metro entrance area security improvements. (FY 2010, Equipment of \$1.7 million and Upgrades of \$1.1 million);
 - Pedestrian entrances (FY 2010, Equipment of \$2.8 million and Upgrades of \$2.7 million);
 - Improved security for the Pentagon Utility Plant (PUP) to include funding an intrusion detection system to be compliant with Homeland Security Presidential Directive (HSPD) 12 (FY 2010 Upgrades of \$0.7 million);
 - Information and Technology (FY 2010, Equipment of \$9.2 million and Upgrades of \$5.1 million); and
- Funds increases for additional payroll cost for additional FTEs to:
 - Support the IPS;
 - Complete conversion of 80 contractor security personnel on the Pentagon Reservation to PFPA federal employees; and
 - Support mission growth associated with the security program for high risk personnel. (FY 2010, \$16.7 million)

- Funds an increase to integrate technology within the IEOC to achieve efficiencies and provide a comprehensive first response to include security and building operations. (FY 2010, \$5.6 million)
- Funds increases for a PFPA comprehensive security study at RRMC and modernization of the intrusion detection system (IDS) in conjunction with the Pentagon upgrades for compliance with HSPD-12. (FY 2010, \$0.9 million)
- Funds preventative maintenance requirements to sustain safety issues, equipment maintenance, Pentagon Heating and Refrigeration Plant systems, chillers, and boilers that ensure continual operation on the Pentagon Reservation. (FY 2010, \$3.5 million)
- Funds increased support for information technology for the Pentagon Library and Defense Post Office, and funds a digital mail sorter for the DPO. (FY 2010, \$2.9 million)
- Funds a comprehensive fire prevention program to develop and implement environmental and safety systems that will ensure compliance with applicable laws and regulations to enhance quality of life for building occupants and to minimize impact on the environment. (FY 2010, \$4.6 million)
- Funds the acquisition of an automated Real Property Asset Management Program. (FY 2010, \$1.0 million)
- Funds increased utility costs for RPO due to a 35 percent increase in the rates for Dominion Power. (FY 2010, \$0.9 million)
- Funds anticipated maintenance for the Pentagon Memorial. (FY 2010 \$2.8 million)
- Funds an increase of 15 additional personnel to correct weaknesses in Contracting, Human Resources, and the Facilities Engineering and Safety Program . (FY 2010, \$2.2 million)
- Funds an increase for OSD Networks to fund wireless technologies. This effort will support the Pentagon Common Information Technology (CIT) Enterprise Modernization. This modernization effort includes implementing HSPD-12, Wireless Intrusion Detection System. Consistent with the Clinger Cohen Act of 1996 this modernization effort will ensure the Pentagon CIT Enterprise continues to provide a reliable, survivable, secure, interoperable and standards-based CIT Enterprise for the Pentagon tenant base. (FY 2010, \$17.2 million)
- Funds increased utility costs for RRMC because of a 27 percent increase in utility rates. (FY 2010, \$0.3 million)
- Funds increases to RRMC for maintenance and repair to maintain the integrity of the infrastructure. Additional funding will provide resources to epoxy floors to cover tiles containing asbestos and provide a baseline for a sustainment program. (FY 2010, \$12.0 million)

Financial Profile:**(Dollars in Millions)**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue	720.9	808.6	786.0
Expenses	746.5	805.4	786.0
Net Operating Result (NOR)	-25.5	3.3	0.0
Disbursements	769.7	805.4	786.0
Collections	709.7	808.6	786.0
Net Outlays	60.0	-3.2	0.0

Note: Totals may not add due to rounding.

The negative NOR in FY 2008 reflects the funding of specific PRMRF initiatives from within existing PRMRF cash balances, thus reducing the current revenue requirement. These initiatives include correcting the personnel compensation program by transferring 75 civilian FTEs from the WHS O&M account to the PRMRF because the work being performed by the FTEs primarily supports the Pentagon Reservation.

Staffing:**(Full Time Equivalents (FTE))**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Real Property Operations	425	476	492
Pentagon Renovation	26	26	26
Pentagon Force Protection Agency	945	1,013	1,165
Raven Rock Mountain Complex	<u>113</u>	<u>123</u>	<u>136</u>
Total	1,509	1,638	1,819

The increase in FTEs beginning in FY 2009 supports the PFPA actions to convert 80 contract security personnel to Pentagon Police Officers and the need to increase the civilian FTEs to support the Integrated Pentagon Security. The FY 2010 RRMC increase reflects the funding of an additional 10 FTEs to support firefighting operations.

**Summary of Price, Programs, and Other Changes
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

Element of Expense	Cost of Operations FY 2008	Annualization of Pay Raises	Price Growth/Amount	Program & Other Changes	Cost of Operations FY 2009	
Civilian Personnel Compensation	116.8	4.4	3.9%	4.6	0.3	126.1
Civilian Personnel Benefits	33.4	1.3	3.9%	1.3	-4.0	32.0
Benefits to Former Employees	0.4	0.0	3.9%	0.0	-0.1	0.3
Travel	1.1	0.0	1.3%	0.0	0.1	1.2
Transportation	0.0	0.0	1.3%	0.0	0.4	0.4
Rent	41.4	0.0	1.3%	0.5	-1.4	40.6
Communication and Utilities	30.7	0.0	1.3%	0.4	20.3	51.4
Printing	0.0	0.0	1.3%	0.0	0.0	0.0
Other Services	491.8	0.0	1.3%	6.5	2.6	500.9
Supplies and Materials	9.7	0.0	1.3%	0.1	4.7	14.5
Equipment	21.0	0.0	1.3%	0.3	16.7	38.0
Interest & Dividends	0.0	0.0	1.3%	0.0	0.0	0.0
	746.5	5.7		13.7	39.6	805.4
TOTAL COST OF OPERATIONS (Includes Above Standard Program)						

Note: Totals may not add due to rounding.

**Summary of Price, Programs, and Other Changes
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

Element of Expense	Cost of Operations FY 2009	Annualization of Pay Raises	Price Growth/Amount	Program & Other Changes	Cost of Operations FY 2010	
Civilian Personnel Compensation	126.1	4.3	2.0%	2.5	13.0	145.8
Civilian Personnel Benefits	32.0	1.1	2.0%	0.6	8.1	41.8
Benefits to Former Employees	0.3	0.0	2.0%	0.0	0.0	0.3
Travel	1.2	0.0	1.3%	0.0	0.0	1.2
Transportation	0.4	0.0	1.3%	0.0	0.0	0.4
Rent	40.6	0.0	1.3%	0.5	4.9	46.0
Communication and Utilities	51.4	0.0	1.3%	0.6	-3.8	48.3
Printing	0.0	0.0	1.3%	0.0	0.0	0.0
Other Services	500.9	0.0	1.3%	6.0	-65.1	441.7
Supplies and Materials	14.5	0.0	1.3%	0.2	0.4	15.1
Equipment	38.0	0.0	1.3%	0.5	6.9	45.4
Interest & Dividends	0.0	0.0	1.3%	0.0	0.0	0.0
TOTAL COST OF OPERATIONS (Includes Above Standard Program)	805.4	5.3		10.9	-35.6	786.0

Note: Totals may not add due to rounding.

