

**FAMILY HOUSING, DEFENSE-WIDE
FY 2003 BUDGET ESTIMATE**

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**PROGRAM SUMMARY
FAMILY HOUSING, DEFENSE-WIDE
FY 2003**

(Dollars in Thousands)

	<u>NSA</u>	<u>DIA</u>	<u>DLA</u>	<u>Total</u>
New Construction	-	-	-	-
Improvements	50	-	5,430	5,480
Planning and Design	-	-	-	-
Subtotal Construction	50	-	5,430	5,480
Operation	532	3,689	410	4,631
Utilities	407	-	410	817
Leasing	9,643	26,220	-	35,863
Maintenance	611	-	510	1,121
Subtotal O&M	11,193	29,909	1,330	42,432
Reimbursable Program	-	3,400	-	3,400
Total Program	11,243	33,309	6,760	51,312
Appropriation Request	11,243	29,909	6,760	47,912

**APPROPRIATIONS LANGUAGE
FAMILY HOUSING, DEFENSE-WIDE
FY 2003**

FAMILY HOUSING CONSTRUCTION, DEFENSE-WIDE

For expenses of family housing for the activities and agencies of the Department of Defense (other than the military departments) for construction, including acquisition, replacement, addition, expansion, extension and alteration, as authorized by law, \$5,480,000, to remain available until September 30, 2007.

FAMILY HOUSING OPERATION AND MAINTENANCE, DEFENSE-WIDE

For expenses of family housing for the activities and agencies of the Department of Defense (other than the military departments) for operation and maintenance, leasing, and minor construction, as authorized by law, \$42,432,000.

**POST ACQUISITION CONSTRUCTION
FAMILY HOUSING, DEFENSE-WIDE
FY 2003**

The FY 2003 Family Housing, Defense-wide budget includes \$5,480,000 for two post-acquisition construction improvement projects. The Defense Logistics Agency requests \$5,430,000 to fund the final phase (55 units) of a four-phase project to revitalize all 141 family housing units at the Defense Distribution Depot Susquehanna (DDSP), New Cumberland, Pennsylvania. The National Security Agency requests \$50,000 to fund construction of new water drainage systems at 111 family housing units at RAF Menwith Hill, United Kingdom.

1. Component DLA	FY 2003 MILITARY CONSTRUCTION PROJECT DATA			2. Date Jan 02
3. Installation and Location: Defense Distribution Depot, Susquehanna (DDSP) New Cumberland, Pennsylvania		4. Project Title Whole House Revitalization (Phase 4 of 4)		
5. Program Element 071111S	6. Category Code 711	7. Project Number NA	8. Project Cost (\$000) 5,430	
9. COST ESTIMATES				
Item	U/M	Quantity	Unit Cost	Cost (\$000)
Primary Facility				4,657
Revitalize Military Housing	DU	53	87,860	(4,657)
Subtotal				4,657
Contingency (10%)				<u>466</u>
Estimated Construction Cost				5,123
Supervision, Inspection and Overhead (6%)				<u>307</u>
Total Request				5,430
10. DESCRIPTION OF PROPOSED CONSTRUCTION:				
<p>DLA programmed a three-phase whole house revitalization for fiscal years FY 96 at \$3.18 million, FY 97 at \$3.82 million, and FY 98 at \$4.85 million. The total revitalization planned was \$11.85 million to renovate all 141 dwelling units at DDSP. Funding was received in the fiscal years requested. To gain economies of scale, a single construction project was awarded for contract execution. Due to poor performance, the minority small business contractor and subsequently the bonding company were terminated for default. The Corps of Engineers has solicited bids for the completion of the remaining contract work. The base award of the re-procurement solicitation was written to purchase as much work as the remaining project funds would allow. Several unfinished dwelling units were written as unfunded contract options since the re-procurement bids were expected to exceed remaining project funds. Bids for the completion of unfinished dwelling units were opened in March 2001 and additional funds are requested to complete the project without additional delay. The Corps of Engineers is in the process of attempting to recover termination and re-procurement costs from the contractor and bonding company. The current estimate of time to settle the litigation is approximately three years. The final disposition of the litigation regarding the termination for default will be a matter for the courts and is yet to be determined.</p>				

