

**DEFENSE COMMISSARY AGENCY
(DECA)**

**FISCAL YEAR (FY) 2009
BUDGET ESTIMATES**

OPERATING AND CAPITAL BUDGET



February 2008

DEFENSE COMMISSARY AGENCY (DeCA)

**Fiscal Year (FY) 2009
Budget Estimates
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OPERATING AND CAPITAL BUDGET

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DEFENSE COMMISSARY AGENCY - CORPORATE OVERVIEW
DeCA WORKING CAPITAL FUND
COMMISSARY RESALE STOCKS AND COMMISSARY OPERATIONS

This is the Defense Commissary Agency's (DeCA) FY 2009 President's Budget. Our goals are to preserve and deliver a premier quality-of-life benefit, transform the workforce to become more agile, knowledgeable and motivated in order to provide exceptional customer service, and to maintain and communicate the relevance of the commissary benefit through constant innovation and by strengthening our internal governance.

The FY 2009 Appropriation request for \$1,291.1 million ensures members of our Armed Services will continue to receive this valued quality-of-life benefit.

In FY 2009, DeCA will operate 259 stores, 9 joint venture locations (8 with the Navy Exchange Service Command (NEXCOM) and 1 with the Army and Air Force Exchange Service (AAFES)), 10 central distribution centers (CDC's), and 1 meat processing plant. Our workforce will consist of 5 military members and 14,678 civilian full time equivalents. Our commissaries:

- Provide a "sense of community" for military personnel and families
- Provide a safe, secure shopping environment overseas as well as stateside
- Enhance readiness by enabling troops to focus on their mission while deployed by knowing their families' well-being is care for when they are shopping in a safe and secure commissary
- Provide brand name groceries and household products at cost
- Provide savings of more than 30 percent as compared to commercial grocery stores
- Are an integral part of the military compensation package
- Are efficient, effective, and provide customer satisfaction that exceeds commercial grocery stores
- Provide savings of \$3,000 a year for a family of four

Our budget reflects increased sales, the associated program increase for surcharge, and a net increase in operational costs for fact-of-life pricing issues. The currently known effects of Base Realignment and Closures and Global Resationing are included in the budget. The Defense Working Capital Fund Commissary Operating costs continue to decline in terms of constant dollars, while price increases emanate mostly from the reality of foreign currency exchange rates. These rates are based upon a 12 month trend from FY 2007 and not on the rates established for DoD Components that participate in the Defense Foreign Currency Fluctuation Account.

Our budget is:

\$ in Millions	FY 2007 Actual	FY 2008	FY 2009
Sales	\$5,537.3	\$5,524.9	\$5,547.5
Expenses	\$1,201.9	\$1,267.7	\$1,300.9
Appropriation	\$1,179.4	\$1,245.7	\$1,291.1
Other Revenue	\$28.0	\$25.7	\$25.6
Net Operating Result	\$5.5	\$3.7	\$15.8
Accumulated Operating Result	(\$19.5)	(\$15.8)	\$0
Unit Cost	.2171	.2295	.2345
Capital Budget Authority	\$5.0	\$8.2	\$4.8
Depreciation Expense	\$5.0	\$7.2	\$7.5
FTEs (civilian)	14,667	14,791	14,678
FTEs (military)	5	5	5
Surcharge Obligations	\$335.9	\$280.6	\$279.8

Note: .1 differences due to rounding

We continue to meet our goals, as reflected in our Balanced Scorecard (BSC), which has four quadrants (Financial Perspective, Internal Business/Process Perspective, Customer Perspective, and the Learning and Growth Perspective).



DeCA Balanced Scorecard

<p>Financial Perspective</p> <p>Resale Stocks (Sales) Commissary Operations (Costs) Surcharge Obligations</p>	<p>Internal Business/Process Perspective</p> <p>Facility Condition Index (FCI) Major Construction Project Execution Competitive Sourcing Internal Controls Over Financial Reporting Audited Opinion of Financial Statements</p>
<p>Customer Perspective</p> <p>Commissary Customer Service Survey (CCSS) American Customer Satisfaction Index (ACSI) Sustain Customer Savings</p>	<p>Learning and Growth Perspective</p> <p>Corporate Development – Succession Planning Implement Workforce of the Future Above Store Level Reengineering</p>

The financial perspective performance results were all "Green" for Resale Stocks (Sales), Commissary Operations (Costs), and Surcharge Obligations in FY 2007. Our goals for FY 2008 and 2009 reflect increased sales, lower costs in real terms, and surcharge obligations to enhance our store infrastructure.



DeCA Balanced Scorecard

Financial Perspective

Performance Measure	FY 2007 Goals	FY 2007 Actual	FY 2007 Scoring	FY 2008 Goal	FY 2009 Goal
Resale Stocks (Sales) (\$M) (Current \$)	\$5,429.7	\$5,537.3	G	\$5,524.9	\$5,547.9
Commissary Operations (Costs) (\$M)	\$1,205.0	\$1,201.9	G	\$1,267.7	\$1,300.9
Surcharge Obligations (\$M)	\$340.9	\$335.9	G	\$280.6	\$279.8

- Resale Stocks reflects the revenues from the sale of products by the commissary stores. Our sales projections continue to increase.

- Commissary Operations funds the costs of operating the commissary system. Specific costs include civilian and military labor, labor contracts, travel, transportation of commissary goods overseas, and other indirect support. Its primary revenue source is funds appropriated by Congress. However, Commissary Operations also receives additional income from manufacturers' coupon redemption fees, handling fees for tobacco products, and reimbursements for other support.

