

**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Summary of Operations**

**Industrial Fund Functions:**

The Pentagon Reservation Maintenance Revolving Fund (PRMRF) was established under the provisions of the FY 1991 Defense Authorization Act (10 USC 2674). The Act transferred responsibility for the maintenance, protection, repair and renovation of the Pentagon Reservation from the General Services Administration (GSA) to the Office of the Secretary of Defense (OSD). The PRMRF finances the activities of Washington Headquarters Services in providing space and a full range of building services for DoD Components, including the Military Departments and other activities housed within the Pentagon Reservation. The relationship is similar to that of landlord and tenant in the private sector. Day-to-day building services funded through the PRMRF include:

**Real Property Operations.** Includes cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, administrative support, perimeter protection and law enforcement services within the Reservation. This activity also includes operating expenses for purchased utilities as well as the operation of the Pentagon's Heating and Refrigeration Plant and classified waste incinerator.

**Repair.** Includes repair projects over \$10,000. These projects maintain the facilities within the Reservation at levels adequate to support the assigned missions and to prevent deterioration and damage to Reservation buildings, their support systems and operating equipment. Repair projects are prioritized and accomplished within available revenues. Protection of the government's investment, cost effectiveness, health and safety of workers and the public are among the most important criteria for determining project priorities.

In addition to providing routine building services, the PRMRF also finances the renovation of the Pentagon. The renovation is expected to continue through FY 2010.

The PRMRF has been designed to operate on a break-even basis over the long term. Revenue to the PRMRF may be generated from various sources. However, the Fund is primarily dependent upon funds collected via a basic user charge for space and building services. Basic user charges are paid by DoD Components and other tenants using Pentagon Reservation facilities or land. This basic user charge consists of rates set for six categories of space assigned to tenants within the Reservation, including office, storage, special, joint use, commercial support and outside parking. The basic rates are established to recover the cost of daily operation and maintenance of the Reservation, and essential capital improvements, including all costs associated with the Pentagon Renovation. Costs incurred for alterations, security, heating, air conditioning and other building services above those paid through the basic user charge are recovered on a reimbursable job-order basis from the tenants receiving the premium services.

The PRMRF Budget estimate is comprised of an Operating Budget and a Capital Budget. The Capital Budget includes major and minor construction, equipment and other requirements having a unit cost of \$100,000 or more and an expected useful life of two years or more. All other requirements, such as employee compensation, recurring service contracts and expendable supplies, materials and equipment, are included within the Operating Budget.

## Budget Highlights

### Pentagon Renovation:

The Pentagon Renovation is comprised of the following major cost components that are reflected within both the Capital and Operating budget estimates for the PRMRF:

- (1) Planning, design and construction;
- (2) Rental and build-out of swing space for personnel displaced by renovation construction and other operating costs incidental to Renovation;
- (3) Information Management and Telecommunications (IM&T). These costs encompass a wide range of telecommunications services for not only the Pentagon Building but also swing space.
- (4) Administrative. Cost of overall program management and administration.
- (5) Other Renovation/Support Services. Includes commissioning, storage of artifacts and equipment, move planning and move services, miscellaneous studies, and other Renovation related building services.

The following table summarizes obligations for FY 1998 through 2000 for the Pentagon Renovation.

Obligations in Millions*						
(includes prior year recoveries; excludes furniture and other reimbursable above standard services)						
Renovation Cost Component	FY 1998		FY 1999		FY 2000	
	Operating	Capital	Operating	Capital	Operating	Capital
Planning Design & Construction	\$0.0	\$97.1	\$0.0	\$158.5	\$0.0	\$145.9
Swing Space	44.1	0.0	50.0	0.0	34.2	0.0
Information Mgmt. & Telecommunications	0.0	28.0	0.0	18.0	0.0	21.0
Administrative	1.9	0.0	17.1	0.0	17.4	0.0
Other Renovation/Support Services	0.0	0.0	2.0	10.4	4.3	0.0
Total Renovation	\$ 46.0	\$ 125.1	\$69.1	\$186.9	\$ 55.9	\$ 166.9
	\$ 171.1		\$ 256.0		\$ 222.8	