**Changes in the Costs of Operations
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

FY 2008 Estimated Actual	746.4
FY 2009 Estimate in President's Budget	808.6
Pricing Adjustments:	-3.2
Price Growth Non-Pay	-3.2
Program Changes	0.0
FY 2009 Estimate Current Estimate	805.4
Pricing Adjustments:	16.2
Annualization of Pay Raise	5.3
Price Growth Pay	3.1
General Purchase Inflation	7.8
Program Changes:	-35.6
Planned Baseline Changes	-149.2
Ramp Down of Renovation	-136.8
Decrease in RPO Equipment Purchases	-4.6
Decrease in RPO FTE and Other Expenses	-0.6
Decrease in RRMC Other Expenses	-0.5
Decrease in PFPA Other Expenses	-6.7
Required Baseline Changes	113.6
Increase in PENREN Rent for Swing Space	5.0
Payroll Increase for Integrated Pentagon Security, Staffing of a Training Directorate and Conversion of Contract Security to federal Employees	16.7
Integrated Pentagon Operations Center Upgrade	5.6
Integrated Pentagon Security Upgrades	12.8
Integrated Pentagon Security Equipment	16.9
Increase in PFPA for Security Enhancement at RRMC	0.9
Increase for RPO Utilities	0.9
Increase in RPO Fire Prevention Program	0.8
Increase in RPO Pentagon Sustainment/Maintenance	3.5

**Changes in the Costs of Operations
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

Increase in RPO for Environmental & Safety Program	3.8
Increase in RPO for a Real Property Asset Management Program	1.0
Increase in RPO for Pentagon Memorial Maintenance	2.8
Increase in RPO for Support of Additional Personnel	2.2
Increase in Support for the Defense Post Office and Pentagon Library	2.9
Increase in OSD Networks for Wireless Technologies	17.2
Increase in RRMC for Repair Projects	8.7
Increase in RRMC for Maintenance	3.3
Increase for RRMC Utilities	0.3
Increase in Above Standard Authority	8.4
FY 2010 Estimate	786.0

Note: Totals may not add due to rounding.

Sources of New Orders and Revenue
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
New Orders			
a. Orders from DoD Components:			
Department of the Air Force	123.7	137.7	118.4
Department of the Army	160.1	178.5	134.0
United States Marine Corps	49.4	54.2	58.3
Department of the Navy	77.8	85.4	98.1
Subtotal Military Departments	411.0	455.8	408.7
Defense-Wide			
AFIS	0.2	0.2	0.4
DIA	25.3	28.3	25.6
DISA	12.2	13.0	16.6
DLA	0.3	0.4	0.4
DLSA	0.6	0.7	0.7
DTRA	0.5	0.5	1.1
JCS	66.5	72.2	99.9
MDA	18.1	18.7	23.9
OMC	0.0	0.0	1.2
NGA (NIMA)	0.5	0.5	0.5
NSA	0.3	0.4	0.4
NGB (Army Guard)	0.0	0.0	3.9
PFPA	8.0	8.3	7.7
WHS	124.6	159.9	139.0
Subtotal Defense-Wide	257.2	303.0	321.1
b. Orders from Non-DoD Agencies			
DoD Concessions Committee	0.9	1.0	0.7
c. Total Standard Level Rent Orders	669.1	759.8	730.5

**Sources of New Orders and Revenue
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
d. Other Orders			
Above Standard Level Services:			
Building Services and Space			
Adjustments	26.0	26.9	30.7
PENREN/C Customer Orders	24.0	17.0	17.1
Renovation Furniture	0.0	3.0	0.0
Force Protection	1.8	1.9	6.0
Raven Rock Mountain Complex	0.0	0.0	1.7
Subtotal Above Standard Services	51.8	48.8	55.5
Other Sources:			
Pentagon Memorial Fund	0.0	0.0	0.0
Total New Orders:	720.9	808.6	786.0

**Revenue and Expense
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue:			
Standard level	669.1	759.8	730.5
Above standard level	<u>51.8</u>	<u>48.8</u>	<u>55.5</u>
Other sources			
Total Revenue	720.9	808.6	786.0
 <u>Standard Level Operating Expenses:</u>			
Real Property Operations:			
	<u>140.7</u>	<u>184.7</u>	<u>218.4</u>
Cleaning	21.3	27.9	33.0
Utilities & Fuel	12.4	16.3	19.3
Maintenance	8.3	10.9	12.9
Other Building Services	8.2	10.8	12.7
Administration	57.9	76.0	89.9
Pentagon Memorial	0.0	0.0	0.0
Repairs (over \$10,000)	12.7	16.7	19.7
Information Technology	19.9	26.1	30.9
 Pentagon Force Protection Agency:			
	<u>187.5</u>	<u>185.6</u>	<u>237.3</u>
Compensation & Benefit	91.6	90.6	115.9
Program Integration	26.1	25.8	33.0
CBRN	33.7	33.4	42.7
Anti-Terrorism/Force Protection	0.2	0.2	0.3
Security Services	8.9	8.8	11.3
Pentagon Police / Raven Rock	13.8	13.7	17.5
Force Protection Technology	13.2	13.1	16.7

**Revenue and Expense
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

FY 2008 FY 2009 FY 2010

Standard Level Operating Expenses (continued):

Pentagon Renovation:	<u>298.9</u>	<u>339.6</u>	<u>215.5</u>
Compensation & Benefit	4.2	4.8	3.0
Design and Construction	123.9	140.8	89.3
Information Management & Telecommunications (IM&T)	53.8	61.1	38.8
Swing Space	45.0	51.1	32.4
Administration	11.7	13.3	8.5
Other Services	27.4	31.1	19.8
Life Safety	4.3	4.9	3.1
Renovation Acceleration	28.6	32.5	20.6
 Raven Rock Mountain Complex:	 <u>47.7</u>	 <u>48.4</u>	 <u>59.2</u>
Compensation & Benefit	10.1	10.3	12.5
Design and Construction	0.0	0.0	0.0
Information Management & Telecommunications (IM&T)	10.2	10.4	12.7
Swing Space	0.0	0.0	0.0
Administration	10.4	10.5	12.9
Other Services	0.9	0.9	1.1
Life Safety	8.1	8.2	10.1
Renovation Acceleration	0.0	0.0	0.0
Site R Improvements	8.0	8.1	9.9
 Subtotal Standard Level	 <u>674.8</u>	 <u>758.3</u>	 <u>730.5</u>

**Revenue and Expense
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<u>Above Standard Reimbursable Expenses:</u>			
Real Property Operations:	<u>29.9</u>	<u>30.0</u>	<u>30.7</u>
Utilities and Fuel	6.0	8.2	8.4
Maintenance	2.3	2.6	2.7
Space adjustments, renovation furniture & other	21.6	19.2	19.7
Pentagon Renovation	33.2	17.1	17.1
Pentagon Force Protection Agency	7.8	0.0	6.0
Raven Rock Mountain Complex	0.8	0.0	1.7
Subtotal Above Standard Level	<u>71.7</u>	<u>47.1</u>	<u>55.5</u>
Total Operating Expenses	746.5	805.4	786.0
Cost of Services	746.5	805.4	786.0
Net Operating Result	-25.5	3.3	0.0
Accumulated Operating Result	-25.5	-22.3	-22.3

* FY 2009 negative Accumulated Operating Result is the result of the application of current year expenses financed by prior year recoveries and existing cash balances.

Note: Totals may not add due to rounding.

Capital Investment Summary
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009

PROGRAM	FY 2008		FY 2009		FY 2010	
	Workload Avg. Sq. Ft.	Cost per Sq. Ft.	Workload Avg. Sq. Ft.	Cost per Sq. Ft.	Workload Avg. Sq. Ft.	Cost per Sq. Ft.
Cleaning	4,841,030	\$ 4.40	4,841,030	\$ 5.76	4,806,336	\$ 6.87
Utilities & Fuel	4,841,030	\$ 2.56	4,841,030	\$ 3.37	4,806,336	\$ 4.02
Maintenance	4,841,030	\$ 1.71	4,841,030	\$ 2.25	4,806,336	\$ 2.68
Other Building Services	4,841,030	\$ 1.69	4,841,030	\$ 2.23	4,806,336	\$ 2.64
Administrative	5,154,446	\$ 11.23	5,154,446	\$ 14.74	5,154,446	\$ 17.44
Administrative Cost as Percent of Total Program Cost		33.9%		35.4%		36.1%

Workload Avg. Square footage is based on occupiable space. It excludes both outside parking and reimbursable above standard services

Square footage adjustments from FY 2009 to FY 2010 reflects the results of the Pentagon Occupancy Space Allocation Study (POSAS).