- The Surcharge Collections Trust Fund is primarily funded by a 5 percent surcharge applied to patron sales at the checkout counter. These funds are used to pay for store information technology, store maintenance, store equipment, and the commissary construction program. There is no requirement for appropriated fund support.

The BSC likewise reflects "Green" for internal business/process perspectives of the Facility Condition Index (FCI), Major Construction Project Execution, Competitive Sourcing, Internal Controls over Financial Reporting, and Audited Opinion of Financial Statements. For FY 2008 and 2009, our goals are to continue enhancing our facilities, and our stewardship of funds.



DeCA Balanced Scorecard

Internal Business/Process Perspective

Performance Measure	FY 2007 Goals	FY 2007 Actual	%	FY 2007 Scoring	FY 2008 Goals	FY 2009 Goals
Facility Condition Index (FCI)	76	74.93	98.6		77	78
Major Construction Project Execution	≥80% of Projects are Green and 0% are Red	84.62	105.8		≥80% of Projects are Green and 0% are Red	≥80% of Projects are Green and 0% are Red
Competitive Sourcing	None ¹	None ¹	N/A		None ¹	60%
Internal Controls Over Financial Reporting	Full Compliance	Full Compliance	100		Full Compliance	Full Compliance
Audit Results of Financial Statements	Unqualified Opinion	Unqualified Opinion	100		Unqualified Opinion	Unqualified Opinion

¹Action On Hold for Store Level Per FY 2006 NDAA

- The Facility Condition Index (FCI) is a numerical expression of the physical state of a commissary store. The FCI is a weighted measure of a commissary's condition, refrigeration system, and energy usage and efficiency. We continue to strive to meet the FCI goal of 77.

- For the Major Construction Program Execution, DeCA plans, directs, and manages the engineering and construction missions of the Agency. This program tracks DeCA's overall performance in managing its major construction projects.

- Competitive Sourcing is the process whereby commercial activities are studied to determine whether the activities should be performed under contract with commercial sources or in-house using Government facilities and personnel. The National Defense Authorization Act (NDAA) for Fiscal Year 2006, Sec 672 Requirements for Private Operation of Commissary Store Functions is amended to read "Until December 31, 2008, the Defense Commissary Agency is not required to conduct any cost-comparison study under the policies and procedures of Office of Management and Budget Circular A-76 relating to the possible contracting out of commissary store functions." DeCA achieved credit for 58 percent of the competitive sourcing goal in FY 2006. By the end of FY 2009, DeCA's goal is to announce additional positions for A-76 study to meet our goal of 60 percent.

- Internal Controls over Financial Reporting. (Reference Office of Management and Budget (OMB) Revised Circular A-123, *Management's Responsibility for Internal Control*). This revised Circular A-123 provides updated internal control standards, as well as new requirements specifically for management to assess the effectiveness of its internal controls over financial reporting. Plans are to expand the successful methodology use for testing control over financial reporting to the overall internal control program.

- Audit Results of Financial Statements. DeCA is required to prepare annual financial statements. These financial statements must be prepared in accordance with OMB directives, which implement the Chief Financial Officers Act of 1990 (CFO Act). DoD uses the information on DeCA's annual financial statements to prepare the DoD annual financial statements. DeCA uses an independent auditing agency annually for validation and certification of all financial statements. It should be noted that we have had six consecutive unqualified opinions.

The Customer Perspective of the BSC measures what our customers think of us and our commitment to providing dollar savings on their groceries as a quality of life benefit. The Commissary Customer Service Survey (CCSS), American Customer Satisfaction Index (ACSI) and Sustain 30 percent Customer Savings were "Green" and exceeded goals in this. For FY 2008 and 2009, our goals are to maintain these indicators of customer service and value.



DeCA Balanced Scorecard

Customer Perspective

Performance Measure	FY 2007 Goals	FY 2007 Actual	FY 2007 Scoring	FY 2008 Goal	FY 2009 Goal
Commissary Customer Service Survey (CCSS)	4.55	4.60		4.55	4.55
American Customer Satisfaction Index (ACSI)	Meet or Exceed Industry Average	ACSI 2006 Industry Average = 75 DeCA = 77		Meet or Exceed Industry Average	Meet or Exceed Industry Average
Sustain 30% Customer Savings	30%	31.2%		30%	30%

- The Commissary Customer Service Survey (CCSS) is an internal survey that is conducted annually to assess patrons overall satisfaction with the commissary system. The CCSS rating scale, from low to high, is 1 to 5. DeCA continues to strive to provide exceptional customer service to our patrons without significantly increasing the operating costs.

- The American Customer Satisfaction Index (ACSI) is produced annually through a partnership of the University of Michigan Business School, the American Society for Quality, and the internal consulting firm Claes Fornell International (CFI) Group. The ACSI is a uniform independent measure that is general enough to be comparable across sectors, industries, and organizations of the U.S. economy. The ACSI is measured as a multivariable set of equations and uses cause and effect relationships to explain customer loyalty, which is tied to customer satisfaction. DeCA continue to perform above the industry average of 75.

- To Sustain Customer Savings, savings are tracked using a comprehensive database of actual prices of items sold and scanned by DeCA and commercial grocery and super center chains using standard industry procedures. A market basket sampling approach is used to compare non-scannable or non-standardized items like produce and meat. Since appropriated funds cover the cost of operating the commissary system, authorize commissary patrons are able to save at least 30 percent by shopping in the commissary.