1. COMPONENT DLA		2. DATE Jan 02
3. INSTALLATION AND LOCATION Defense Distribution Depot Susquehanna (DDSP), New Cumberland, Pennsylvania		
4. PROJECT TITLE Whole House Revitalization (Phase 4 of 4)	5. PROJECT NUMBER NA	
<p>11. REQUIREMENT: 141 DU ADEQUATE: 88 DU SUBSTANDARD: 0 DU</p> <p>PROJECT: Re-procurement for the completion of an unfinished whole house revitalization project at DDSP.</p> <p>REQUIREMENT: There is a need to re-procure for the whole house revitalization of unfinished dwelling units at DDSP New Cumberland pending lengthy and uncertain litigation associated with a termination for default.</p> <p>CURRENT SITUATION: 88 of the 141 units have been completed or are currently funded for revitalization. Of the incomplete units, the majority were built in the 1950's and have safety, health, and building code violations. Additionally, the incomplete dwelling units have an inadequate number of bathrooms, poor mechanical ventilation systems and no insulation in the walls. The Defense Logistics Agency places a high priority on providing quality housing for military families. This project plays an integral part in achieving these goals.</p> <p>IMPACT IF NOT PROVIDED: If the completion project is not provided, military families at DDSP will be required to reside in housing with safety and health deficiencies, and DLA will continue to incur high maintenance and utility costs for the incomplete dwelling units. In addition, DLA will be unable to provide minimum quality of life standards for all military family housing occupants at DDSP since only a portion of military families will reside in adequate dwelling units. Noncompliant dwelling units will remain occupied pending the uncertain outcome of the litigation involving a poor performing minority small business contractor.</p> <p>Point of Contact is John Davis at 703-767-3342</p>		

**OPERATION AND MAINTENANCE SUMMARY
FAMILY HOUSING, DEFENSE-WIDE
FY 2003**

The Operation and Maintenance portion of the family housing program include maintenance and repair of government-owned housing units and associated real property; utility services; repair, replacement, transportation and handling of furniture and furnishings; refuse collection and disposal services; management services; and other miscellaneous support. Furnishings support for members of the Defense Attaché System are also included. The costs for leasing family housing units are separately addressed.

OPERATION AND MAINTENANCE SUMMARY
FAMILY HOUSING, DEFENSE-WIDE
(Excludes Leased Units and Costs)

<u>Inventory Data</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>			
Units in Being Beginning of Year	405	400	397			
Units in Being End of Year	400	397	396			
Average Inventory for Year	403	399	396			
Units Requiring O&M Funding						
a. Conterminous U.S.	211	207	204			
b. U.S. Overseas	-	-	-			
c. Foreign	192	192	192			
d. Worldwide	403	399	396			
	<u>FY 2001</u>	<u>FY 2002</u>		<u>FY 2003</u>		
	<u>Actual</u>	<u>Estimate</u>		<u>Request</u>		
	Unit Cost*	Total Cost	Unit Cost*	Total Cost	Unit Cost*	Total Cost
	(\$)	(\$000)	(\$)	(\$000)	(\$)	(\$000)
<u>Funding Requirements</u>						
1. Operation						
a. Management	526	212	777	310	816	323
b. Services	1,216	490	1,133	452	1,048	415
c. Furnishings	9,268	3,735	8,652	3,452	9,684	3,835
d. Miscellaneous	129	52	143	57	146	58
Direct Obligations-Operation	11,139	4,489	10,704	4,271	11,694	4,631
Anticipated Reimbursements		-		-		-
2. Utilities	1,851	746	2,098	837	2,063	817
Direct Obligations-Utilities	1,851	746	2,098	837	2,063	817
Anticipated Reimbursements	-	37	-	132	-	136
3. Maintenance						
a. M&R Dwellings	2,596	1,046	1,079	903	2,672	1,058
b. M&R Exterior Utilities	2	1	3	1	3	1
c. M&R Other Real Property	22	9	175	70	35	14
d. Alterations & Additions	97	39	98	39	121	48
Direct Obligations-Maintenance	2,717	1,095	2,539	1,013	2,831	1,121
Anticipated Reimbursements	-	-	-	-	-	-
Total-Direct Obligations	15,707	6,330	15,341	6,121	16,588	6,569
Total Anticipated Reimbursements	-	37	-	132	-	136

*Based on number of government-owned units.

