DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Distribution Depots Activity Group
Fiscal Year (FY) 2003 Budget Estimates
Activity Group Capital Investment Summary
(Dollars in Millions)

Line Number	Item Description	FY 2001		FY 2002		FY 2003	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T) $0.1 to $0.499	17	4.1	8	1.4	8	1.2
REP 000	Replacement	6	1.4	7	1.2	6	0.8
PRD 000	Productivity	11	2.7	1	0.1	2	0.4
NEW 000	New Mission						
	EQUIPMENT (Non ADP/T) $0.5 to $0.999	1	0.4	3	2.5	3	2.6
REP 100	Replacement	1	0.4			2	1.8
PRD 100	Productivity			3	2.5	1	0.9
NEW 100	New Mission						
	EQUIPMENT (Non ADP/T) $1.0 and Over	4	11.4	4	12.5	5	10.7
REP 200	Replacement	2	3.9	2	7.2	2	3.5
PRD 200	Productivity	2	7.5	2	5.3	3	7.2
NEW 200	New Mission						
	TOTAL EQUIPMENT (Non ADP/T)	**22**	**15.9**	**15**	**16.3**	**16**	**14.5**
ADP 000	ADP/T EQUIPMENT $0.1 To $0.499	26	11.3	21	4.6	22	15.1
ADP 100	ADP/T EQUIPMENT $0.5 To $0.999						
ADP 200	ADP/T EQUIPMENT $1.0 and Over			1	2.2	2	2.7
	TOTAL EQUIPMENT (ADP/T)	**26**	**11.3**	**22**	**6.8**	**24**	**17.8**
SWD 000	SOFTWARE DEVELOPMENT $0.1 To $0.499						
SWD 100	SOFTWARE DEVELOPMENT $0.5 To $0.999						
SWD 200	SOFTWARE DEVELOPMENT $1.0 and Over		3.5		1.7		11.5
	TOTAL SOFTWARE DEVELOPMENT		**3.5**		**1.7**		**11.5**
RPM 000	**MINOR CONSTRUCTION**		**10.0**		**7.3**		**7.5**
	TOTAL AGENCY CAPITAL INVESTMENTS	**48**	**40.7**	**37**	**32.1**	**40**	**51.4**

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
REP 000 Replacement Equipment $0.1 to $0.499

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total REP 000				6	237	1,422	7	176.7	1,237	6	130	780

Narrative Justification:

These investments for forklifts, trucks and miscellaneous warehouse equipment are required to replace existing items with similar characteristics that have reached or significantly exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing policies, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization, and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.

FY 2003 projects include: Three transporter trucks ($130,000) at New Cumberland, two transporter trucks ($130,000) at Tracy and one transporter truck ($130,000) at Albany.

The Savings to Investment Ratio (SIR) for these projects ranges from 2.52 to 4.16 and the payback period ranges from 1.91 to 3.60 years.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
PRD 000 Productivity Equipment $0.1 to $0.499

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total PRD 000				11	243.1	2,674	1	125	125	2	196.5	393

Narrative Justification:

FY 2003 projects include:

Auto towline unload station ($175,000) at Red River and audio visual equipment ($218,000) for conference/training center at New Cumberland.

The Savings to Investment Ratio (SIR) for these projects ranges from 2.65 to 4.62 and the payback period ranges from 1.92 to 3.42 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
REP 100 Replacement Equipment $0.5 to $0.999

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100-01 Tractor/Crawler (DDAG)										1	960	960

Narrative Justification:

The proposed tractor/crawler crane will replace the over-aged unit at Distribution Depot Albany. This unit has been in service at Albany since 1980 and has been extensively used by the Defense Logistics Agency (DLA) to support the receipt and issue of Abrams M1 tanks that have been repaired or rebuilt at the Marine station. This crane will be used to load and unload M1 tanks onto and from railroad cars and move immobile tanks. The Depot Transportation Division at Albany will also use this unit for the receiving, moving, and shipping of heavy materials. If the unit is not replaced in FY 2003, there is a high probability that the existing unit will reach an irreparable status. This will result in the degradation of the mission to provide Marine Corp support in the handling of heavy items.