Under the last perspective of the BSC, Learning and Growth, we outline the workforce improvement goals necessary to enable us to meet the other three perspectives of the BSC. Corporate Development – Succession Planning (Leadership/Managerial Development), Implement Workforce of the Future and Above Store Level Reengineering of this perspective were all rated "Green". For FY 2008 and 2009, these initiatives will evolve as our succession planning, our workforce of the future model, and reengineering continue to expand.



DeCA Balanced Scorecard

Learning and Growth Perspective

Performance Measure	FY 2007 Goals	FY 2007 Actual	%	FY 2007 Scoring	FY 2008 Goals	FY 2009 Goals
Corporate Development – Succession Planning (Leadership/ Managerial Development)	0.27% of Current Year End Strength Engaged in Leadership and Managerial Programs	0.54%	200%		0.27% of Current Year End Strength Engaged in Leadership and Managerial Programs	0.27% of Current Year End Strength Engaged in Leadership and Managerial Programs
Implement Workforce of the Future	Implement the Workforce of the Future in 51 Stores	52	102.0%		Implement the Workforce of the Future in 122 Stores	N/A
Above Store Level Reengineering	Determine OCONUS Laydown	Completed	100%		Develop Implementation Plans	Implement OCONUS Reengineering Plan

- Succession Planning (Leadership/Management Development) provides a systematic career progression path and/or required professional certification to develop the competencies, skills and flexibility within DeCA's leadership and managerial staff to successfully meet the mission requirements whenever and wherever the need arises.

- The Workforce of the Future (WOF) program identifies deficiencies in work skills, experience, and or education that hinder the organization's requirement to fill specific and critical workforce competencies and meet the overall organizational objectives/goals. DeCA will target training at employee levels, which will aid in eliminating skills gaps and prepare our workforce for the future through improved performance as a multi-skilled workforce. Plans are to implement WOF in CONUS by the end of FY 2008.

- Our Above Store Reengineering was implemented during FY 2007 for CONUS operations. For FY 2008 and 2009, we will continue studying our OCONUS operations and implement the most effective model.

We are implementing a number of programs to maintain customer satisfaction, increase sales, and reduce costs. Current initiatives include the WOF program mentioned above, and the Commissary Advanced Retail Systems, which is the new commissary front-end system developed by IBM, and includes self-check out registers). We continue to utilize Lean Six Sigma Black Belt Projects to improve our processes, to include:

- Personnel Security/Suitability - HSPD-12 compliance
- Computer Assisted Ordering - Accuracy and expansion
- IT Project Prioritization - ROI and investment
- DeCA/AAFES Tobacco Inventory Process Improvement
- Store Facility Maintenance and Repair
- Standardized Base Operating Support - ISA and funding
- In-Store Hiring - Lead time reduction
- Statistical Receiving at Stores - Validation of formula
- Shelf Stocking Accountability and Payment Process
- Price Changes - Frequency and volume reduction
- Europe and Far East Laydown - Structure for future

Our successful current initiatives include providing exceptional meat and produce savings to bring in shoppers, vendor campaigns to assist in increasing sales, a DeCA-wide natural beef solicitation beginning in September, 2007 (this was tested with excellent results in 50 stores, delivers exceptional savings and value, and is in step with our focus on healthy food choices). We have had a number of meat truckload and seafood roadshows, which have created excitement and boosted overall store sales. The

Agency continues to focus on increasing the value of the benefit without increasing the cost by implementing health and wellness choices, emphasizing perishable, natural and organic food, expanding our line of premium foods, and expanding the Virtual Commissary. The Virtual Commissary will provide those who do not have convenient access to brick and mortar stores the opportunity to buy commissary products at commissary prices. Patrons can access Virtual Commissary through commissaries.com. Once on the site, patrons gain access to Virtual Commissary through DMDC DEERS authorization. Patrons are presented a variety of methods to view and select items. They can view by category, sub-category, event or individual search and can purchase items by case or unit, depending how the item is offered by our suppliers.

DeCA is expanding its outreach program to establish and maintain a two-way communication system between patrons and DeCA employees that will promote an increased awareness of the commissary benefit. Proactive communication initiatives enable DeCA to identify potential weaknesses and to disseminate operational and/or customer service strengths and opportunities as perceived by authorized customers - empowering our customers in the improvement of the agency's delivery of their commissary benefit. The outreach program includes the National Guard and Reserve events, to include communicating the benefit at drills, unit meetings, and social gatherings. We conduct off-site case lot sales to extend the benefit to sites away from our stores. We attend, participate in, and support annual National Guard meetings and conferences to inform and educate members and their families on the benefits of commissary shopping, conduct office visits to HQ level Reserve and Guard family support and/or training elements annually.

DeCA continues to partner with the Military Exchange Systems. Initiatives being reviewed are: the Town Center Concept, to explore the feasibility of a commissary location to centralize and enhance overall shopping experience; feasibility of a Shared Facility Operation of a model where DeCA and AAFES could operate in a single facility sharing costs of operation; and Joint Sales Events.

Environmental stewardship continues to be emphasized within the Agency. We established an Environmental Management System in December 2005, which continually evaluates important Agency environmental aspects impacting business practices. The Agency continues to work at reducing costs, saving energy, and helping the environment by providing energy efficiency training to help offset the rising utility costs, performing energy audits, testing of fiber optic lighting in frozen display cases and walk-in coolers and motion activated Light-Emitting Diode lighting on loading docks. Other initiatives that continue to be considered or

implemented are the use of reusable grocery bags, better water management practices, refrigerant management plan that reduces the use of ozone depleting substances, compact florescent light bulbs which replace current incandescent lights and uses one- fifth the energy for the same quantity of light. The commissary design and construction facility standards have also been updated to meet Executive Order 13423.