For construction projects as complex and time sensitive as the Pentagon Renovation, it is neither efficient nor cost effective in the long term to modify contract terms and/or construction schedules to accommodate funding constraints. Consequently the FY 2000 budget estimates for the Renovation Program are requirements based, allowing for contract awards for logically sequenced and interrelated blocks of work. The program includes funding for the remaining portion of the renovation of Wedge One. Renovation of Wedge One should be completed in FY 2001. The Basement will continue under renovation for several years with full funding of design requirements for the 3 remaining areas included in FY 1999, and

continuation of construction for those areas in FY 2000.

The FY 2000 budget estimate incorporates a \$2.0 million requirement for Commissioning services. As the Renovation Program progresses, significant blocks of newly renovated space are scheduled to come on-line. There will be a need that the Department ensure, prior to acceptance of the facility, that the renovated areas not only meet the original intent of the design, but also the unique operational needs of the Department.

The Commissioning process will effectively supplement routine inspections and start up testing that by themselves may not consistently and reliably isolate and define the range of design and operational problems that might occur in a facility as complex as the Pentagon. This Commissioning initiative is intended to supplement existing Corps of Engineers Quality Assurance (QA) measures by introducing more structure into a QA process for the Pentagon Renovation that is more oriented to the operational needs, concerns and priorities of the facilities owner/manager.

### **Operating Budget:**

The Congress in FY 1991 authorized the Pentagon Reservation Maintenance Revolving Fund (PRMRF).

Operating expenses for FY 1998 through 2000 are \$162.1 million, \$205.5 million, and \$183.3 million, respectively. Estimates assume average annual inflationary increases for utilities, fuels, supplies and service contracts of 1.5 percent for FY 2000. Estimates provide for part-year cost of civilian pay raises of 4.4 percent for FY 2000, plus the annualization of prior year increases.

FY 2000 expenses include \$0.8 million for systems furniture for basement areas scheduled to come on-line during FY 2000. To ensure acquisition and delivery schedules coincide with the phased completion of the Pentagon Renovation, procurement and installation of systems furniture is being coordinated by the Office of the Secretary of Defense, Washington Headquarters Services (OSD/WHS) through the PRMRF, as a reimbursable, above standard, PRMRF service.

Since its inception in FY 1991, PRMRF in-house employment has declined by over 40 percent from 1,278 to 760 Full Time Equivalents (FTE) for FY 2000. Over this period, the distribution of personnel among employment categories (i.e. laborers, mechanics, administrative, etc.) has shifted significantly. This shift reflects: (1) productivity savings in program administration; (2) a continuing effort to reduce excessive overtime usage particularly by security and crafts personnel; (3) the enhancement of our security surveillance capability in response to a growing threat of domestic terrorism; (4) contracting out of functions where it is feasible and cost effective; and (5) a more prudent and cost effective application of available staffing resources.

Maintenance and repair services within the Reservation will be maintained at commercially equivalent levels. Protection services will be provided consistent with presidential guidance establishing minimum-security standards for the Federal Government and determinations by the Secretary regarding appropriate modes of response to the threat of terrorist actions directed against the Pentagon Reservation and/or its occupants. In this regard pending construction of a Remote Delivery Facility to service the Pentagon Reservation, the Secretary has authorized the establishment of an off-site truck staging and screening area. Truck cargo will be off-loaded in this restricted area, inspected for the presence of explosives or other hazardous materials or devices and transported in Government controlled vehicles to delivery points at the Pentagon Building. Operation of this temporary facility through FY 2000 will increase PRMRF operating costs by about \$6.0 million.