The Savings to Investment Ratio (SIR) is 7.9 and the discounted payback is 1.6 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
REP 100 Replacement Equipment $0.5 to $0.999

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100-02 Shipping System Upgrade (DDOO)										1	810	810

Narrative Justification:

This project provides for material handling equipment/systems to replace the existing shipping conveyor system in building 506 at Defense Distribution Depot Oklahoma City (DDOO). This new system includes a package sortation and conveyor system and programmable logic controllers (PLCs). The new system will improve efficiency in package flow patterns, automate controls throughout the entire system and enhance workstation capabilities with the use of ergonomics. Installation of the new material handling equipment/systems will reduce overall material handling costs, increase package throughput rates, enhance energy efficiencies, enhance employee productivity, lower maintenance costs, and provide an overall improved delivery rate to customers. The existing system was installed in 1975 and has been modified many times. Many of these retrofits have left DDOO with a package shipping system that is mis-matched, as well as labor and maintenance intensive. To continue using the existing equipment/system without replacement/refurbishment will require manual methods where the system is unusable/obsolete.

The discounted payback period is 4.14 years and the Savings to Investment Ratio (SIR) is 2.21.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
PRD 100 Productivity Equipment $0.5 to $0.999

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100-03 Receiving Conveyor System Addition (DDJC)										1	850	850

Narrative Justification:

The receiving conveyor system addition will provide a mechanized sort capability with a link between the small parcel carrier and the existing small parcel receiving conveyor system in building 16B-1. The addition is required to eliminate manual sortation of small parcels. New controls and changes to the existing programming are also required to ensure that the conveyors function properly. The system will provide 8 sort lanes with diverters and workstation equipment to process the material that is currently sorted manually.

The Savings to Investment Ratio (SIR) is 1.89 and discounted payback is 4.89.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-01 Storage System Refurbishment, Bldg 13 (DDJC)										1	1,720	1,720

Narrative Justification:

This project provides the material handling equipment/systems to refurbish/replace the existing narrow aisle, wire guided rack storage system, wire guided stock selectors, wire guided turret trucks, the associated wire guidance system, cable-reel specialized handling equipment, and associated workstation equipment in building 13. The existing storage system and associated equipment was installed in 1987 and needs replacement/refurbishment to continue meeting operational requirements. Installation of this new equipment will lower overall material handling and maintenance costs, reduce facility space requirements and decrease warehouse receiving, storage and shipping times. To continue using the existing equipment/systems without replacement/refurbishment will require manual methods where the system is unusable/obsolete. Production capabilities will also decrease as the reliability of the equipment/systems continues to decline.

The project has a Savings to Investment Ratio (SIR) of 2.12 and a payback of 4.33 years.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-02 Bulk Receiving System Upgrade, Bldg.143 (DDNV)										1	1,813	1,813

Narrative Justification:

Distribution Depot Norfolk currently receives bulk freight and transshipments in building W-135. The transshipment consolidation system in this building will relocate to the new freight terminal in building Y-109 in FY 02 and the bulk receiving operation will relocate to building W-143. Consolidation of the bulk and binnable workload in building W-143 will maximize utilization of the existing mechanization system. The mechanization system was installed in FY 1999 – FY 2000 and is capable of processing all binnable and bulk workload with some modifications. Modifications include additional workstations and conveyors for transshipments to building Y-109. Four new overhead doors will also be installed to accommodate bulk freight receipts and transshipments. Failure to install the mechanization modifications to the existing system will result in lost opportunities to achieve productivity gains and projected savings associated with reductions in labor and Materiel Handling Equipment (MHE).

The project has a Savings to Investment Ratio (SIR) of 3.91 and a payback of 2.26 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-01 Humidity Controlled Warehouse Equipment (DDSP)										1	2,638	2,638

Narrative Justification:

Construction of a new 200,000 square foot Controlled Humidity Warehouse is planned for Distribution Depot New Cumberland in FY 2001. This warehouse will replace nine (9) transitory sheds (Bldgs. 106, 107, 108, 109, 110, 111, 112, 113, and 114) which were constructed in 1961 and are past their useful service life. Warehouse 4, built in 1918, is also beyond its useful service life and will be demolished. The material from Warehouse 4 will be relocated to Warehouse 2 and the operations from Warehouse 2 will be transferred to the new warehouse. This new warehouse will be constructed where the sheds currently stand. This is part of the process to eliminate all substandard facilities at Defense Distribution Depot, New Cumberland. The Controlled Humidity Warehouse will store all 1670 Class Materiel in one building. This includes parachutes and all items that make up or support aerial delivery systems. Currently 1670 Class Materiel is stored in three other buildings, which do not provide conforming storage (controlled humidity). In addition to providing conforming storage for 1670 Class Materiel, this warehouse will provide operational space for the textile fabrication, parachute pack, inspection and repair missions. This proposed equipment is a narrow aisle pallet and cantilever rack storage system that will take advantage of the 20' clear stack height in the new warehouse. The project scope includes the procurement of six (6) swingmast vehicles capable of accessing pallet and cantilever storage locations at the top level. One transporter dock will also be provided to interface with the existing depot wide transporter system.