DeCA achieved its performance goals in FY 2007 and plans to maintain this level of performance. We will continue to preserve and deliver a premier quality of life benefit to our deserving military patrons.

**DEFENSE COMMISSARY AGENCY
DECA WORKING CAPITAL FUND
COMMISSARY RESALE STOCKS**

The Defense Commissary Agency (DeCA) Commissary Resale Stocks account is the backbone of the military commissary. DeCA's product line items available range from 2,500 to 25,000, depending on the size and number of locally procured regional items carried in each of the 259 commissary stores. Items available include an assortment of perishable and non-perishable food items such as meat, poultry, fruits, vegetables, dairy products, grocery, and household goods, as well as health and beauty aids, batteries, pet foods, and picnic supplies. FY 2009 sales are projected to exceed \$5.5 billion. Commissary product sales generate the revenue that is used to replenish the resale inventory. The DeCA Commissary Resale Stocks account finances the resale inventory account and it is self-sufficient, requiring no appropriated fund support, except for recovery of inventory losses when a significant natural disaster occurs.

DeCA continuously strives to provide dedicated customer service with a robust, well-rounded product selection in an effort to improve the efficiency of operations while providing one of the top-rated and highest-valued military non-pay benefits. Taxpayer's dollars invested in DeCA continue to provide essential services with a touch of home in many areas of the world where our patrons have little alternative to obtaining U.S. grocery and household items. Total authorized patron population is 11.8 million personnel per the Defense Manpower Data Center in July 2007. DeCA processed 91.5 million customer transactions in FY 2007. Each time a customer purchases commissary products and pays the 5 percent surcharge, they share in responsibility of the overall operational costs of the commissary system. By statute, Title 10, United States Code - Armed Forces, directs a 5 percent surcharge on products purchased from a commissary at the point of sale. DeCA sells products to the military and their families, military dining halls, officers and enlisted military members clubs as well as to designated government civilian employees overseas, appropriated and non-appropriated fund activities, and U.S. State Department activities. Authorized commissary patrons include active duty military members, Guard and Reserve component members, retired military personnel, and their families.

Sales during FY 2008 are expected to increase by 0.3 percent and another 0.5 percent by the end of FY 2009. DeCA sales projections FY 2009 reflect an annual increase based on projected troop movement resulting from integrated restationing deployment

plans. DeCA has successfully reduced operating costs while increasing sales over the past several years. FY 2009 revenue from the sale of commissary products of approximately \$5.5 billion consists primarily of cash representing over 99 percent of the total resale stocks revenue, as well as a small portion of charge sales, and manufacturer coupons. The unit cost goal for this activity group is \$1 per dollar of sales since resale products sold must recoup all costs to make the Commissary Resale Stocks Fund whole. The Surcharge Collections Trust fund also derives revenue from prompt payment discounts, the sale of recycled cardboard, and surcharge purchased equipment. The 5 percent surcharge funds the construction of commissary stores, their infrastructure and technology expenditures, such as information technology, store equipment, and store maintenance costs.

The commissary benefit fosters a sense of community on the military installations and is a core military family support element in quality-of-life benefits for active duty soldiers, Guard and Reserve, and retirees, as well as their families. The FY 2007 Commissary Customer Service Survey (CCSS) of our patrons resulted in a 4.60 score, against a performance goal of 4.55. The American Customer Satisfaction Index (ACSI) published in February 2007 by the University of Michigan scored military commissaries with 77 against a performance metric goal of 76. The FY 2007 DeCA CCSS reported 54 percent of our patrons selected the commissary as their number one benefit.

Health and wellness is a major concern to most customers and especially the military warfighters, retirees, and their families. The perimeter of the commissary is where produce, meat, and dairy aisles are arranged, highlighting the availability of wholesome freshness direct to our customers daily. We are continuing to offer greater varieties of produce based on our FY 2005 initiative to educate military families about the abundance and freshness of locally grown American produce along with the health benefits of five-a-day, while optimizing produce sales movement and maximizing marketing efficiencies. DeCA rolled out a Natural Beef campaign to tout the benefits of US Beef and merged this program with the on-line services of a dietician to answer questions posed by our customers. Natural Beef and Seafood Road Shows have greatly enhanced product selection and availability to our customers, while offering quality products at reasonable cost.

Joint ventures with military exchanges are our first consideration for future facility projects entering full-scale review. Initiatives high on DeCA's screen include continued deployment of Workforce of the Future bringing standardization to personnel work practices while training our employees to become

multi-skilled, providing greater efficiencies and effective services to our patrons. Automation of our point of sales system, the Commissary Advanced Resale Transaction System (CARTS) will be installed, fully up and running by late FY 2008. DeCA has installed self-checkouts in most commissary stores, enabling the customer to determine their own checkout method thereby reducing wait time.

Inventory management is a primary focus of DeCA managers and personnel. Using technology computer assisted ordering, DeCA has effectively reduced on-hand inventory. Inventory levels are expressed in days of supply based on average daily sales. Average daily sales for FY 2009 are projected at

\$15.0 million with 21 days of supply. In comparison, average daily sales for FY 1991 were \$16.5 million with 27 days of supply. This is a 22 percent reduction in days of supply through FY 2009.