**Washington Headquarters Service
 Pentagon Reservation Maintenance Revolving Fund
 Fiscal Year (FY) 2010 Budget Estimates
 May 2009
 (\$ in Millions)**

	<u>Obs.</u>	<u>Orders</u>	<u>Revenue</u>	<u>Cost</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>14</u>	<u>15</u>
<u>Pentagon Bldg. Renovation:</u>												
FY 2008	332.1	343.2	343.2	332.1	222.4	76.3	9.7	9.7	7.0	7.0		
FY 2009	356.7	359.0	359.0	356.7		142.7	89.2	53.5	25.0	23.2	23.2	
FY 2010	232.63	232.6	232.6	232.6			93.1	58.2	34.9	16.3	15.1	15.1
<u>Pentagon Force Protection Agency:</u>												
FY 2008	195.3	192.3	192.3	195.3	181.1	14.2						
FY 2009	185.6	186.2	186.2	185.6		120.6	50.1	14.9				
FY 2010	243.3	243.3	243.3	243.3			158.1	65.7	19.5			
<u>Real Property Operations:</u>												
FY 2008	170.6	149.1	149.1	170.6	138.2	32.4						
FY 2009	214.7	215.7	215.7	214.7		173.9	40.8	0.0	0.0			
FY 2010	249.1	249.1	249.1	249.1			201.8	47.3	0.0	0.0		

**Washington Headquarters Service
 Pentagon Reservation Maintenance Revolving Fund
 Fiscal Year (FY) 2010 Budget Estimates
 May 2009
 (\$ in Millions)**

	<u>Obs.</u>	<u>Orders</u>	<u>Revenue</u>	<u>Cost</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>14</u>	<u>15</u>
<u>Raven Rock Mountain Complex:</u>												
FY 2008	48.5	47.3	47.3	48.5	34.0	8.7	4.4	1.4				
FY 2009	48.4	48.6	48.6	48.4		33.9	8.7	4.4	1.5			
FY 2010	60.9	60.9	60.9	60.9			42.6	11.0	5.4	1.9		
<u>Total PRMRF:</u>												
FY 2008	746.5	731.9	731.9	746.5	575.6	131.6	14.1	11.1	7.0	7.0	0.0	0.0
FY 2009	805.4	809.5	809.5	805.4		471.1	188.8	72.7	26.5	23.2	23.2	0.0
FY 2010	786.0	786.0	786.0	786.0			495.6	182.2	59.8	18.2	15.1	15.1
<u>Cash:</u>												
	<u>BOY</u>	<u>Collections</u>	<u>Disb.</u>	<u>EOY</u>								
FY 2008	492.8	709.7	769.7	432.8								
FY 2009	432.8	808.6	805.4	436.0								
FY 2010	436.0	786.0	786.0	436.0								

Capital Investment Summary
Washington Headquarters Services
Fiscal Year (FY) 2010 Budget Estimates
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(\$ in Millions)

Line #	Item Description	FY 2008		FY 2009		FY 2010	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Major Construction	1	210.2	1	273.8	1	153.1
2	Pentagon Capital Improvement Projects	1	2.0	1	26.4	1	26.4
3	Equipment - Other	1	2.6	1	2.6	1	21.7
4	Raven Rock Mountain Complex Capital Improvement Projects	<u>0</u>	<u>0.0</u>	<u>1</u>	<u>7.8</u>	<u>1</u>	<u>16.5</u>
	TOTAL	2	214.8	4	310.6	4	217.7

**Capital Investment Summary
Washington Headquarters Service
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Thousands)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. Fiscal Year (FY) 2010 Budget Estimates				
B. Pentagon Renovation		C. Equipment/Other				D. Line Item #1				
		FY 2008		FY 2009			FY 2010			
Element of Cost (\$000)		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Major Construction		1	210,200	210,200	1	273,839	273,839	1	153,094	153,094
TOTAL		1	210,200	210,200	1	273,839	273,839	1	153,094	153,094
<p><u>Narrative Justification:</u></p> <p>FY 2008: \$210.2 million will be invested in renovation initiatives to include: - Design and construction activities (\$103.3 million)</p>										

Capital Investment Summary
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- Construction management and quality assurance (\$4.3 million)
- Information management and telecommunications planning, engineering management, acquisition and implementation activities (\$54.5 million)
- Renovation acceleration (\$28.6 million)
- Army Senior Renovation (\$10.7 million)
- DIA Senior Renovation (\$1.0 million)
- Joint Staff Senior Renovation and TCR/TURs (\$7.8 million)

FY 2009: \$273.8 million will be invested in renovation initiatives to include:

- Design and construction activities (\$184.9 million)
- Construction management and quality assurance (\$4.4 million)
- Information management and telecommunications planning, engineering management, acquisition and implementation activities (\$30.0 million)
- Force Protection (\$17.9 million)
- Renovation Acceleration (\$36.6)

FY 2010: \$153.1 million will be invested in renovation initiatives to include:

- Design and construction activities (\$99.5 million)
- Construction management and quality assurance (\$4.4 million)
- Information management and telecommunications planning, engineering management, acquisition and implementation activities (\$22.2 million)
- Renovation Acceleration (\$27.0)

Capital Investment Summary
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
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(\$ in Thousands)

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						Fiscal Year (FY) 2010 President's Budget Submission			
B. Real Property Operations	C. Equipment/Other					D. Line Item #1			
	FY 2008			FY 2009			FY 2010		
Element of Cost (\$000)	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Major Construction	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404
Total	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404

Narrative Justification:

FY 2008: \$2.0 million will be invested in Operation initiatives to include:

- Design and Planning of Pentagon Capital Improvement Projects

**Capital Investment Summary
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Thousands)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2010 President's Budget Submission					
B. Real Property Operations	C. Equipment/Other			D. Line Item #1					
Element of Cost (\$000)	FY 2008			FY 2009			FY 2010		
		Unit	Total		Unit	Total		Unit	Total
	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Major Construction	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404
	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404

FY 2009 (Continued):

- Fan Powered Induction Unit Fan Motor Replacement (\$.5 million)
- Elevator Bank Floor Tile Installation (\$.5 million)
- Restroom Automatic Flush Valve & Faucet Replacement (\$.5 million)

FY 2010: \$26.4 million will be invested in Operation initiatives to include:

- Roof Replacement (\$8.7 million)
- Retube/Replace Chillers (\$1.2 million)
- Remote Delivery Facility Air Intake Contaminate Correction (\$2.6 million)
- Door to Auto Door Replacement - ADA Requirement (\$.4 million)
- Façade Repairs (\$1.6 million)

Capital Investment Summary
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Thousands)

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2010 President's Budget Submission					
B. Real Property Operations	C. Equipment/Other			D. Line Item #1					
Element of Cost (\$000)	FY 2008			FY 2009			FY 2010		
		Unit	Total		Unit	Total		Unit	Total
	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Major Construction	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404
	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404

FY 2009 (Continued):

- Fan Powered Induction Unit Fan Motor Replacement (\$.5 million)
- Elevator Bank Floor Tile Installation (\$.5 million)
- Restroom Automatic Flush Valve & Faucet Replacement (\$.5 million)

FY 2010: \$26.4 million will be invested in Operation initiatives to include:

- Roof Replacement (\$8.7 million)
- Retube/Replace Chillers (\$1.2 million)
- Remote Delivery Facility Air Intake Contaminate Correction (\$2.6 million)
- Door to Auto Door Replacement - ADA Requirement (\$.4 million)
- Façade Repairs (\$1.6 million)