## Capital Budget:

**Renovation.** Within the \$1.118 billion cap established for design and construction for the Pentagon Renovation, \$145.9 million will be obligated by the Department in FY 2000 for the following Renovation initiatives:

- (1) Continuation of the design and construction of a portion of Segments 2 and 3 of the basement (\$95.8 million);
- (2) Continuation of the construction of a portion of Wedge one (\$25.0 million);
- (3) Continuation of the design and preconstruction activities for Wedge Two (\$15.0 million);
- (4) Design, procurement and installation of initial building-wide items such as elevators, escalators, Venetian blinds, fire alarm system, energy management control system, hardware and interior signs (\$7.9 million);
- (5) Continuation of overall design development and studies (\$2.2 million);

In addition, Information Management and Telecommunications planning, studies, design, management, acquisition and implementation activities (\$21.0 million) will be accomplished during FY 2000. However, these costs are not included within the \$1.118 billion limitation on project design and construction.

**Remote Delivery Facility.** Approximately two hundred delivery vehicles breach the Pentagon perimeter every day to deliver goods, supplies and materials. Delivery vehicles are visually inspected; however there is no area to conduct a thorough screening of the goods prior to distribution throughout the building. During FY 1998, in the wake of an ever widening threat of terrorist attacks directed against Government facilities and the personnel they house, the Department undertook a comprehensive vulnerability assessment of the Pentagon. In this assessment, one major recommendation was to construct a *Pentagon Remote Delivery Facility* to permit the screening of delivery vehicles and their cargo. This facility would operate in a manner similar to remote facilities operated by the White House, U.S. Capitol and the State Department using x-ray equipment and specially trained dogs to detect explosives and other hazardous materials. A determination has been made by the Secretary to proceed with the construction of a 150,000 square foot Remote Delivery Facility on the Pentagon Reservation. This project will be funded through the PRMRF. The total estimated cost of the facility that will become operational late in FY 2000 is summarized in the table below. In the interim the Department has established an off-site truck staging and screening area where cargo will be off-loaded, inspected and transported in Government controlled vehicles to delivery points at the Pentagon Building.

	OBLIGATIONS (\$ in Millions)			
	FY 1998	FY 1999	FY 2000	TOTAL
Planning and Design	\$ .5	\$ 1.5	\$ 1.0	\$ 3.0
Construction	0.0	21.9	30.0	51.9
Equipment	<u>0.0</u>	<u>0.0</u>	<u>6.8</u>	<u>6.8</u>
<b>Total</b>	<b>\$ 0.5</b>	<b>\$ 23.4</b>	<b>\$ 37.8</b>	<b>\$ 61.7</b>

The Congress agreed to a prior approval reprogramming of \$3.0 million in FY 1998 to finance planning and design. Pentagon Reservation Maintenance Revolving Fund customers are financing the FY 1999 and FY 2000 equipment and construction requirements.

### **Operating Expenses - Explanation of Changes**

A net decrease of \$22.2 million between FY 1999 and FY 2000 in the cost of building operation and repair is expected:

- A. An increase of \$1.5 million (1.5 percent) for normal inflationary cost escalations for supplies, materials and service contracts.
- B. An increase of \$0.2 million (1.5 percent) for utility rate and fuel cost escalations. Price increases for utilities and fuels have been moderate, paralleling average rates of inflation for other supplies and services. This trend is expected to continue through FY 2000.
- C. An increase of \$2.0 million for civilian pay and step increases. This also includes the annualization of the FY 1999 pay increase and the part-year cost of a 4.4 percent increase for FY 2000.
- D. A decrease of \$4.9 million for savings from energy conservation initiatives and other savings and cost avoidances to be achieved through staffing realignments within WHS and productivity improvements.
- E. A decrease of \$21.1 million for requirements in support of the Pentagon Building Renovation Program. This includes a reduction of \$16.7 million in requirements for rental, operation and build-out of swing space. An increase of \$2.3 for storage of artifacts and equipment and move planning and move services. A decrease of \$6.7 million for the installation of systems furniture for newly renovated space scheduled to come on-line during FY 2000.
- F. An increase of \$4.0 million for major building repairs.
- G. A net decrease of \$0.8 million reflecting the annualization of changes to the inventory of operated space due to renovation during FY 1999 and the part-year cost of changes that will be occurring during FY 2000:

- (1) Wedge One (-610,000 sq. ft.) off-line (-\$0.8 million);
- (2) Basement Segment 2A1 (-60,000 sq.ft.) off-line (-\$0.3 million);
- (3) Basement Segment 3A1 (-40,000 sq.ft.) off-line (-\$0.2 million);
- (4) Basement Segment 2A1 (-180,000 sq. ft.) off line (-\$0.9 million);

(5) Basement Tri-Care Clinic (+56,000 sq. ft.) on-line (+\$0.3 million);

(6) Basement Segment 1 (+180,000 sq. ft.) on-line (+\$0.7 million);

(7) Basement Segment 1 (+60,000 sq. ft.) on-line (+\$0.2 million);

(8) OSD Swing Space (+14,000 sq. ft.) on-line (+\$.04 million);

(9) Basement Segment 2A2 (+30,000 sq. ft.) on-line (+\$0.2 million).

H. A decrease of \$3.1 million for space alterations and other above standard services.

**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
PROGRAM AND FINANCING SUMMARY  
(Dollars in Millions)**

	<u><b>FY 1998</b></u>	<u><b>FY 1999</b></u>	<u><b>FY 2000</b></u>
Fund Balance (Unobligated Balance Available)			
Start of Year:	32.6	24.9	2.8
User Charges			
Federal Funds	268.7	393.8	377.4
Non Federal Funds	1.1	1.2	1.8
Total User Charges:	269.8	395.0	379.2
Obligations:			
Real Property Operations:			
Cleaning	15.4	14.3	13.5
Maintenance	11.5	10.6	10.6
Utilities and Fuels	3.4	3.1	2.9
Protection	7.3	8.8	8.9
Other Building Services	1.2	0.9	0.9
Administrative	15.2	18.0	14.7
Repairs (over \$10,000)	3.5	8.6	12.8
Remote Delivery Facility	0.5	23.4	37.8
Pentagon Renovation			
Design and Construction	99.9	158.5	145.9
IM&T	28.8	18.0	21.0
Swing Space (Rent & Other)	45.4	50.0	34.2
Administrative	2.0	17.1	17.4
Other Renov. Support Svcs.	0.0	12.4	4.3
Reimbursable Services (Above Std.):			
Renovation			
Furniture	1.7	18.0	4.0
Other	15.7	18.4	18.4
All Other			
Cleaning	0.0	0.0	0.0
Maintenance	1.2	1.2	1.2
Utilities and Fuels	7.3	7.3	6.8
Protection	11.7	11.7	11.0
Space Adjustments and Other	14.5	14.5	13.5
Administrative	2.3	2.3	2.1
Total Obligations:	288.5	417.1	381.9
Recovery of Prior Year Obligations	8.0	0.0	0.0
Transfer from Other Accounts	3.0	0.0	0.0
Fund Balance (Unobligated Balance Available)			
End-of-Year	24.9	2.8	0.1