DeCA productivity is best illustrated by comparing workload data to commercial supermarkets. The following comparison clearly demonstrates that commissaries are cost effective and highly used by their patrons:

(Source for Supermarket Data is Supermarket Facts Industry Overview 2006)

<u>WORKLOAD DATA - AVERAGES</u>	<u>DeCA COMMISSARIES</u>	<u>COMMERCIAL SUPERMARKETS</u>
Weekly Sales per Store	\$ 511,183	\$ 352,244
Weekly Sales Per Square Foot	\$ 16.37	\$ 11.04
Sales Per Customer Transaction	\$ 62.15	\$ 29.26

(Calendar year 2006 commissary data for stateside locations)

<u>Workload Indicators</u>		<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Number of Commissaries (begin year)		264	260	259
Resale Stocks Sales (\$ Millions)		5,537.3	5,524.9	5,547.5
Ending Inventory On Hand (\$ Millions)		315.7	315.0	316.3
<u>Performance Measures</u>				
Inventory Turns (Average # of Days)		17.2	17.7	17.7
Customer Savings		30%	30%	30%
Commissary Customer Satisfaction Survey (CCSS)		4.60	4.55	4.55
American Customer Satisfaction Index (ACSI)		77	Meet or Exceed Industry Average	Meet or Exceed Industry Average
<u>Financial Recap</u>				
Revenue (\$ Millions)		5,541.6	5,528.9	5,551.5
Cost of Goods Sold (\$ Millions)		5,539.2	5,546.1	5,568.7
Net Operating Results (\$ Millions)		2.4	(17.2)	(17.2)
Accumulated Operating Results (AOR)(1)		34.4	17.2	0.0
Unit Cost (Per \$ of Sales)		1.00	1.00	1.00

(1) AOR includes an accounting adjustment included in the FY 2006 Financial Statement footnotes to reflect transfers in/out between stores and Central Distribution Center's for FY 1992 through FY 1996 that adjusted the non-recoverable AOR.

ACTIVITY GROUP ANALYSIS
 DEFENSE COMMISSARY AGENCY/COMMISSARY RESALE STOCKS
 SOURCE OF NEW ORDERS AND REVENUE

(Dollars in Millions)

	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>
1. New Orders			
a. Orders from DoD Components:			
Army	0.0	0.1	0.1
Navy			
Air Force			
Marine Corps			
Other			
b. Orders from Other Fund Activity Groups			
c. Total DoD	0.0	0.1	0.1
d. Other Orders:			
Other Federal Agencies	0.4	0.3	0.3
Non Federal Agencies	5,551.3	5,536.5	5,559.0
Total New Orders	5,551.8	5,536.9	5,559.4
2. Carry-in Orders			
3. Total Gross Orders	5,551.8	5,536.9	5,559.4
4. Carry-Out Orders			
5. Gross Sales	5,537.3	5,524.9	5,547.5
6. Credit (Discounts)	4.3	4.0	4.0
7. Net Sales	5,541.6	5,528.9	5,551.5

DeCA WORKING CAPITAL FUND
ACTIVITY GROUP: COMMISSARY RESALE STOCKS
REVENUE AND EXPENSES
(Dollars in Millions)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Revenue:			
Gross Sales	5,537.3	5,524.9	5,547.5
Operations	5,537.3	5,524.9	5,547.5
Capital Surcharge	0.0	0.0	0.0
Depreciation excluding Major Construction	0.0	0.0	0.0
Other Income	0.0	0.0	0.0
Refunds/Discounts	4.3	4.0	4.0
Total Income:	5,541.6	5,528.9	5,551.5
Expenses:			
Cost of Material Sold from Inventory	5,539.2	5,546.1	5,568.7
Salaries and Wages:			
Military Personnel Compensation & Benefits			
Civilian Personnel Compensation & Benefits			
Travel & Transportation of Personnel			
Materials & Supplies (for Internal Operations)			
Equipment			
Transportation of Things			
Depreciation			
Printing & Reproduction			
Advisory & Assistance Services			
Rent, Communication, Utilities, & Misc. Charges			
Other Purchased Services			
Total Expenses	5,539.2	5,546.1	5,568.7
Operating Result	2.4	(17.2)	(17.2)
Less Cash Surcharge Reservation	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	0.0	0.0	0.0
Net Operating Result	2.4	(17.2)	(17.2)
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	44.6	34.4	17.2
Non Recoverable Adjustment Impacting AOR ⁽¹⁾	(12.6)	0.0	0.0
Accumulated Operating Result for Budget Purposes	34.4	17.2	0.0

⁽¹⁾ AOR is reduced for non recoverable gain recorded in 4K00 that is properly chargeable to the 5K00 loss