**NATIONAL SECURITY AGENCY
PROGRAM SUMMARY
FY 2003**

(Dollars in Thousands)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
New Construction	-	-	-
Improvements	-	-	50
Planning and Design	-	-	-
Construction Subtotal	-	-	50
Operations	474	575	532
Utilities	355	414	407
Maintenance	753	658	611
Leasing	9,896	11,548	9,643
O&M Subtotal	11,478	13,195	11,193
Reimbursable Program	-	-	-
Total Program	11,478	13,195	11,243

**NATIONAL SECURITY AGENCY
OPERATION AND MAINTENANCE SUMMARY
(Excludes Leased Units and Costs)**

<u>Inventory Data</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Units in Being Beginning of Year	192	192	192
Units in Being End of Year	192	192	192
Average Inventory for Year	192	192	192

Units Requiring O&M Funding			
a. Conterminous U.S.			
b. U.S. Overseas	192	192	192
c. Foreign			
d. Worldwide			

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>	
	Unit Cost* (\$)	Total Cost (\$000)	Unit Cost* (\$)	Total Cost (\$000)	Unit Cost* (\$)	Total Cost (\$000)
<u>Funding Requirements</u>						
1. Operations						
a. Management	0	0	78	15	78	15
b. Services	2,094	402	1,948	374	1,766	339
c. Furnishings	104	20	672	129	625	120
d. Miscellaneous	271	52	297	57	302	58
Direct Obligations-Operations	2,469	474	2,995	575	2,771	532
Anticipated Reimbursements	-	-	-	-	-	-
Subtotal-Gross Obligations	2,469	474	2,995	575	2,771	532
2. Utilities Operations	1,849	355	2,156	414	2,120	407
Direct Obligations-Utilities	1,849	355	2,156	414	2,120	407
Anticipated Reimbursements	-	-	-	-	-	-
Subtotal-Gross Obligations	1,849	355	2,156	414	2,120	407
3. Maintenance						
a. M&R Dwellings	3,875	744	3,365	646	3,109	597
b. M&R Exterior Utilities	-	-	-	-	-	-
c. M&R Other Real Property	47	9	62	12	73	14
d. Alterations & Additions	-	-	-	-	-	-
Direct Obligations-Maintenance	3,922	753	3,427	658	3,182	611
Anticipated Reimbursements	-	-	-	-	-	-
Subtotal-Gross Obligations	3,922	753	3,427	658	3,182	611
Total Direct Obligations	8,240	1,582	8,578	1,647	8,073	1,550
Anticipated Reimbursements	-	-	-	-	-	-
Total Gross Obligations	8,240	1,582	8,578	1,647	8,073	1,550

*Based on total number of government owned units.

**NATIONAL SECURITY AGENCY
OPERATION AND MAINTENANCE
Reconciliation of Increases and Decreases**

The Operation portion of the family housing program for NSA includes maintenance, repair and replacement of furnishings; utility services; refuse collection and disposal; and administrative support at the installation level. Leasing costs are covered separately.

The Maintenance portion includes maintenance and repair of buildings and associated utilities systems, and other incidental improvements, including minor alteration and addition.