The project has a Savings to Investment Ratio (SIR) of 2.85 and a payback of 3.17 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-02 Narrow Aisle Cantilever Rack/Pallet Rack System, Bldg J-39 (DDYJ)										1	2,015	2,015

Narrative Justification:

Distribution Depot, Yokusko, Japan (DDYJ) requires an additional 35,000 square feet of space in building J-39 to accommodate material that is planned for relocation from Korea. In addition, there is a plan is to consolidate lumber and oversized material into one central area within building J-39. DDYJ currently experiences a great deal of lumber damage because the lumber is stored outside. To maximize the cube utilization in this building, a cantilever rack system and a narrow aisle pallet rack system are proposed. The cantilever system will be four storage levels high with continuous expanded metal decking for storage of material anywhere on the decking surface. This will add 2,652 new storage locations. The pallet rack system will be used to store the new material that will be relocated from Korea. The new rack system will maximize space utilization and provide 2,160 new pallet rack storage locations. Narrow aisle turret trucks and stock selectors will be used to maximize the efficiency of picking and storage operations. Without these systems, DDYJ will not be able to consolidate all lumber storage and oversized material into one central area or obtain the required storage space for the weapons systems and other material presently stored in Korea.

The project has a Savings to Investment Ratio (SIR) of 3.87 and a payback of 2.30 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-03 Forward Stock Positioning Mechanization (DDDE)										1	2,540	2,540

Narrative Justification:

This project will provide the mechanization necessary to facilitate the forward positioning of 54,000 items at Distribution Depot Europe (DDDE) in Germersheim, Germany. This initiative has already begun. Approximately half of the items will be in DDDE by the end of the FY 2001. The systems necessary to accommodate the large influx of material will consist of pallet package and bin racking, conveyors, Automatic Weighing and Offer Stations (AWOS), and pack station upgrades. Currently, material sent to customers in Europe is shipped from the Distribution Depot New Cumberland (DDSP). The majority of this material is sent by air, due to the long lead times associated with ocean transportation. By forward positioning and issuing commonly requested stocks from DDDE, the material can be sent on a regular basis via ship from DDSP instead of sending individual requests by airmail. This will save transportation dollars and improve our stock readiness position. If these systems are not provided DDDE will not be able to efficiently handle the volume of work that is being transitioned.

The project has a Savings to Investment Ratio (SIR) of 17.0 and a payback of 0.49 years.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
ADP 000 $0.1 to $0.499

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 000 Base Level Support				26	435	11,312	21	219.4	4,607	22	684.8	15,066

Narrative Justification:

In FY 2003, the DLA Distribution Center (DDC) will continue to upgrade LAN telecommunications infrastructures at seven depots ($7,066,000) to improve mission performance through increased connectivity depot-wide. Each site has different hardware requirements based on their existing infrastructure. The LAN infrastructure is standardized, upgraded, and refreshed according to recognized, DoD, and DLA standards.

DDC will also replace Radio Frequency (RF) equipment ($8,000,000) at Distribution Depot Susquehanna (DDSP) and Distribution Depot San Joaquin (DDJC). It is imperative that each depot be properly equipped with a RF infrastructure that can maintain and support the mobility of the DDC's workforce. RF is vital to the operations of these depots as it provides mobility and a wireless online interface to the Distribution Standard System (DSS). The current vendor, Symbol, will not support the RF equipment in use after FY 2002.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
ADP 000 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200-01 Telephone Switch/Telecom Network Infrastructure Upgrade							1	2,150	2,150	1	1,222	1,222

Narrative Justification:

The telephone network upgrade is a Distribution Depot Susquehanna initiative to upgrade mission essential telecommunications equipment. Telecommunications upgrades will provide additional telephone features and increase the response time for the Call Center with the Automatic Call Distribution. The telephone switch will be upgraded in FY 2002 through the installation of three new Meridian software loads that will increase telecommunications capabilities within the telephone switch. The FY 2003 infrastructure upgrade is for the cabling that runs from the telephone switch to all depot buildings. The fiber and copper cabling supports voice, data, and LAN communications. In addition, an Access Node connected to the existing SL-100 telephone switch will be installed to support telecommunications in the new Public Safety Building Controlled Humidity General Purpose Warehouse, and the Child Development Center.