FY 2007 BUDGET				DIVISION	February 2008		
				Commissary Resale Stocks			
DEFENSE COMMISSARY AGENCY SUPPLY MANAGEMENT							
INVENTORY STATUS				TOTAL	MOBILIZATION	PEACETIME OPERATING	PEACETIME OTHER
1.	INVENTORY BOP			339.5		339.5	
2.	BOP INVENTORY ADJUSTMENTS						
	a. RECLASSIFICATION CHANGE (Memo)						
	b. PRICE CHANGE AMOUNT (Memo)						
	c. INVENTORY RECLASSIFIED AND REPRICED						
3.	RECEIPTS AT STANDARD			5,542.0		5,542.0	
4.	SALES AT STANDARD			5,537.3		5,537.3	
5.	INVENTORY ADJUSTMENTS						
	a. CAPITALIZATIONS + or (-)						
	b. RETURNS FROM CUSTOMERS FOR CREDIT +						
	c. RETURNS FROM CUSTOMERS WITHOUT CREDIT						
	d. RETURNS TO SUPPLIERS (-)						
	e. TRANSFERS TO PROPERTY DISPOSAL (-)						
	f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)						
	g. OTHER (LIST/EXPLAIN)			(2.4)		(2.4)	
	h. TOTAL ADJUSTMENTS						
6.	INVENTORY EOP			341.8		341.8	
7.	INVENTORY EOP, REVALUED (LAC, DISCOUNTED)						
	a. ECONOMIC RETENTION (Memo)						
	b. CONTINGENCY RETENTION (Memo)						
	c. POTENTIAL DOD REUTILIZATION (Memo)						
8.	INVENTORY ON ORDER EOP (Memo)			3.7		3.7	
9.	NARRATIVE (Explanation of unusual changes)						
	5g. Net inventory allowance gains or loss						

FY 2008 BUDGET				DIVISION	February 2008	
				Commissary Resale Stocks		
DEFENSE COMMISSARY AGENCY SUPPLY MANAGEMENT						
					PEACETIME	PEACETIME
INVENTORY STATUS				TOTAL	MOBILIZATION	OPERATING OTHER
1.	INVENTORY BOP			341.8		341.8
2.	BOP INVENTORY ADJUSTMENTS					
	a. RECLASSIFICATION CHANGE (Memo)					
	b. PRICE CHANGE AMOUNT (Memo)					
	c. INVENTORY RECLASSIFIED AND REPRICED					
3.	RECEIPTS AT STANDARD			5,524.9		5,524.9
4.	SALES AT STANDARD			5,524.9		5,524.9
5.	INVENTORY ADJUSTMENTS					
	a. CAPITALIZATIONS + or (-)					
	b. RETURNS FROM CUSTOMERS FOR CREDIT +					
	c. RETURNS FROM CUSTOMERS WITHOUT CREDIT					
	d. RETURNS TO SUPPLIERS (-)					
	e. TRANSFERS TO PROPERTY DISPOSAL (-)					
	f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)					
	g. OTHER (LIST/EXPLAIN)			0.3		0.3
	h. TOTAL ADJUSTMENTS					
6.	INVENTORY EOP			342.1		342.1
7.	INVENTORY EOP, REVALUED (LAC, DISCOUNTED)					
	a. ECONOMIC RETENTION (Memo)					
	b. CONTINGENCY RETENTION (Memo)					
	c. POTENTIAL DOD REUTILIZATION (Memo)					
8.	INVENTORY ON ORDER EOP (Memo)			3.0		3.0
9.	NARRATIVE (Explanation of unusual changes)					
5g. Net inventory allowance gains or loss						

FY 2009 BUDGET				DIVISION	February 2008		
				Commissary Resale Stocks			
DEFENSE COMMISSARY AGENCY SUPPLY MANAGEMENT							
INVENTORY STATUS				TOTAL	MOBILIZATION	PEACETIME OPERATING	PEACETIME OTHER
1.	INVENTORY BOP			342.1		342.1	
2.	BOP INVENTORY ADJUSTMENTS						
	a. RECLASSIFICATION CHANGE (Memo)						
	b. PRICE CHANGE AMOUNT (Memo)						
	c. INVENTORY RECLASSIFIED AND REPRICED						
3.	RECEIPTS AT STANDARD			5,547.5		5,547.5	
4.	SALES AT STANDARD			5,547.5		5,547.5	
5.	INVENTORY ADJUSTMENTS						
	a. CAPITALIZATIONS + or (-)						
	b. RETURNS FROM CUSTOMERS FOR CREDIT +						
	c. RETURNS FROM CUSTOMERS WITHOUT CREDIT						
	d. RETURNS TO SUPPLIERS (-)						
	e. TRANSFERS TO PROPERTY DISPOSAL (-)						
	f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)						
	g. OTHER (LIST/EXPLAIN)			1.3		1.3	
	h. TOTAL ADJUSTMENTS						
6.	INVENTORY EOP			343.4		343.4	
7.	INVENTORY EOP, REVALUED (LAC, DISCOUNTED)						
	a. ECONOMIC RETENTION (Memo)						
	b. CONTINGENCY RETENTION (Memo)						
	c. POTENTIAL DOD REUTILIZATION (Memo)						
8.	INVENTORY ON ORDER EOP (Memo)			3.0		3.0	
9.	NARRATIVE (Explanation of unusual changes)						
	5g. Net inventory allowance gains or loss						

**DEFENSE COMMISSARY AGENCY
DeCA WORKING CAPITAL FUND
COMMISSARY OPERATIONS**

This is the Defense Commissary Agency's (DeCA) FY 2009 President's Budget for the commissary operations portion of our Defense Working Capital Budget. Appropriated fund requests represent approximately 98 percent of required revenue to operate the commissaries. The remaining revenue is obtained through other sources such as fees paid by grocery manufacturers for redemption of manufacturers coupons, cost recovery fees for selling tobacco in commissaries and from burden sharing agreements to share costs for commissaries located in overseas countries.

The FY 2009 Appropriation request for \$1,291.1 million ensures members of our Armed Services will continue to receive this valued quality-of-life benefit. Our operations budget also includes \$25.6 million in other revenue.