Reconciliation of Increases and Decreases

Operation

	<u>(\$000)</u>
1. FY 2002 President's Budget Request	575
2. Price Growth	
a. Inflation	0
b. Foreign Currency Change	0
3. Program Decrease	
a. Due to decrease in employee training and salaries	-43
4. FY 2003 President's Budget Request	532

Utilities

	<u>(\$000)</u>
1. FY 2002 President's Budget Request	414
2. Price Growth	
a. Inflation	0
b. Foreign Currency Change	0
3. Program Decrease	
a. Decrease due to stabilization in utility costs	-7
4. FY 2003 President's Budget Request	407

Maintenance

	<u>(\$000)</u>
1. FY 2002 President's Budget Request	658
2. Price Growth	
a. Inflation	0
b. Foreign Currency Change	0
3. Program Decrease	
a. Decrease due to reduced backlog of maintenance items	-47
4. FY 2003 President's Budget Request	611

**DEFENSE INTELLIGENCE AGENCY
PROGRAM SUMMARY
FY 2003**

(Dollars in Thousands)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
New Construction	-	-	-
Improvements	-	-	-
Planning and Design	-	-	-
Construction Subtotal	-	-	-
Operations	3,650	3,300	3,689
Utilities	-	-	-
Maintenance	-	-	-
Leasing	25,214	25,600	26,220
O&M Subtotal	28,864	28,900	29,909
Reimbursable Program	1,041	3,300	3,400
Total Program	29,905	32,200	33,309

One of the missions of the Defense Intelligence Agency (DIA) is operation and support of the Defense Attaché System. The missions of the Defense Attaché System are to: (1) observe and report military and politico-military information; (2) represent the DOD and the military services; (3) administer military assistance programs and foreign military sales as directed; and (4) advise the U.S. Ambassador on military and politico-military matters. These missions are accomplished through the Defense Attaché Offices (DAO), which are organic elements of U.S. Diplomatic Missions.

The U.S. Embassy housing board controls assignment of quarters for the attaché and support staff. Housing is provided to DAO personnel at a level of expense and square footage that is equivalent to their Department of State counterparts.

The DIA's Budget Submission for the FY 2003 Family Housing Program funds 500 government leases (of which 147 are high cost leases) at Defense Attaché Offices (DAO) worldwide. These funds provide for all costs which include lease, utilities, residential security services, custodial and fire protection services, furnishings and appliances, maintenance and repair of furnishings and appliances, and administrative services performed by the Department of State under the International Cooperative Administrative Support Services (ICASS) system and Memoranda of Understanding.

**DEFENSE INTELLIGENCE AGENCY
OPERATION AND MAINTENANCE SUMMARY
(Excludes Leased Units and Costs)
FY 2003**

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
<u>Inventory Data</u>			
Units in Being Beginning of Year	-	-	-
Units in Being End of Year	-	-	-
Average Inventory for Year	-	-	-
Units Requiring O&M Funding			
a. Conterminous U.S.	-	-	-
b. U.S. Overseas	-	-	-
c. Foreign	-	-	-
d. Worldwide	-	-	-

Note: All DIA family housing units are leased.

	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>	
	Unit Cost* (\$)	Total Cost (\$000)	Unit Cost* (\$)	Total Cost (\$000)	Unit Cost* (\$)	Total Cost (\$000)
<u>Funding Requirements</u>						
1. Operations						
a. Management	-	-	-	-	-	-
b. Services	-	-	-	-	-	-
c. Furnishings	42	3,650	43	3,300	44	3,689
d. Miscellaneous	-	-	-	-	-	-
Direct Obligations-Operations	42	3,650	43	3,300	44	3,689
Anticipated Reimbursements	-	37	-	132	-	136
Subtotal-Gross Obligations	42	3,687	43	3,432	44	3,825
2. Utilities Operations	-	-	-	-	-	-
Direct Obligations-Utilities	-	-	-	-	-	-
Anticipated Reimbursements	-	-	-	-	-	-
Subtotal-Gross Obligations	-	-	-	-	-	-
3. Maintenance						
a. M&R Dwellings	-	-	-	-	-	-
b. M&R Exterior Utilities	-	-	-	-	-	-
c. M&R Other Real Property	-	-	-	-	-	-
d. Alterations & Additions	-	-	-	-	-	-
Direct Obligations-Maintenance	-	-	-	-	-	-
Anticipated Reimbursements	-	-	-	-	-	-
Subtotal-Gross Obligations	-	-	-	-	-	-
Total Direct Obligations	42	3,650	43	3,300	44	3,689
Anticipated Reimbursements	-	37	-	132	-	136
Total Gross Obligations	42	3,687	43	3,432	44	3,825

*Based on total number of government owned units.