Capital Investment Summary
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PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2010 President's Budget Submission					
B. Real Property Operations	C. Equipment/Other			D. Line Item #1					
	FY 2008			FY 2009			FY 2010		
Element of Cost (\$000)		Unit	Total		Unit	Total		Unit	Total
	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Major Construction	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404
	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404

FY 2009 (Continued):

- Fan Powered Induction Unit Fan Motor Replacement (\$.5 million)
- Elevator Bank Floor Tile Installation (\$.5 million)
- Restroom Automatic Flush Valve & Faucet Replacement (\$.5 million)

FY 2010: \$26.4 million will be invested in Operation initiatives to include:

- Roof Replacement (\$8.7 million)
- Retube/Replace Chillers (\$1.2 million)
- Remote Delivery Facility Air Intake Contaminate Correction (\$2.6 million)
- Door to Auto Door Replacement - ADA Requirement (\$.4 million)
- Façade Repairs (\$1.6 million)

**Capital Investment Summary
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Thousands)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				Fiscal Year (FY) 2010 President's Budget Submission					
B. Real Property Operations	C. Equipment/Other			D. Line Item #1					
Element of Cost (\$000)	FY 2008			FY 2009			FY 2010		
		Unit	Total		Unit	Total		Unit	Total
	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Major Construction	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404
	1	2,000	2,000	1	26,428	26,428	1	26,404	26,404

FY 2009 (Continued):

- Fan Powered Induction Unit Fan Motor Replacement (\$.5 million)
- Elevator Bank Floor Tile Installation (\$.5 million)
- Restroom Automatic Flush Valve & Faucet Replacement (\$.5 million)

FY 2010: \$26.4 million will be invested in Operation initiatives to include:

- Roof Replacement (\$8.7 million)
- Retube/Replace Chillers (\$1.2 million)
- Remote Delivery Facility Air Intake Contaminate Correction (\$2.6 million)
- Door to Auto Door Replacement - ADA Requirement (\$.4 million)
- Façade Repairs (\$1.6 million)

**Capital Investment Summary
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Thousands)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Fiscal Year (FY) 2010 Budget Estimates						
B. Pentagon Force Protection Agency		C. Equipment/Other				D. Line Item #1				
		FY 2008		FY 2009			FY 2010			
Element of Cost (\$000)		Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
Equipment - except ADPE & Telecom		1	2,577	2,577	1	2,577	2,577	1	21,719	21,719
		1	2,577	2,577	1	2,577	2,577	1	21,719	21,719

FY 2009: \$2.6 million will be invested in PFPA initiatives to include:

- Life Safety System Equipment (\$2.0 million)
- Land mobile radios (\$.2 million)
- Chemical, biological, radiological detection system (Pentagon Shield) enhancements (\$.4 million)

FY 2010: \$21.7 million will be invested in PFPA initiatives to include:

- Chemical, biological, radiological detection system (Pentagon Shield) enhancements (\$14.0 million)
- Life Safety System Equipment (\$2.0 million)
- Integrated Emergency Operations Center system Aeries (\$5.7 million)

**Capital Investment Summary
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Thousands)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Fiscal Year (FY) 2010 Budget Estimates		
B. Raven Rock Mountain Complex	C. Equipment/Other						D. Line Item #1		
Element of Cost (\$000)	FY 2008			FY 2009			FY 2010		
	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost	Qty	Unit Cost	Total Cost
	Equipment, Other	0	0	0	1	7,800	7,800	1	16,500
TOTAL	0	0	0	1	7,800	7,800	1	16,500	16,500

Narrative Justification:

FY 2009: \$7.8 million will be invested in RRMC Capital Improvement initiatives to include:

- The continuation of the Chilled Water Line Replacement (\$5.5 million)
- The continuation of the Electrical Power Distribution Project (\$2.3 million)

FY 2010: \$16.5 million will be invested in RRMC Capital Improvement initiatives to include:

- The continuation of the Electrical Power Distribution Project (\$6.4 million)
- Infrastructure/Capital Improvements (\$10.1 million)

Capital Investment Summary
Washington Headquarters Services
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2010 Budget Estimates
May 2009
(\$ in Thousands)

Projects in the FY 2009 President's Budget

Approved FY Project	FY 2008		FY 2009		Asset/ Deficiency Explanation
	Approved Proj Cost	Current Proj Cost	Approved Proj Cost	Current Proj Cost	
2009 Equipment ADPE & TELECOM	0	0	0	0	0
2009 Equipment Other					0
Security Related Equipment	2,885	2,885	2,577	2,577	
Electrical Power Distribution	0	0	2,300	2,300	
Chilled Water Line Replacement	3,500	0	5,500	5,500	Deferred to FYs 2009/2010
2009 Major Construction					
Major construction associated with the Renovation of the Pentagon Complex	260,500	244,400	273,839	273,839	16,100
Construction activities for Pentagon Operations	2,000	2,000	26,428	26,428	0
Total FY 2009	268,885	249,285	310,644	310,644	16,100

**Summary of Operations
Washington Headquarters Services
Buildings Maintenance Fund
Fiscal Year (FY) 2010 Budget Estimates May 2009**

Activity Group Function:

The Buildings Maintenance Fund (BMF) was established in FY 1995 under authority of Section 2208 of Title 10, United States Code. The fund is responsible for providing space, building services and force protection for two federally owned and 27 leased facilities within the National Capital Region (NCR). These facilities are operated by Washington Headquarters Services (WHS) under General Services Administration (GSA) DoD Interagency Agreements. The BMF is financed by funds collected via a basic service charge. Service above those paid for by basic charges are recovered on a reimbursable basis.

Activity Group Composition:

The BMF finances the activities of the Washington Headquarters Services (WHS) and the Pentagon Force Protection Agency. The BMF provides space, building services and force protection for the Department of Defense (DoD) components including military departments and other activities in DoD delegated buildings within the NCR.

Real Property Operations (RPO): The Defense Facilities Directorate is responsible for providing safe and efficient operation and management of all DoD delegated buildings within the NCR. Real Property Operations include cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, trash removal, landscaping, purchased utilities and administrative support. The scheduled maintenance and day-to-day customer support via these services provides for operational continuity of the customer's mission.

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

The following table summarizes BMF obligation authority by activity group:

	(Dollars in Millions)		
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Real Property Operations	15.3	21.0	21.7
Pentagon Force Protection Agency	<u>34.6</u>	<u>40.0</u>	<u>42.4</u>
Total	49.9	61.0	64.1

Budget Highlight:

Budget estimates derived for FY 2008 through FY 2010 assume annual inflationary increases for real property operations and force protection requirements. In addition, significant changes for FY 2010 are outlined in the paragraph below.

Significant Changes in Activity:

FY 2010 Budget Estimate:

- Provides funds of \$6.8 million for the initial phase of securing the "BRAC 133" Facility. The BRAC 133 project is a new office complex being developed at Mark Center in Alexandria, VA, for 6,409 Department of Defense (DoD) personnel that implement the 2005 Base Realignment and Closure Commission's Recommendation # 133. The project is part of the U.S. Army's Fort Belvoir, VA BRAC initiative, and entails the relocation of Defense Department-level agencies' personnel, from leased space in Northern Virginia. Estimates include pay for additional Pentagon Police Department personnel and to acquire associated equipment. These costs are offset due to a decrease in costs associated with the completion of upgrades to comply with Antiterrorism Standards.
- Provides for additional Above Standard Operating Cost of \$2.3 million associated with anticipated increase in reimbursable activity.
- Provides funds for increased utility rates that have been announced by Dominion Power.