In FY 2009, DeCA will operate 259 stores, 9 joint venture locations (8 with the Navy Exchange Service Command (NEXCOM) and 1 with the Army and Air Force Exchange Service (AAFES)), 10 central distribution centers (CDC's), and 1 meat processing plant. Our workforce will consist of 5 military members and 14,678 civilian full time equivalents.

Our budget reflects a net increase in operational costs for fact-of-life pricing issues. Costs in real terms continue to decline, while price increase changes derive mostly from the reality of foreign currency exchange rates (these rates are based upon a 12-month trend from FY 2007 and not on the rates established for DoD Components that participate in the Defense Foreign Currency Fluctuation Account). The budget includes the currently known effects of Base Realignment and Closures and Global Restationing.

Our budget is:

	FY 2007 Actual	FY 2008	FY 2009
Expenses	1,201.9	1,267.7	1,300.9
Appropriation	1,179.4	1,245.7	1,291.1
Other Revenue	28.0	25.7	25.6
Net Operating Result	5.5	3.7	15.8
Accumulated Operating Result	(19.5)	(15.8)	0
Unit Cost	.2171	.2295	.2345
Capital Budget Authority	5.0	8.2	4.8
Depreciation Expense	5.0	7.2	7.5
FTEs (civilian)	14,667	14,791	14,678
FTEs (military)	5	5	5

Note: .1 differences due to rounding

We continue to meet our goals, as reflected in our Balanced Scorecard (BSC), which has four quadrants (Financial Perspective, Internal Business/Process Perspective, Customer Perspective, and the Learning and Growth Perspective), referenced in our overall narrative. The financial perspective performance results were all "Green" for Commissary Operations Costs (our goal was \$1,205.0 million and we executed \$1,201.9 million). Our goals for FY 2008 and FY 2009 reflect lower costs in real terms.

We are continuing a number of our programs to improve our operational efficiency. The Workforce of the Future (WOF) program provides the flexibility needed to develop the work skills, experience, and or education in order to fill specific and critical workforce competencies and meet the overall organizational objectives/goals. Our Above Store Reengineering has been implemented for our CONUS operations. For FY 2008 and FY 2009, we will continue studying our OCONUS operations and implement the most effective model that continues to support our overseas mission.

We are implementing a number of programs to maintain customer satisfaction, increase sales, and reduce costs. Other initiatives

include the Commissary Advanced Retail Systems, which is the new commissary front-end system developed by IBM, and includes self-checkout registers. We continue to utilize Lean Six Sigma Black Belt Projects to improve our processes, to include Personnel Security/Suitability - HSPD-12 compliance; Computer Assisted Ordering - Accuracy and expansion; IT Project Prioritization - ROI and investment; DeCA/AAFES Tobacco Inventory Process Improvement; Store Facility Maintenance and Repair; Standardized Base Operating Support - ISA and funding; In-Store Hiring - Lead time reduction; Statistical Receiving at Stores - Validation of formula; Shelf Stocking Accountability and Payment Process; Price Changes - Frequency and volume reduction; and the Europe and Far East Laydown - Structure for future.

Our successful current initiatives include providing exceptional meat and produce savings to bring in shoppers, vendor campaigns to assist in increasing sales, a DeCA-wide natural beef solicitation, health and wellness choices, emphasizing perishable, natural and organic food, expanding our line of premium foods, and expanding the Virtual Commissary.

We continue to expand our outreach program to our authorized patrons by providing a two-way communication system between patrons and DeCA employees that will promote an increased awareness of the commissary benefit. We conduct off-site case lot sales to extend the benefit to sites away from our stores. We participate in and support annual National Guard meetings and conferences to inform and educate members and their families on the benefits of commissary shopping, conduct office visits to HQ level Reserve and Guard family support and/or training elements annually.

We continue to partner with the Exchanges. Initiatives being studied are the Town Center Concept, to explore the feasibility of a commissary location to centralize and enhance overall shopping experience, a study of the Shared Facility Operation of a model where DeCA and AAFES could operate in a single facility sharing costs of operation, studying Brand Name Concessions to locate name brand fast food concessions such as coffee shops, Joint Sales Events, and Exchange Items in Commissaries to maximize cross merchandising sales opportunities by making exchange merchandise available for purchase in commissaries according to recent legislative authorities specified in 10 USC 2484(c).

Our vision is 'Patrons, Workforce and Stakeholders working together to create "Raving Fans."'

**Changes in the Costs of Operation
 Defense Commissary Agency/Commissary Operations
 February 2008
 (Dollars in Millions)**

	<u>Expenses</u>
1. FY 2007 Actual	1,201.9
2. FY 2008 President's Budget	1,266.8
3. Pricing Adjustments	
Foreign Currency	10.7
Annualization of Prior Year Pay Raise	1.5
Transportation Fuel Rate Increase	1.5
Department of Labor Wage Rate	(1.8)
4. Productivity Initiatives and Other Efficiencies:	
Process Reengineering - Workforce of the Future	(0.2)
VSIP/VERA/Severance	(8.5)
5. Program Changes:	
DFAS Rate Decrease	(0.3)
Internal Efficiencies	(2.0)
6. FY 2008 Current Estimate:	1,267.7
Annualization of Pay Raise	3.9
FY 2009 Civilian Pay Raises	19.3
General Purchase Inflation	4.1
Department of Labor Wage Rate	4.7
Transportation Fuel Rate Increase	2.2
7. Productivity Initiatives and Other Efficiencies:	
A76 (RAD)	(0.2)
Workforce of the Future	(0.9)
Travel Initiative	(2.6)
8. Program Changes:	
DFAS Rate Decrease	(0.6)
Fort Worth opening	0.8
Restationing/Transformation	1.7
Depreciation	0.3
Foreign Currency	0.5
9. FY 2009 Current Estimate:	1,300.9