The Return on Investment (ROI) is 3.38 and payback period is 2.3 years.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
ADP 000 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
ADP 200-02 AHRIST										1	1,527	1,527

Narrative Justification:

The Advanced HAZMAT Rapid Identification, Sorting and Tracking (AHRIST) project is the spearhead effort for the Microchip Logistics (MICLOG) program. AHRIST is DLA's initial thrust into the passive Radio Frequency Identification (RFID) technology arena to determine viability for automated supply chain in-transit visibility from vendor through disposal for Hazardous Material (HAZMAT) items using unobtrusive electronic microchips. The intent is to rapidly identify and track hazardous material as it moves through the DLA supply chain. Two vendors have been selected for a pending DLA test at Distribution Depot Mechanicsburg (DDSP) to verify the suitability of the current technology to meet DLA supply chain requirements. Once the technology is proven with the most difficult of items to handle, HAZMAT, the project will expand to the remaining DLA depots under the auspices of MICLOG for almost all commodities. Based on a preliminary Business Case Analysis (BCA) for just HAZMAT, the Return on Investment (ROI) is approximately 4.1 annually. Extrapolating this to all commodities, the actual ROI will be even greater, estimated at 6.1 since the operational costs would not increase substantially. An Economic Analysis (EA) will be developed FY 2002 to verify the ROI's for all commodities. Equipment purchases and installation will continue beyond FY 2003 to accommodate the item physical security features of the technology for personnel and other types of exits and entry points.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Distribution Standard System (DSS)						3,500			1,700			3,000

Narrative Justification:

The Distribution Standard System (DSS) was fully deployed at all 21 sites in FY 1998. DSS will continue to be enhanced through Business Process Improvements beyond Full Operational Capability (FOC). Many of these productivity System Change Requests (SCR's) are generated by the Depots to improve and standardize the Distribution Business Processes. They will provide more cost effective customer support by enhancing the following functional areas: storage, workload planning, transportation, inventory, receiving, Total Package Fielding/Small Arms Serialization Program (TPF/SASP), Packing, Packaging, Preservation and Marking (PPP&M), Care Of Supplies In Storage (COSIS), inventory, Equipment Control System (ECS) and Hazardous Material (HAZMAT). SCR's are required to keep DSS current with changing commercial and government freight policies, unique DoD and Service related initiatives, and regulatory changes to on-line and batch programs. The FY 2003 investment will also include three SCR's necessary for DSS to interface with Business Systems Modernization (BSM).

Expected benefits in the DSS functional EA are estimated to be over $400 million, with a Return On Investment (ROI) of 5.3 and an estimated payback of 2.8 years.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
SWD 200 $1.0 and Over

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-02 Distribution Planning Management System (DPMS)												8,535

Narrative Justification:

The Distribution Planning Management System (DPMS) will provide process integration to evaluate and optimize at a global level transportation operations not just in terms of cost but also in terms of trade-offs between inventory, warehousing, forecasted demands and the actual capacities of the transportation/distribution network, to include suppliers to meet customer requirements. DPMS will integrate information about transportation rates, routes, carrier capacities and customer service requirements. DDC will be able to better manage the existing movement of product from vendors and distribution centers to customers through the use of DPMS resulting in greater coordination, asset visibility, and precise stock positioning to lower transportation and inventory holding costs. DPMS will interface with the Department of Defense's (DoD's) transportation financial system (PowerTrack), DSS, the execution and planning portions of Business Systems Modernization (BSM), as well as Service Enterprise Resource Planning (ERP) systems and DoD tracking systems. The FY 2003 investment is for phase 1 which includes development of the concept demo, software capabilities mapping to DDC processes and the Full Operational Capacity (FOC) blueprint depicting full functionality interfaces.