**DEFENSE INTELLIGENCE AGENCY
OPERATION AND MAINTENANCE
Reconciliation of Increases and Decreases
Operations**

The FY 2003 Family Housing Operations expenses for DIA include the purchase, transportation, maintenance, and repair of furniture and appliances for members of the Defense Attaché System.

Reconciliation of Increases and Decreases

Operations	<u>(\$000)</u>
FY 2002 President's Budget Request	3,630
FY 2002 Appropriated Amount	3,300
Price Growth	
a. Inflation	59
Program Increases	
a. Increased costs due to additional personnel assigned in support of Defense Attache' System worldwide.	330
FY 2003 President's Budget Request	3,689

**DEFENSE INTELLIGENCE AGENCY
OPERATION AND MAINTENANCE
Furnishings Summary
FY 2003**

(Dollars in Thousands)

	Furnishings less Hsldhold Equip					Household Equipment					Total F		
	<u>Mvg/ Hdlg</u>	<u>Maint /Repr</u>	<u>Repl ment</u>	<u>Init Issue</u>	<u>Total</u>	<u>Mvg/ Hdlg</u>	<u>Maint /Repr</u>	<u>Repl ment</u>	<u>Init Issue</u>	<u>Total</u>	<u>Mvg/ Hdlg</u>	<u>Maint /Repr</u>	<u>R m</u>
FY 2001													
CONUS													
US O/S													
Foreign	338	91	1234	776	2439	258	43	419	491	1211	596	134	
Public													
Private													
Total	338	91	1234	776	2439	258	43	419	491	1211	596	134	
FY 2002													
CONUS													
US O/S													
Foreign	353	121	1022	506	2002	272	63	487	476	1298	625	184	
Public													
Private													
Total	353	121	1022	506	2002	272	63	487	476	1298	625	184	
FY 2003													
CONUS													
US O/S													
Foreign	373	164	1110	565	2212	292	102	597	486	1477	665	266	
Public													
Private													
Total	373	164	1110	565	2212	292	102	597	486	1477	665	266	

**DEFENSE LOGISTICS AGENCY
PROGRAM SUMMARY
FY 2003**

(Dollars in Thousands)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
New Construction	-	-	-
Improvements	-	247	5,430
Planning and Design	-	-	-
Construction Subtotal	-	247	5,430
Operations	365	396	410
Utilities	391	423	410
Maintenance	342	355	510
Leasing	-	-	-
O&M Subtotal	1,098	1,174	1,330
Reimbursable Program	-	-	-
Total Program	1,098	1,421	6,760

At the beginning of FY 2003, the Defense Logistics Agency (DLA) will have a family housing inventory of two hundred five (205) units. These units are located at Defense Supply Centers Richmond (DSCR) - 31 and Columbus (DSCC) - 3, and the Defense Distribution Center - 141 in Susquehanna, Pennsylvania (DDSP) and 30 in San Joaquin, California (DDJC). Of the total units, 18 were built in 1975 and 1976; the remaining 187 were built prior to 1960. Of the older units, the 30 at San Joaquin were completely renovated in FY 1989. Renovation of 54 of the 141 units at Susquehanna was completed in FY 2001, and an additional 34 units will be completed in FY 2002. As addressed in a subsequent paragraph, this budget request includes a construction improvement requirement of \$5.43 million to complete renovation of the remaining 53 units.

The FY 2003 budget request supports routine operation requirements including management costs, utility costs, and replacement of appliances. In addition, the FY 2003 request supports routine maintenance requirements that include replacement of carpet and linoleum, floor refinishing, replacement of water heaters and heating and air conditioning units, and both interior and exterior painting.

Also included in the FY 2003 maintenance request is a requirement to demolish the remaining 3 units at the DSCC. This is the last year of a three-year plan to demolish 10 of the 11 aging (circa 1918-1942) and high maintenance units, and take advantage of available private sector housing in the local Columbus area. The one unit that is currently planned to remain standing at DSCC was transferred to the DLA Quality of Life program in FY 2001 to be used as a lodging facility. In the FY 2002 Amended President's Budget (PB), we projected a four-year demolition plan. However, we were able to accelerate the plan when tenants vacated the units earlier than projected.