Financial Profile:

	(Dollars in Millions)		
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue	50.6	61.2	65.1
Expenses	49.9	61.0	64.1
Net Operating Results	0.7	0.4	0.0
Disbursements	56.0	61.0	64.1
Collections	56.7	61.2	64.1
Net Outlays	-0.7	-0.2	0.0

Staffing:

	Full Time Equivalents		
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Real Property Operations	44	58	58
Pentagon Force Protection Agency	<u>0</u>	<u>0</u>	<u>54</u>
Total	44	58	112

The increase of 54 FTEs beginning in FY 2010 is the result of the need to hire additional Pentagon Police Department personnel to secure the "BRAC 133" Facility.

Summary of Price, Programs, and Other Changes - Operating Budget
Washington Headquarters Services
Buildings Maintenance Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

Element of Expense	Cost of Operations FY 2008	Annualization of Pay Raises	Price Growth/Amount		Program & Other Changes	Cost of Operations FY 2009
Civilian Personnel Compensation	3.8	0.1	3.9%	0.1	0.8	4.8
Civilian Personnel Benefits	0.9	0.0	3.9%	0.0	0.3	1.2
Benefits to Former Employees	0.2	0.0	3.9%	0.0	(0.1)	0.1
Travel	-	-	1.3%	-	0.1	0.1
Transportation	-	-	1.3%	-	-	-
Rent	0.9	-	1.3%	0.0	(0.3)	0.7
Communication and Utilities	0.8	-	1.3%	0.0	0.3	1.1
Printing	-	-	1.3%	-	-	-
Other Services	42.7	-	1.3%	0.6	6.2	49.4
Supplies and Materials	0.5	-	1.3%	0.0	0.6	1.0
Equipment	0.2	-	1.3%	0.0	2.3	2.5
Interest & Dividends	-	-	1.3%	-	0.0	0.0
TOTAL COST OF OPERATIONS (Includes Above Standard Program)	49.9	0.2		0.8	10.2	61.0

Note: Totals may not add due to rounding.

Summary of Price, Programs, and Other Changes - Operating Budget
Washington Headquarters Services
Buildings Maintenance Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

Element of Expense	Cost of Operations FY 2009	Annualization of Pay Raises	Price Growth/Amount	Program & Other Changes	Cost of Operations FY 2010	
Civilian Personnel Compensation	4.8	0.1	3.2%	0.1	5.0	10.1
	-	-		-		
Civilian Personnel Benefits	1.2	0.0	3.2%	0.0	1.8	3.0
	-	-		-		
Benefits to Former Employees	0.1	0.0	3.2%	0.0	(0.0)	0.1
	-	-		-		
Travel	0.1	-	1.2%	0.0	-	0.1
	-	-		-		
Transportation	-	-	1.2%	-	-	-
	-	-		-		
Rent	0.7	-	1.2%	0.0	0.1	0.8
	-	-		-		
Communication and Utilities	1.1	-	1.2%	0.0	0.5	1.6
	-	-		-		
Printing	-	-	1.2%	-	-	-
	-	-		-		
Other Services	49.4	-	1.2%	0.6	(5.4)	44.6
	-	-		-		
Supplies and Materials	1.0	-	1.2%	0.0	0.0	1.1
	-	-		-		
Equipment	2.5	-	1.2%	0.0	0.2	2.8
	-	-		-		
Interest & Dividends	0.0	-	1.2%	0.0	-	0.0
	-	-		-		
TOTAL COST OF OPERATIONS (Includes Above Standard Program)	61.0	0.2		0.8	2.2	64.1

Note: Totals may not add due to rounding.

**Changes in the Costs of Operations
Washington Headquarters Services
Buildings Maintenance Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

FY 2008 Estimated Actual	49.9
FY 2009 Estimate in President's Budget	61.2
Pricing Adjustments:	-0.2
Program Changes	0.0
FY 2009 Estimate Current Estimate	61.0
Pricing Adjustments:	1.1
Annualization of Pay Raise	0.2
Price Growth Payroll	0.2
General Purchase Inflation	0.7
Program Changes:	2.0
FTE for New "BRAC 133" Facility	6.8
Equipment for new "BRAC 133" Facility	0.2
Decrease in AntiTerrorism Standard Upgrades	-7.3
Increase in Utility Requirements	0.5
Change in Customer Service Requested Reimbursable Work	2.3
Decrease in Maintenance Facilities Costs	-0.5
FY 2010 Estimate	64.1

Note: Totals may not add due to rounding.

**Sources of New Orders and Revenue
Washington Headquarters Services
Buildings Maintenance Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
1. New Orders			
a. Orders from DoD Components:			
Department of the Air Force	1	2	1
Department of the Army	16	19	20
Department of the Navy	4	4	4
Subtotal Military Departments	21	25	25
Defense-Wide			
CAAF	1	1	2
DCMA	2	2	2
DFAS	1	1	1
DIA	1	2	2
DISA	3	3	4
DLA	2	2	2
DSS	0	0	0
DTRA	3	3	3
WHS	7	8	8
Subtotal Defense-Wide	19	23	23
b. Orders from Non-DoD Agencies	-	-	-
c. Total Standard Level Rent Orders	40	48	48
d. Other Orders			
Above Standard Level Services:			
Building Services and Space Adjus	6	11	11
Force Protection	5	3	5
Subtotal Above Standard Services	10	13	16
Other Sources:			
Pentagon Memorial Fund	-	-	-
Total New Orders:	51	61	64

Note: Totals may not add due to rounding.

**Revenue and Expense
Washington Headquarters Services
Buildings Maintenance Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue:			
Standard level	40.4	47.8	48.4
Above standard level	10.2	13.4	15.7
Other sources			
Total Revenue	50.6	61.2	64.1
 <u>Standard Level Operating Expenses:</u>			
Real Property Operations:			
	<u>9.7</u>	<u>10.5</u>	<u>11.0</u>
Cleaning	1.0	1.1	1.1
Utilities & Fuel	0.8	0.9	0.9
Maintenance	1.2	1.3	1.4
Other Building Services	0.0	0.0	0.0
Administration	6.1	6.6	6.9
Repairs (over \$10,000)	0.6	0.6	0.7
Information Technology			
 Pentagon Force Protection Agency:			
	<u>29.9</u>	<u>37.1</u>	<u>37.4</u>
Compensation & Benefits	0.0	0.0	0.0
Program Integration	4.3	5.4	5.4
Chemical, Biological, Radiological, Nuclear, and Explosive Program	7.4	9.2	9.3
Anti-Terrorism/Force Protection	0.0	0.0	0.0
Security Services	3.6	4.5	4.5
Pentagon Police	14.2	17.6	17.8
Force Protection Technology	0.4	0.5	0.5
 Subtotal Standard Level	 <u>39.7</u>	 <u>47.6</u>	 <u>48.4</u>

Revenue and Expense
Washington Headquarters Services
Buildings Maintenance Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
<u>Above Standard Reimbursable Expenses:</u>			
Real Property Operations	5.6	10.5	10.7
Pentagon Force Protection Agency	4.6	2.9	5.0
Subtotal Above Standard Level	<u>10.2</u>	<u>13.4</u>	<u>15.7</u>
<u>Total Operating Expenses</u>	<u>49.9</u>	<u>61.0</u>	<u>64.1</u>
<u>Cost of Services</u>	<u>49.9</u>	<u>61.0</u>	<u>64.1</u>
Net Operating Result	0.8	0.3	0.0
Accumulated Operating Result	0.8	1.0	1.0

Note: Totals may not add due to rounding

**Washington Headquarters Services
Buildings Maintenance Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009**

PROGRAM	FY 2008		FY 2009		FY 2010	
	Workload Avg. Sq. Ft.	Cost per Sq. Ft.	Workload Avg. Sq. Ft.	Cost per Sq. Ft.	Workload Avg. Sq. Ft.	Cost per Sq. Ft.
Cleaning	881,798	\$1.13	881,798	\$1.13	855,455	\$1.32
Utilities & Fuel	394,212	\$2.03	964,331	\$0.93	626,338	\$1.44
Maintenance	2,175,702	\$0.55	2,175,702	\$0.55	1,689,882	\$0.80
Other Building Services	0	\$0.00	0	\$0.00	0	\$0.00
Administrative	4,508,700	\$1.36	4,508,700	\$1.51	4,663,713	\$1.48
Administrative Cost as Percent of Total Program Cost		40.0%		31.6%		31.8%

The workload square footage for real property operations is based upon the execution of non-fully service leases at delegated leased facilities; it does not include reimbursable above standard services

- The increase in Utilities & Fuel square footage in FY 2009 is due to the Hoffman II lease change from fully serviced to non-fully serviced; square footage decreases in FY 2010 are due to Army BRAC 211.