**WASHINGTON HEADQUARTERS SERVICES**  
**PENTAGON RESERVATION MAINTENANCE REVOLVING FUND**  
**REVENUE AND EXPENSES**  
(Dollars in Millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Revenue*	237.2	323.9	320.2
Operating Expenses:			
Real Property Operations:			
Cleaning	15.0	14.3	13.5
Maintenance	11.1	10.6	10.6
Utilities and Fuels	3.3	3.1	2.9
Protection	7.1	8.8	8.9
Other Building Services	1.2	0.9	0.9
Administrative - RE&F	14.8	18.0	14.7
Repairs (over \$10,000)	3.5	10.2	14.3
Pentagon Renovation			
Swing Space (Rent & Other)	50.3	56.3	40.4
Swing Space (IM&T)	0.0	0.0	0.0
Administrative	1.9	17.1	17.4
Other Renov. Support Svcs.	0.0	2.0	4.3
Reimbursable Services (Above Std.):			
Renovation			
Furniture	1.2	7.4	0.8
Other	16.0	18.7	18.7
All Other:			
Cleaning	0.0	0.0	0.0
Maintenance	0.6	0.6	0.6
Utilities and Fuels	7.5	7.6	7.7
Protection	11.1	11.3	11.5
Space Adjustments and Other	9.1	10.1	7.6
Administrative	3.2	3.3	3.3
Depreciation	5.2	5.2	5.2
Capital Surcharge	75.1	118.4	136.9
Total Operating Expenses:	237.2	323.9	320.2
Cost of Services:	237.2	323.9	320.2
Net Operating Results	0.0	0.0	0.0
Accumulated Operating Results:	0.0	0.0	0.0

**\*NOTE: Revenue determined based upon percentage of completion method of revenue recognition. Revenue reflects Work-in-Place/Delivered Orders/Accrued Cost vice Orders Received.**

**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
CHANGES IN COST OF OPERATION  
(Dollars in Millions)**

	<b><u>OPERATING EXPENSES</u></b>
FY 1998 Actual	162.1
Pricing Adjustments:	
FY 1999 Pay Raise	
Civilian Personnel	1.2
Annualization of Prior Year Pay Raises	0.3
Other:	
-Inflation - Supplies & Service Contracts	1.0
-Utility Rate & Fuel Cost Escalations	0.1
Program Changes:	
Energy Conservation and Other Savings	-1.1
Other Program Changes:	
-Information Technology - System Operations, Maintenance, Administration & Equipment Replacement	2.8
Building Renovation Project:	
-Swing Space Operations & Other	10.2
-Renovation Furniture	6.2
O&M Workload - Net Change:	
-Basement Segment 3A1 Off-Line (-40,000 square feet)	0.0
-Basement Tri Care Clinic On-Line (+56,000 square feet)	0.1
-OSD Swing Space On-Line (+14,000 square feet)	0.1
-Basement Segment 1 On-Line (+180,000 square feet)	0.5
-Basement Segment 2A1 Off-Line (-180,000 square feet)	-0.1
-Wedge One Off-Line (-610,000 square feet)	-2.5
-Basement Segment 2A1 Off-Line (-60,000 square feet)	0.0
-Basement Segment 1 On-Line (+60,000 square feet)	0.2
-Basement Segment 2A2 On-Line (+30,000 square feet)	0.2
Building Repairs - Fire and Lifesafety	6.5
Other Changes:	
-Remote Delivery Facilities and Operations	1.6
-Space Adjustments and Other Reimb. Abv. Std. Workload	0.9
-Renovation Program Organizational and Functional Realignment	15.2
FY 1999 Estimate:	205.5
Pricing Adjustments:	
FY 2000 Pay Raise:	
-Civilian Personnel	1.6
-Military Personnel	0.0
Annualization of Prior Year Pay Raises	0.4
Other:	
-Inflation - Supplies & Service Contracts	1.5
-Utility Rate & Fuel Cost Escalations	0.2
Program Changes:	
Energy Conservation and Other Savings	-4.9
Building Renovation Project:	0.0
-Swing Space Operations & Other	-14.4
-Renovation Furniture	-6.7
O&M Workload - Net Change	
Annualize:	
-Basement Segment 3A1 Off-Line (-40,000 square feet)	-0.2
-Basement Tri Care Clinic On-Line (+56,000 square feet)	0.3
-OSD Swing Space On-Line (+14,000 square feet)	0.0
-Basement Segment 1 On-Line (+180,000 square feet)	0.7
-Basement Segment 2A1 Off-Line (-180,000 square feet)	-0.9
-Wedge One Off-Line (-610,000 square feet)	-0.8
-Basement Segment 2A1 Off-Line (-60,000 square feet)	-0.3
-Basement Segment 1 On-Line (+60,000 square feet)	0.2
-Basement Segment 2A2 On-Line (+30,000 square feet)	0.2
Building Repairs - Fire and Lifesafety	4.0
Other Changes:	0.0
-Space Adjustments and Other Reimb. Abv. Std. Workload	-3.1
FY 2000 Estimate:	183.3