The FY 2003 request includes a \$5.43 million construction improvement requirement to complete the revitalization of 53 housing units at DDSP. These units were part of a larger, three-phase project (appropriated in the FYs 1996, 1997 and 1998) to renovate all 141 units at the DDSP by the end of July 2000. The contract was terminated for default (nonperformance) in FY 2001 and is now in litigation. The \$5.43 million construction improvement request will allow DLA to complete renovation on the remaining units at the original project scope.

**DEFENSE LOGISTICS AGENCY
OPERATION AND MAINTENANCE SUMMARY
(Excludes Leased Units and Costs)**

<u>Inventory Data</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>			
Units in Being Beginning of Year	213	208	205			
Units in Being End of Year	208	205	202			
Average Inventory for Year	211	207	204			
Units Requiring O&M Funding						
a. Conterminous U.S.	211	207	204			
b. U.S. Overseas						
c. Foreign						
d. Worldwide						
	<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>	
	Unit	Total	Unit	Total	Unit	Total
	Cost*	Cost	Cost*	Cost	Cost*	Cost
	(\$)	(\$000)	(\$)	(\$000)	(\$)	(\$000)
<u>Funding Requirements</u>						
1. Operations						
a. Management	1,004	212	1,396	289	1,509	308
b. Services	417	88	372	77	373	76
c. Furnishings	308	65	145	30	127	26
d. Miscellaneous		-		-		-
Direct Obligations-Operations	1,729	365	1,913	396	2,009	410
Anticipated Reimbursements	-	-	-	-	-	-
Subtotal-Gross Obligations	1,729	365	1,913	396	2,009	410
2. Utilities Operations	1,853	391	2,043	423	2,009	410
Direct Obligations-Utilities	1,853	391	2,043	423	2,009	410
Anticipated Reimbursements		-		-		-
Subtotal-Gross Obligations	1,853	391	2,043	423	2,009	410
3. Maintenance						
a. M&R Dwellings	1,431	302	1,241	257	2,260	461
b. M&R Exterior Utilities	5	1	5	1	5	1
c. M&R Other Real Property	0	0	280	58	0	0
d. Alterations & Additions	185	39	188	39	235	48
Direct Obligations-Maintenance	1,620	342	1,714	355	2,500	510
Anticipated Reimbursements		-		-		-
Subtotal-Gross Obligations	1,620	342	1,714	355	2,500	510
Total Direct Obligations	5,203	1,098	5,671	1,174	6,519	1,330
Anticipated Reimbursements		-		-		-
Total Gross Obligations	5,203	1,098	5,671	1,174	6,519	1,330

*Based on total number of government owned units.

**DEFENSE LOGISTICS AGENCY
OPERATION AND MAINTENANCE
Reconciliation of Increases and Decreases**

Operation - Includes refuse collection and disposal, snow removal, entomological services, custodial services, street cleaning, moving and handling of government-owned furnishings, and maintenance, repair, and replacement of household equipment. Operation also includes management costs associated with the administration of the family housing program. These costs include salaries, fringe benefits and training. Also included are supplies and equipment required to support the management personnel and to operate the housing office.

Overall, the operation requirement for FY 2003 is slightly higher than the FY 2002 Amended President's Budget (PB). Though savings are being generated by the inventory reduction of 4 units in FY 2001 (3 were demolished; 1 was transferred to the DLA Quality of Life program), they are partially offset by an increase in moving costs at DDSF, as the tenants in the units programmed for renovation in FY 2003 are moved out to accommodate the construction work. Savings are further offset by an increase in the equipment category as DDSF plans refrigerators and gas stoves purchases for those units on which renovation will be completed in FY 2003.

Utilities – Included in this category of costs are electricity, gas, fuel oil, water and sewage requirements. We are projecting a decrease in utilities requirements in FY 2003 below the FY 2002 PB. The installation of meters on individual family housing units at DSCR in FY 2000 has resulted in a more accurate cost projection methodology and created substantial savings in the FY 2003 program. The inventory reduction, as mentioned in the operations narrative also contributes to the lower utilities requirement.