- The increase in administrative square footage in FY 2010 is the net change in square footage in various delegated buildings

**Washington Headquarters Services
Buildings Maintenance Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(\$ in Millions)**

	<u>Obs.</u>	<u>Orders</u>	<u>Revenue</u>	<u>Cost</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>14</u>	<u>15</u>
<u>Pentagon Force Protection Agency:</u>												
FY 2008	34.5	34.5	34.5	34.5	17.3	16.9	0.3	0.0	0.0	0.0	0.0	0.0
FY 2009	40.0	40.2	40.2	40.0		20.0	19.6	0.4	0.0	0.0	0.0	0.0
FY 2010	42.4	42.4	42.4	42.4			21.9	20.0	0.4	0.0	0.0	0.0
<u>Real Property Operations:</u>												
FY 2008	15.3	16.1	16.1	15.3	13.0	2.3	0.0	0.0	0.0	0.0	0.0	0.0
FY 2009	21.0	21.0	21.0	21.0		17.9	3.1	0.0	0.0	0.0	0.0	0.0
FY 2010	21.7	21.7	21.7	21.7			18.4	3.2	0.0	0.0	0.0	0.0
<u>Total BMF:</u>												
FY 2008	49.9	50.6	50.6	49.9	30.3	19.2	0.3	0.0	0.0	0.0	0.0	0.0
FY 2009	61.0	61.2	61.2	61.0		37.9	22.7	0.4	0.0	0.0	0.0	0.0
FY 2010	64.1	64.1	64.1	64.1			40.4	23.2	0.4	0.0	0.0	0.0
<u>Cash:</u>												
	<u>BOY</u>	<u>Collections</u>	<u>Disb.</u>	<u>EOY</u>								
FY 2008	41.5	56.7	56.0	42.2								
FY 2009	42.2	61.2	61.0	42.4								
FY 2010	42.4	64.1	64.1	42.4								

**Defense National Stockpile Center
Fiscal Year (FY) 2010 Budget Estimates May 2009**

The National Defense Stockpile (NDS) operates under the authority of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. §98, et seq.). The Stock Piling Act provides that strategic and critical materials are stockpiled in the interest of national defense to preclude a dangerous and costly dependence upon foreign sources of supply in times of national emergency. The Defense National Stockpile Center (DNSC) administers the acquisition, storage, management, and disposal of the NDS.

The sales and payment information included in this submission reflect the international commodities market subject to fluctuation. The DNSC sales program is revised periodically to accommodate market dynamics.

DNSC Business Operations

The current Restructuring Plan includes reviewing inventory locations and operational costs for Headquarters and the depots. Through the material consolidations, DNSC continues to reduce its number of storage sites (both staffed and unstaffed). Because operational costs are still incurred for sites where material has been sold but not yet removed, and sites where environmental remediation is still ongoing, DNSC now reports on sites in all three stages. The table below provides the projected number of sites (staffed and unstaffed) at fiscal year-end that will be occupied for one of three reasons: commodities currently available for sale, commodities under contract but not yet removed, or commodities awaiting environmental action (i.e., remedial investigation or clean up). The DNSC storage site reduction schedule has been impacted primarily due to some buyers' inability to remove material from remote western sites. The schedule also has been impacted by the amount of environmental remediation remaining at some sites. The estimated site closure plan has been updated for FY 2009 and FY 2010 as follows:

Sites	FY08	FY09	FY10
Staffed and Unstaffed Sites	18	13	9

Relocation projects involving the repositioning of commodities to the consolidation points continued through FY 2008, and continue as opportunities to efficiently consolidate materials present themselves.

Sales

The DNSC Principal Sales program consists of commodity disposals considered excess to the needs of the Department of Defense (DoD) that were authorized for sale prior to FY 1996. Subsequent authorization acts have granted sales authority for other excess commodities, whose proceeds were earmarked for the programs below:

Authorized Programs

- Principal Sales Program
- Cobalt Post-FMS Program
- HHS and Treasury General Fund (TGF) Program
- Spectrum/Military Benefits Program

Sales (\$in millions)	FY 2008 (Actual)	FY 2009 (Estimate)	FY 2010 (Estimate)
Principal Sales Program	\$275.3	\$12.0	\$24.8
Cobalt Post-FMS Program	\$35.5	\$2.2	\$4.5
HHS & TGF Program	\$49.0	\$22.2	\$52.9
Spectrum/Military Benefits Program	\$73.2	\$15.5	\$25.0
Total Sales	\$433.0	\$51.9	\$107.2

Cobalt Post-FMS Program

The National Defense Authorization Act (NDAA) for FY 1998, P.L.105-85, authorized additional sales of cobalt. The receipts from these sales are to be paid from the Transaction Fund (T-fund) and deposited into the Treasury General Fund. The NDAA for FY 2000, P.L. 106-65, increased the funds to be paid from \$152 million (previously authorized in P.L. 105-85) to \$235 million. The NDAA for FY 2002, P.L. 107-107, accelerated sales to begin in FY 2002 instead of FY 2003 to avoid potential market disruption. The NDAA for FY 2007 extended the program through FY 2008, and the FY 2009 NDAA extended the program through FY 2009.

The sale of material in this program generated proceeds of \$179 million through FY 2008.

HHS and Treasury General Fund Sales Program

The NDAA for FY 1999, P.L. 105-261, authorized additional disposal of commodities. The receipts from these sales are to be paid from the T-Fund and deposited into the U.S. Treasury. A portion of the receipts was paid to the Secretary of Health and

Human Services (HHS) to be credited in the manner determined by the Secretary to the Federal Hospital Insurance Fund and the Federal Supplementary Medical Insurance Trust Fund. The NDAA for FY 2001, P.L. 106-398, increased the funds to be paid from \$590 million (previously authorized in P.L. 105-261) to \$720 million for the HHS & Treasury General Fund. The NDAA for FY 2002, P.L. 107-107, increased the funds to be paid from \$720 million (previously authorized in P.L. 106-398) to \$770 million by the end of FY 2006. The NDAA for FY 2005 further increased the funds to be paid to \$870 million by the end of FY 2009. The NDAA for FY 2006 further increased the funds to be paid to \$1.0 billion by the end of FY 2013. The NDAA for FY 2007 raised the limit to \$1.016 billion by the end of FY 2014. The NDAA for FY 2008 raised the limit to \$1.066 billion by the end of FY 2015, and the NDAA for FY 2009 raised the limit to \$1.386 billion by the end of FY 2016.

The sale of materials in this program generated proceeds of \$1.051 billion through FY 2008 and is anticipated to meet its program goals in FY 2015.

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. The NDAA for FY 2004, P.L. 108-136 increased the funds to be paid from \$300 million to \$450 million by the end of FY 2013. The NDAA for FY 2006 further increased the funds to be paid to \$600 million by the end of FY 2013. The NDAA for FY 2008 raised the limit to \$710 million by the end of FY 2013.