**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
SOURCES OF REVENUE  
(Dollars in Millions)**

	<u><b>FY 1998</b></u>	<u><b>FY 1999</b></u>	<u><b>FY 2000</b></u>
1. Orders from DoD Components:			
Rent:			
USAF	10.9	14.3	59.6
ARMY	7.7	26.3	109.8
NAVY	0.0	11.1	48.0
DISA	4.2	0.6	5.5
DIA	8.6	3.1	12.7
NIMA	0.2	0.0	0.2
NSA	0.1	0.0	0.1
JCS	21.6	7.4	31.7
WHS (Central Services)	159.5	7.1	47.2
BMDO	3.3	6.0	4.9
AFIS	0.2	0.1	0.3
DLSA	0.2	0.1	0.3
Renovation Transfer Fund	0.0	279.8	0.0
Other Charges:			
- Building Services and Space Adjustments	43.5	38.0	47.0
- Renovation Furniture	8.8	0.0	10.0
2. Total Orders from DoD Components:	268.7	393.8	377.4
3. Other Orders:			
DoD Concessions Committee (Rent)	1.1	1.2	1.8
Transfers from Other Accounts	3.0		
4. Total Gross Orders:	272.8	395.0	379.2

**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
PERSONNEL RESOURCES**

	<u>END STRENGTH</u>			<u>FTE</u>		
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Civilian Personnel:						
Laborers	21	19	19	18	19	19
Mechanics / Crafts	264	287	303	247	287	303
Police	263	260	260	253	260	260
Administrative	244	177	177	214	177	177
Sub Total	792	743	759	732	743	759
	<u>END STRENGTH</u>			<u>AVERAGE END STRENGTH</u>		
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Military Personnel:						
Officer	0	1	1	0	1	1
Enlisted	0	0	0	0	0	0
Total	792	744	760	732	744	760

**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
STATEMENT OF FINANCIAL CONDITION  
(Dollars in Millions)**

	<u><b>FY 1998</b></u>	<u><b>FY 1999</b></u>	<u><b>FY 2000</b></u>
Assets:			
Selected Assets:			
Fund Balance with Treasury	209.3	302.5	364.3
Accounts Receivable	10.8	12.4	14.6
Inventories	1.4	1.4	1.5
Capital Inventory (Net)	548.1	689.8	818.2
Total Assets:	769.6	1,006.2	1,198.6
Liabilities:			
Selected Liabilities:			
Accounts Payable	2.4	1.8	2.2
Accrued Liabilities	3.1	3.3	2.8
Total Liabilities:	5.5	5.1	5.0
Government Equity:			
Paid-in-Capital			
(Assets Capitalized Less Liabilities			
Assumed)	764.1	1,001.1	1,193.6
Unexpended Appropriations	0.0	0.0	0.0
Total Government Equity:	764.1	1,001.1	1,193.6
Total Liabilities and Equity:	769.6	1,006.2	1,198.6