The Return on Investment (ROI) is 7.64 and the payback period is 1.8 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2003 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2002

C. Line Number & Item Description
RPM 000 Minor Construction

D. Activity Identification

Element of Cost				FY 2001			FY 2002			FY 2003		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction (DDC)						10,041			7,300			7,500

Narrative Justification:

The minor construction investment for projects between $100,000 and $500,000 each will construct new or modify existing facilities for mission and operational improvements. These projects consist of:

1. Upgrading fire protection and alarm systems
2. Upgrading utility distribution systems (especially water and electrical)
3. Additional paving for open storage, road networks and organizational and personnel parking
4. Upgrading facilities to accommodate mission stocks repositioning
5. Renovation of administrative and storage facilities
6. Upgrading storm water management systems (drainage structures, retention basins)
7. Upgrading buildings to meet seismic criteria (structural upgrades)
8. Upgrading buildings for compliance with Americans with Disability Act.

Additional minor construction requirements are for incidental improvements associated with facilities repair projects. These investments will result in cost effective facilities to support the mission.

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Distribution Depots Activity Group
Fiscal Year (FY) 2003 Budget Estimates
Capital Budget Execution
February 2002
(Dollars in Millions)

PROJECTS ON THE FY 2002 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2001	Equipment except ADPE & TELCOM:	0.8	16.6	15.9	0.8	
	Replacement <$500K	0.6	2.0	1.4	0.6	Two projects cancelled
	Productivity <$500K	(1.7)	0.9	2.7	(1.7)	Emergent change orders
	Depot Transportation System	0.9	0.9	0.0	0.9	Cancelled
	Security System	(3.4)	0.0	3.4	(3.4)	FY 2002 project accelerated
	Replace Tote Conveyor, W-1431	0.7	3.5	2.8	0.7	Project repriced
	Narrow Aisle Pallet Racks, Bldg Y-108	0.4	4.5	4.1	0.4	Project repriced
	Packaging Tote Conveyor Replacement	0.8	1.2	0.4	0.8	Project rescoped
	Walk and Pick Conveyor System	2.4	2.4	0.0	2.4	Project cancelled
	EDC Active Item Expansion	0.1	1.2	1.1	0.1	Project repriced
2001	Equipment - ADPE & TELCOM:	0.7	12.0	11.3	0.7	
	Base Level Support	0.7	12.0	11.3	0.7	One project repriced
2001	Software Development:	2.0	5.8	3.5	2.0	
	Causative Research Expert	0.3	0.3	0.0	0.3	Carried over to FY 2002
	Distribution Standard System	0.0	3.5	3.5	0.0	
	MODELS 2.0 Data Standardization	2.0	2.0	0.0	2.0	Carried over to FY 2002
2001	Minor Construction	0.2	10.2	10.0	0.2	
	Total FY 2001	**3.6**	**44.7**	**40.7**	**3.6**	

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Distribution Depots Activity Group
Fiscal Year (FY) 2003 Budget Estimates
Capital Budget Execution
February 2002
(Dollars in Millions)

PROJECTS ON THE FY 2002 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2002	Equipment except ADPE & TELCOM:	0.0	16.3	16.3	0.0	
	Replacement <$500K	0.5	1.7	1.2	0.5	One project accelerated
	Productivity <$500K	0.2	0.4	0.1	0.2	Two projects accelerated
	Replacement $0.5 to $0.999K	0.0	0.0	0.0	0.0	
	Productivity $0.5 to $0.999K	1.0	3.5	2.5	1.0	One project accelerated
	MS/RM System Upgrade	0.0	3.8	3.8	0.0	
	Storage Module Upgrade	0.0	3.4	3.4	0.0	
	EDC Active Item Area, Phase 2	0.0	3.6	3.6	0.0	
	Receiving Conveyor, Bldg 5010	(1.7)	0.0	1.7	(1.7)	Emergent requirement
2002	Equipment - ADPE & TELCOM:	0.2	6.9	6.8	0.2	
	Base Level Support	0.2	4.8	4.6	0.2	Partial transfer to DAPS
	Telephone Switch Upgrade	0.0	2.2	2.2	0.0	
2002	Software Development:	2.1	3.8	1.7	2.1	
	Electronic Document Management	2.1	2.1	0.0	2.1	Project transferred to DAPS
	DSS System Change Requests (SCRs)	0.0	1.7	1.7	0.0	
2002	Minor Construction	0.0	7.3	7.3	0.0	
	Total FY 2002	**2.3**	**34.4**	**32.1**	**2.3**	