The sale of materials in this program generated proceeds of \$624 million through FY 2008.

Payments

Cash Transfers or Payments to legislated programs are summarized in the chart below.

DNSC entered FY 2009 with a carryover balance from FY 2008 collected earnings of \$56.7 million. The carryover balance was paid in the 2nd quarter of FY 2009 and utilized FY 2009 payment authority. DNSC executed no additional Sales, but made non-expenditure transfers of \$1.3 billion in unobligated prior year Stockpile balances to the Defense Health Program and \$40 million to Treasury Miscellaneous Receipts.

Payment estimates for fiscal years 2009 and 2010 are based on the latest DNSC sales plan. The recent, unprecedented global market conditions, including financial uncertainty in the industry and particularly the general tightening of credit, have adversely

affected past practice of exceeding planned sales. World-wide demand for materials has softened substantially, as producers are operating at reduced capacity and utilizing existing inventories. Major revenue generators for DNSC, i.e. those relating to the production of steel and its support industries, have been severely affected by foreign and domestic production cutbacks, and their current depressed prices are a direct result of the decreased demand. Attempts to attract buyers, by offering much smaller quantities of material for sale, for example, have been largely unsuccessful. Demand and pricing turnaround estimates vary; however, many analysts anticipate this depressed market extending through fiscal year 2009, and well into 2010.

Payments (\$ in millions)	FY 2008 (Actual)	FY 2009 (Estimate)	FY 2010 (Estimate)
Cobalt Post Foreign Military Sales	46.0	13.6	4.0
HHS & Treasury GF	56.0	32.8	44.9
Spectrum / Military Benefits	59.8	27.8	22.2
Legislative Transfers		1340.0	
Total Payments	161.8	1414.2	71.1

Budget Highlights

Operations Obligations (\$ in millions)	FY 2008 (Actual)	FY 2009 (Estimate)	FY 2010 (Estimate)
Labor	\$9.1	\$9.8	\$9.2
Non-Labor	\$30.8	\$31.4	\$32.0
Select non-labor accounts			
Rent	\$2.9	\$4.9	\$4.2
Depot Operations	\$5.9	\$3.6	\$6.6
RPM	\$0.9	\$3.4	\$2.9
Environmental	\$10.9	\$7.8	\$6.5
Other	\$10.2	\$11.7	\$11.8
Total	\$39.9	\$41.2	\$41.2

Labor

Based on the current pace of material disposition operations will require a stabilized workforce through FY 2010. The review of staffing demands has resulted in FY 2009 end-strength of 93 and maintenance of FTEs at 96 through FY 2010. Staffing adjustments will continue to be made to level end-strength as mission requirements change.

Non-Labor

Rents & Leases: Real property rental and leasing required to support stockpiling operations include warehouses, administrative buildings, service buildings and open land for outdoor storage. Property is obtained through occupancy agreements with the General Services Administration (GSA), other Federal Agencies or commercial leases administered by GSA. Depressed materials markets will delay efforts to vacate these properties, requiring DNSC to lease these sites from the new commercial owners and increasing costs in the short term. Increases are anticipated in rates for GSA Service Level User Charges (SLUC) in FY 2009. In FY 2010, Rent and RPM costs are expected to decrease as sites are vacated.

Depot Operations: Depot Operations are costs associated with operating and maintaining the day-to-day depot mission, which includes:

- Fire alarms, suppression systems operations and maintenance
- Physical security
- General facility maintenance and repairs less than \$100,000
- Janitorial services
- Non-ADP equipment maintenance and repair services
- Vehicle and liquid heating fuels
- Grounds maintenance (e.g. snow removal, vegetation control & trash removal)

Depot Operations costs in FY 2008 included continued requirements for physical site security, SLUC, maintenance, and repairs of the infrastructure at installations that were scheduled to be vacated. In FY 2009 these costs were expected to decrease as depot consolidation points were established. However, slow material sales have delayed the consolidation effort. As a result, ground maintenance requirements increase in FY 2010.

Real Property Maintenance (RPM): The real property maintenance program includes both recurring maintenance and major repair projects. RPM requirements increase in both FY 2009 and FY 2010 over FY 2008 due to delays in site closings caused by lower material sales and deferred delivery of already purchased material. RPM program costs increase in FY 2009 primarily for roof replacement projects and other facility maintenance requirements that can no longer be deferred without potential damage to existing inventory.

Environmental

As part of the DNSC focus on site stewardship, assessments are conducted to determine environmental effects that may have occurred as a result of material storage and whether a site requires remediation. If a site requires restoration, further studies are performed to determine the extent and nature of contamination and the best approach for remediation. Cleanup costs are estimated using the Remedial Action Cost Engineering and Requirements (RACER) process; a computer-based costing model. Based on input from DNSC, RACER estimates for clean-up of known sites are estimated at \$64 million. Contaminated sites must be restored prior to closure. As sites are cleared of material and the requirements are more accurately identified, environmental liability could increase. Restoration actions are coordinated with the sites closure plan to minimize disruption.

Two significant environmental issues noted in previous budget submissions are the mercury inventory disposition and Thorium nitrate (radiological) remediation. DNSC has a sizeable inventory of mercury. In order to determine the best approach, DNSC completed an Environmental Impact Statement in March 2004. The conclusion was to continue to store the mercury at one consolidated location. DNSC has selected the Hawthorne Weapons and Ammunition Depot (HWAD) in Hawthorne, NV as the consolidated mercury storage site. Transportation was planned to begin in FY 2007, however, resolution of concerns raised by the Nevada Department of Environmental Protection (NDEP) has postponed the removal until impacts of long term storage are more thoroughly considered. Relocation of the mercury will proceed to HWAD once all NDEP issues are addressed. Another significant effort is the survey and decontamination of former thorium nitrate storage sites. Thorium nitrate is a low-level radioactive material that was previously stored at the Curtis Bay, MD, New Haven, IN, Scotia, NY, Somerville, NJ and Hammond, IN, facilities. Restoration involves a protracted three step process of evaluation, restoration and remediation administered by the Nuclear Regulatory Commission (NRC) to reconcile and close the Operator's License.

DNSC updated its Environmental Safety Occupational Health Management (ESOHM) Plan in FY 2009. The plan outlines environmental activities at the DNSC depots including cleanup, audits, storm water monitoring, community relations, occupational health, mishap reporting, radiation protection, and other ESOHM areas.

Environmental Concerns

Revised projected sales revenues, inventory values, cash collections, outlays, and remaining cash balances will further reduce transaction fund balances. Outlays for stockpile operations in the Center's projections include outlays related to compliance with environmental laws and cleanup of contamination resulting from past operations. These outlays have been a relatively small part of the stockpile's annual operating budget (\$7.8 million out of the \$41.2 million budgeted in FY 2009). Current liability for full restoration of the existing sites (excluding mercury management) is \$43.8 million and is planned to be fully obligated by the end of FY 2015. Costs for all related mercury management requirements including transfer, long term consolidated storage at HWAD, and restoration of the current storage locations are estimated to be \$52.9 million expensed over the next 40 years. Included is \$2.5 million to support Transportation, Receipt, Stock Positioning, Inventory Verification and Maintenance in Storage of Mercury at HWAD. The balance of costs will be obligated at evenly indexed rates in future years.

DNCS Reconfiguration Study

Based on growing concern over geo-political issues and uncertainties in the world market place, Congress directed the DoD to review the current policy to dispose of 99% of material in the NDS and to determine whether the NDS should be reconfigured to adapt to current world market conditions to ensure future availability of materials required for national defense needs (H.R. 109-89, to accompany H.R. 1815, the Fiscal Year (FY) 2006). In a separate tasking, Congress directed the Secretary of Defense to submit a report which describes: the materials critical to the strategic defense interests of the United States; the domestic suppliers of those materials and their reliance on foreign sources of production; efforts by foreign countries to stockpile critical materials; and the steps that are being taken to ensure the materials not produced domestically will be available to support the defense needs during a protracted conflict (S.R. 110-155, to accompany the FY 2008 DoD Authorization Act).