**WASHINGTON HEADQUARTERS SERVICES  
PENTAGON RESERVATION MAINTENANCE REVOLVING FUND  
Cost of Basic Services**

PROGRAM	FY 1998		FY 1999		FY 2000	
	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	4,373,137	\$3.43	4,190,537	\$3.42	4,087,137	\$3.32
Maintenance	4,373,137	\$2.55	4,190,537	\$2.53	4,087,137	\$2.59
Utilities & Fuels	4,373,137	\$0.76	4,190,537	\$0.73	4,087,137	\$0.72
Protection	4,589,974	\$1.56	4,589,974	\$1.91	4,589,974	\$1.94
Administrative	4,589,974	\$3.65	4,589,974	\$7.64	4,589,974	\$7.00
Other Building Services	4,373,137	\$0.27	4,190,537	\$0.21	4,087,137	\$0.22
Administrative Cost as Percent of Total Program Cost		7.1%		11.1%		10.1%

\* Operated space excludes outside parking areas. Operated space has been adjusted to reflect reduction in O&M service levels within areas under renovation.

\*\* Unit Cost per Square Foot Excludes Reimbursable Above Standard Services



**WASHINGTON HEADQUARTERS SERVICES**  
**PENTAGON RESERVATION MAINTENANCE REVOLVING FUND**  
**Capital Budget**  
**(Dollars in Millions)**

	<b><u>FY 1998</u></b>	<b><u>FY 1999</u></b>	<b><u>FY 2000</u></b>
Authority:			
Equipment	0.0	0.0	0.0
Major Construction	125.6	210.3	204.7
Minor Construction	0.0	0.0	0.0
Obligations (Total)	125.6	210.3	204.7
Outlays (Total)	75.1	118.4	136.9

CAPITAL AREA CAPITAL INVESTMENT JUSTIFICATION (Dollars in thousands)							A. BUDGET SUBMISSION		
B. Component/Business Area/Date WASHINGTON HEADQUARTERS SERVICES - PENTAGON RESERVATION MAINTENANCE REVOLVING FUND	C. Line No. & Item Description						D. Activity Identification		
ELEMENT OF COST	FY 1998			FY 1999			FY 2000		
	Quantity	Unit Cost	Total Obligations	Quantity	Unit Cost	Total Obligations	Quantity	Unit Cost	Total Obligations
807 - Major Construction			\$125,597			\$210,286			\$204,696
<b>Narrative Justification:</b>									
<p>Provides \$166.9 million for Renovation initiatives to be undertaken by the Department within the FY 2000 PRMRF funding availability (NOA) including:</p> <p>(1) Continuation of the design and construction of a portion of Segments 2 and 3 of the basement (\$95.8 million);</p> <p>(2) Continuation of the construction of a portion of Wedge one (\$25.0 million);</p> <p>(3) Continuation of the design and preconstruction activities for Wedge Two (\$15.0 million);</p> <p>(4) Design, procurement and installation of initial building-wide items such as elevators, escalators, Venetian blinds, fire alarm system, energy management control system, hardware and interior signs (\$7.9 million);</p> <p>(6) Continuation of overall design development and studies (\$2.2 million);</p> <p>(7) Information Management and Telecommunications planning, studies, design, management, acquisition and implementation activities (\$21.0 million);</p> <p>Provides \$36.8 million for construction of the Pentagon Remote Delivery Facility. Approximately two hundred delivery vehicles breach the Pentagon perimeter every day to deliver goods, supplies and materials. Delivery vehicles are visually inspected; however there is no area to conduct a thorough screening of the goods prior to distribution throughout the building. During FY 1998, in the wake of an ever widening threat of terrorist attacks directed against Government facilities and the personnel they house, the Department undertook a comprehensive vulnerability assessment of the Pentagon. In this assessment, one major recommendation was to construct a Pentagon Remote Delivery Facility to permit the screening of delivery vehicles and their cargo. This facility will operate in a manner similar to remote facilities operated by the White House, U.S. Capitol and the State Department using x-ray equipment and specially trained dogs to detect explosives and other hazardous materials. A determination has been made by the Secretary to proceed with the construction of a 150,000 square foot Remote Delivery Facility on the Pentagon Reservation. The facility that will become operational late in FY 2000.</p>									