DLA continues its efforts to reduce utility costs by insulating walls and ceilings to meet current energy standards; replacing old leaking plumbing; replacing water heaters and kitchen appliances; and issuing new tenants guidelines on how to save energy in family housing. These projects are instrumental to reduction initiatives, which enable compliance with the energy efficiency goals outlined in Executive Order 12759.

Maintenance – Exterior painting of thirty units at San Joaquin – 29 town-house style units and the commander's single-family style quarters - is the primary contributor to the significant increase in the maintenance costs for FY 2003 above the FY 2002 PB. We also project a slight increase in demolition costs in FY 2003. Savings generated by the inventory reduction addressed previously partially offset the increases. In addition to the exterior painting, this request includes requirements for replacement of carpet and linoleum, floor refinishing, interior painting and replacement of water heaters and air-conditioning units.

Reconciliation of Increases and Decreases

Operation

	<u>(\$000)</u>
1. FY 2002 President's Budget Request	400
2. FY 2002 Appropriated Amount	396
3. Price Growth	
a. Inflation	6
b. Civilian pay raise	9
c. CSRS/FEHB	18
4. Program Increases	
a. Moving costs associated with whole-house renovation	3
b. Initial issue equipment costs	2
5. Program Decreases	
a. Inventory reduction (4 units)	-14
b. Management costs	-10
6. FY 2003 Budget Request	410

Utilities

	<u>(\$000)</u>
1. FY 2002 President's Budget Request	428
2. FY 2002 Appropriated Amount	423
3. Price Growth	
a. Inflation	7
4. Program Increase	
a. Natural gas price increase	2
5. Program Decreases	
a. Inventory reduction (4 units)	-8
b. Change in projection methodology	-14
6. FY 2003 Budget Request	410

Maintenance

	<u>(\$000)</u>
1. FY 2002 President's Budget Request	359
2. FY 2002 Appropriated Amount	355
3. Price Growth	
a. Inflation	6
b. CSRS/FEHB	19
4. Program Increases	
a. Exterior painting at DDJC	135
b. Increase in demolition costs	8
5. Program Decrease	
a. Inventory reduction (4 units)	-13
6. FY 2003 Budget Request	510

**DEFENSE LOGISTICS AGENCY
OPERATION AND MAINTENANCE
Furnishings Summary
FY 2003**

(Dollars in Thousands)

	Furnishings less Household Equip					Household Equipment					Total	
	<u>Movg/ Hdling</u>	<u>Maint/ Repair</u>	<u>Replace ment</u>	<u>Initial Issue</u>	<u>Total</u>	<u>Movg/ Hdling</u>	<u>Maint/ Repair</u>	<u>Replace ment</u>	<u>Initial Issue</u>	<u>Total</u>	<u>Movg/ Hdling</u>	<u>Maint Repai</u>
FY 2001												
CONUS		.5	7.2		7.7	3.2	6.4	47.8	.2	57.6	3.2	6.9
US O/S												
Foreign												
Public												
Private												
Total	0	.5	7.2	0	7.7	3.2	6.4	47.8	.2	57.6	3.2	6.9
FY 2002												
CONUS						6.4	1.9	20.7	1.0	30.0	6.4	1.9
US O/S												
Foreign												
Public												
Private												
Total	0	0	0	0	0	6.4	1.9	20.7	1.0	30.0	6.4	1.9
FY 2003												
CONUS						7.5	2.0	13.5	3.0	26.0	7.5	2.0
US O/S												
Foreign												
Public												
Private												
Total	0	0	0	0	0	7.5	2.0	13.5	3.0	26.0	7.5	2.0

**LEASING SUMMARY
FAMILY HOUSING, DEFENSE-WIDE
FY 2003**

The FY 2003 leasing request by agency is as follows:

	<u>FY 2001</u> <u>Actual</u>		<u>FY 2002</u> <u>Estimate</u>		<u>FY 2003</u> <u>Request</u>	
	<u>Total</u> <u>Cost</u> <u>(\$000)</u>	<u>No</u> <u>Units</u>	<u>Total</u> <u>Cost</u> <u>(\$000)</u>	<u>No.</u> <u>Units</u>	<u>Total</u> <u>Cost</u> <u>(\$000)</u>	<u>No.</u> <u>Units</u>
<u>National Security Agency</u>						
Direct Obligations	9,896	500	11,548	500	9,643	450
Reimbursements	-	-	-	-	-	-
Gross Obligations	9,896	460	11,548	500	9,643	450
<u>Defense Intelligence Agency</u>						
Direct Obligations	25,214	500	25,600	500	26,220	500
Reimbursements	1,004		3,168		3,264	
Gross Obligations	26,218	500	28,768	500	29,484	500
Total Appropriation	35,110		37,148		35,863	

The Defense Agency leases are located exclusively overseas, in many cases at remote locations where housing comparable to western standards is scarce or nonexistent. Leasing in areas where suitable housing is in short supply is very expensive which accounts for the fact that the bulk of the high cost leases are concentrated in the Defense Agencies. These lease units support both activities in classified locations and the Defense Attaché System. Host government restrictions, security requirements, and safety and health improvements add additional costs to these leases in many locations. Detailed justification by agency is provided on the following pages.

**NATIONAL SECURITY AGENCY
OPERATION AND MAINTENANCE
Analysis of Leased Units
FY 2003**

<u>Location</u>	FY 2001			FY 2002			<u>Units Auth.</u>
	<u>Units Auth.</u>	<u>Lease Months</u>	<u>Cost (\$000)</u>	<u>Units Auth.</u>	<u>Lease Months</u>	<u>Cost (\$000)</u>	
	Domestic Leases						
None							
	Foreign Leases						
Standard	260	3,120	5,213	300	3,600	7,098	250
Special Crypto Activities	200	2,400	4,683	200	2,400	4,600	200
Total Foreign Leases	460	5,520	9,896	500	6,000	11,548	450
Grand Total	460	5,520	9,896	500	6,000	11,548	450

**NATIONAL SECURITY AGENCY
OPERATION AND MAINTENANCE
Leasing**

Reconciliation of Increases and Decreases

	<u>(\$000)</u>
FY 2002 President's Budget Request	11,698
FY 2002 Appropriated Amount	11,548
Price Growth	
a. Inflation	0
b. Foreign Currency	0
Program Decreases	
a. Closure of Bad Aibling Station	-2,055
FY 2003 President's Budget Request	9,643

**DEFENSE INTELLIGENCE AGENCY
OPERATION AND MAINTENANCE
Analysis of Leased Units
FY 2003**

<u>Location</u>	<u>Units Auth.</u>	<u>FY 2001 Lease Months</u>	<u>Cost (\$000)</u>	<u>Units Auth.</u>	<u>FY 2002 Lease Months</u>	<u>Cost (\$000)</u>	<u>Units Auth.</u>
Domestic Leases							
None							
Foreign Leases							
Classified Locations*	500	5,548	25,214	500	5,548	25,600	500
Reimbursable			1,004			3,168	
Total Foreign Leases	500	5,548	25,214	500	5,548	28,768	500
Grand Total	500	5,548	25,214	500	5,548	28,768	500

*Due to their sensitive nature, this information can be provided to the committee separately.

**DEFENSE INTELLIGENCE AGENCY
OPERATION AND MAINTENANCE
Leasing**

An important element of DIA's mission is the operation and management of the Defense Attaché System (DAS) for the Defense Attaché Offices (DAOs) located at U.S. embassies in capital cities around the world. The FY 2003 budget request for DIA includes funding associated with ICASS and leases costs for the DAS worldwide which include many in high cost areas worldwide.

Reconciliation of Increases and Decreases

	<u>(\$000)</u>
FY 2002 President's Budget Request	25,600
FY 2002 Appropriated Amount	25,600
Program Increases	
a. Inflation	461
b. Increase costs for ICASS, residential security and additional personnel assigned in support of Defense Attache' System operations worldwide.	159
FY 2003 President's Budget Request	26,220