A preliminary report, submitted to Congress in August 2006, in response to HASC Report 109-89 identified shortfalls in key information needed for in-depth analysis and recommended further independent review. Specifically, the report found a lack of information detailing which materials were forecasted to be required for future weapons systems, domestic production capacity, and alternatives for addressing shortfalls.

Subsequently, DNSC commissioned the National Academy of Science (NAS) to accomplish a comprehensive study of requirements for a "21st Century" stockpile of critical materials to support the U.S. industrial base in time of national emergencies. The NAS study indicated that defense industrial capabilities remain vulnerable to material shortages in several emergency and conflict scenarios.

Following receipt of the NRC report, DoD AT&L established the DoD Strategic and Critical Materials Working Group to review the NRC findings and address the issues raised by the congressional reports. The Working Group was chaired by the Deputy Undersecretary of Defense for Industrial Policy and included representatives from the office of the Deputy Undersecretary of Defense for Industrial Policy (ODUSD(IP)), the office of the Deputy Undersecretary of Defense for Logistics and Material Readiness (ODUSD(L&MR)), the Defense Logistics Agency (DLA)/DNSC, the Departments of the Army, Air Force, and the Navy, the Joint Chiefs of Staff J-8 Directorate of Joint Capabilities Integration & Development System (JCIDS), and the Defense Contract Management Agency (DCMA). The Working Group also included representatives from the U.S. Geological Survey (USGS) and the Department of Commerce (DOC), all of which performed research and analysis on behalf of the group. The summarized result of the Working Group is currently being prepared for submission to Congress.

DEFENSE LOGISTICS AGENCY
Transaction Fund
Defense National Stockpile Center
Fiscal Year (FY) 2010 Budget Estimates
May 2009
Statement of Financial Condition
(\$M)

	FY 2008	FY 2009	FY 2010
ASSETS:			
Selected Assets:			
Cash (EOY)	1732.2	334.8	319.9
Accounts Receivable	0.5	0.0	0.5
Inventories	734.6	753.0	677.7
Other Asset Accounts:	<u>27.2</u>	<u>0.1</u>	<u>0.1</u>
TOTAL ASSETS	2494.5	1087.9	998.2
LIABILITIES			
Selected Liabilities:			
Accounts Payable	0.6	0.3	0.5
Advances Received	7.7	5.4	1.2
Environmental Clean-up Liability	69.8	71.3	80.0
Other Liability Accounts:	<u>4.3</u>	<u>1.0</u>	<u>3.0</u>
TOTAL LIABILITIES	82.4	78.0	84.7
GOVERNMENT EQUITY			
Cumulative Results of Operations	<u>2412.1</u>	<u>1009.9</u>	<u>913.4</u>
TOTAL NET POSITION	2412.1	1009.9	913.4
TOTAL LIABILITIES AND EQUITY	2494.5	1087.9	998.2

DEFENSE LOGISTICS AGENCY
Transaction Fund
National Defense Stockpile Center
Fiscal Year (FY) 2010 Budget Estimates
Stockpile Financial Status Report
May 2009
(Dollars in Millions)

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
Treasury Cash Balance, End of Prior Year	1472.8	1732.3	334.8
Collections	469.8	57.9	97.3
Disbursements	<u>48.5</u>	<u>41.2</u>	<u>41.2</u>
Labor	9.0	9.6	9.0
Non-Labor	39.5	31.5	32.2
<u>Payments</u>			
Payments from Current Year Sales			
HHS & TGF	56.0	32.8	44.9
Cobalt TGF	46.0	13.6	4.0
Spectrum	59.8	27.8	22.2
Payments from Current Year Sales	161.8	74.2	71.1
Carryover Payments from Previous Year			
Payment for Prior Year Sales (DHP)	0.0	1340.0	0.0
Total Payments and Transfers	161.8	1414.2	71.1
Cash Balance	1732.3	334.8	319.8
Selected Liabilities			
Accounts Payable	0.6	0.3	0.5
Advances Received	7.7	5.4	1.2
Environmental Clean-up Liability	69.8	71.3	80.0
Other Liabilities	4.3	1.0	3.0
Undelivered Orders	16.1	21.5	13.6
Other Contingencies	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Totals	98.5	99.5	98.4
Estimated Available Cash	1633.8	235.3	221.4

**Conventional Ammunition Working Capital Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009**

Effective September 30, 1998, the Conventional Ammunition Working Capital Fund (CAWCF) stopped accepting new orders for the procurement of conventional ammunition. However, the Fund remains open to complete the closeout of all financial records.

Closeout of Financial Records

The CAWCF does not have any unresolved litigation or other contract negotiation concerns at this time. All orders placed in FY 1998 and prior years were closed in accordance with applicable Financial Management Regulations.

CAWCF un-liquidated obligations, inventory and Government Furnished Materiel are at \$0.00 balances. Defense Finance and Accounting Service (DFAS) -Columbus, Ohio is responsible for preparing the post-closing transactions as well as the final financial statements to close out the CAWCF appropriation.

**FINANCIAL POSITION
As of 30 September 2008**

The CAWCF has sufficient cash to meet all currently known and estimated unliquidated obligations and requires no additional funding. As of September 30, 2008 the cash balance was \$4.0M. DFAS will finally close out the account and return the remaining cash balance to the Treasury after two consecutive fiscal years with no disbursements against the CAWCF. The last transaction was recorded in October, 2007.

Procurement of Ammunition, Army will fund additional obligations of unforeseen litigation, settlements, and/or problems with disposal of CAWCF-owned supplies and materials that may occur after 30 September 2008.

Defense Coalition Support Fund
Fiscal Year (FY) 2010 Budget Estimates
May 2009

The FY 2010 budget estimate requests \$22.0 million for the establishment of the Defense Coalition Support Fund (DCSF) as a new revolving fund. The Defense Support Fund is a Quadrennial Defense Review endorsed initiative that creates a mechanism to allow DoD to pre-purchase and stock defense articles such as helmets, body armor, and night vision devices for use by coalition partners.

This account provides military equipment that many coalition partners require to deploy with U.S. forces, to participate in stability operations and counterterrorism operations throughout the world. The absence of such a resource has greatly hindered and delayed coalition participation in Operation Iraqi Freedom, Operation Enduring Freedom, and other operations. Pre-procured equipment significantly shortens lead-times to equip coalition partners.

This program directly supports objectives in the Building Partnership Capacity and Authorities roadmap and is critical to implementation of DoD Directive 3000.05, Military Support for Stability, Security, Transition, and Reconstruction (SSTR). The FY 2010 Defense Authorization request includes a request (Unified Legislative Proposal Number 023(3)) to establish this fund which may not exceed \$300M in property purchased and inventory held "except during a period of active hostilities".

To establish the account, the Department requests a direct appropriation of \$22.0 million in FY 2010. Once the account is established, inventory may be augmented by further regular appropriations made to this account. Replenishment of established inventory items will utilize the revolving fund as items are sold and collections are received.

The creation of a DCSF will allow DoD to purchase and keep on hand those items most needed by our partners. This is vital for partners who deploy with us in military operations and for our ability to effectively train and equip partners to take on common challenges.

In FY 2010, \$22.0 million will allow the DCSF to purchase night vision devices, body armor, battle dress uniforms and Kevlar helmets. The exact breakdown of the items purchased each year will depend on the critical needs when funds are available.

Initial reimbursable sales may occur as early as FY 2010.

Obligation Plan
(Dollars in Millions)

FY 2010 Obligations	\$22.0
FY 2010 Disbursements	\$22.0