DEFENSE COMMISSARY AGENCY
SOURCE OF NEW ORDERS AND REVENUE
February 2008

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
1. New Orders			
a. Orders from DoD Components:			
Army Operations and Maintenance	0.0	0.0	0.0
Navy Operations and Maintenance	0.0	0.0	0.0
Marine Corps Operations and Maintenance	0.0	0.0	0.0
Air Force Operations and Maintenance	0.0	0.0	0.0
OSD Burdensharing Contribution, Defense	8,336.3	7,171.4	7,195.5
Other Reimbursements (Non-Appropriated and Trust Funds)	5,067.1	6,375.4	6,324.1
b. Orders from other Fund Activity Group	0.0	0.0	0.0
c. Total DoD	13,403.4	13,546.8	13,519.6
d. Other Orders:			
Other Federal Agencies	2,561.8	2,281.1	2,342.7
Non Federal Agencies	12,001.8	9,831.0	9,739.3
Total New Orders	27,967.0	25,658.9	25,601.6
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	27,967.0	25,658.9	25,601.6

Fund 11 Source of New Orders and Revenue
February 2008

DeCA WORKING CAPITAL FUND
ACTIVITY GROUP: COMMISSARY OPERATIONS
REVENUE AND EXPENSES
(Dollars in Thousands)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Revenue:			
Operations			
Services Reimbursement	0.0	0.0	0.0
Army		0.0	0.0
Navy		0.0	0.0
United States marine Corps		0.0	0.0
Air Force		0.0	0.0
Other Income	27,967.0	25,658.9	25,601.6
Total Income:	27,967.0	25,658.9	25,601.6
Expenses:			
Salaries and Wages:			
Military Personnel Compensation & Benefits	533.7	506.3	516.4
Civilian Personnel Compensation & Benefits	722,188.2	758,442.4	778,042.4
Travel & Transportation of Personnel	7,707.0	10,601.0	8,219.3
Materials & Supplies (for Internal Operations)	53,637.8	51,739.2	52,750.8
Other Purchases from Revolving Funds	23,461.2	31,090.1	31,112.2
Transportation of Things	105,896.7	115,173.5	119,727.6
Capital Investments Between Budget and Accounting	239.0	0.0	0.0
Depreciation - Capital	4,971.8	7,215.9	7,520.7
Printing & Reproduction	487.4	1,251.1	1,035.7
Advisory & Assistance Services	39.4	(0.0)	(0.0)
Rent, Communication & Misc. Charges	60,703.3	61,929.0	62,986.0
Other Purchased Services	222,037.6	229,751.5	238,989.1
Total Expenses	1,201,902.9	1,267,700.0	1,300,900.0
Operating Result	(1,173,935.9)	(1,242,041.1)	(1,275,298.3)
Plus Other Appropriations Affecting NOR/AOR	1,179,423.0	1,245,711.0	1,291,084.3
Net Operating Result	5,487.1	3,669.9	15,786.0
Accumulated Operating Result	(19,455.8)	(15,785.9)	0.0

*Variances due to Rounding

Commissary Operations Capital Investment Summary
 Defense Commissary Agency
 Commissary Operations
 (\$ in Millions)

Line Number	Item Description	FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1000	Software Development>\$100K						
2000	ADPE and Telecommunications>\$100K						
3000	Non-ADPE & Telecomm Equipment>\$100K						
3001	Enterprise Data Warehouse	1	2.1	1	3.0	1	3.0
3002	Corporate Server III	1	2.1	1	3.2	1	1.0
3004	ADP Equipment (\$500K-999K) - Located at DeCA HQ(DERMAS in FY07 thru FY10,WEB in FY08, DCPDS in FY10)			2	1.4	1	0.8
	Software Development >250K	0	0.0	0	0.0	0	0.0
4000	Minor Construction>\$20K and =<\$750K						
4002	Refurbish HQ's Computer Room	1	0.8	1	0.6		
	TOTAL CAPITAL PURCHASE PROGRAM	3	5.0	5	8.2	3	4.8
	Total Capital Outlays		6.6		8.9		8.0
	Total Depreciation Expense		5.0		7.2		7.5

COMMISSARY OPERATIONS CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FISCAL YEAR (FY) 2009 BUDGET ESTIMATE			
B. DeCA / Working Capital Funds February 2008		C. Line No. & Item Description 3001. Enterprise Data Warehouse								
		FY 2007			FY 2008			FY 2009		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
ADP Equipment (Productivity) > \$1M	1	2,062	2,062	1	3,000	3,000	1	3,000	3,000	
<p>Narrative Justification: The Enterprise Data Warehouse (EDW) provides a single, logical view of product and sales data across DeCA to make informed business decisions, accomplish a competitive advantage, and achieve parity with industry. EDW obtains data from DeCA business systems and transforms the data into an appropriate data warehouse format using business rules defined by functional experts, maintained in a Teradata database formatted to provide quick access to summary data, and reports. EDW receives data from the DeCA Point of Sale (POS) and the DeCA Interactive Business System (DIBS). The EDW will serve as the translator for POS data requiring an interface with legacy systems. EDW will support the new Commissary Advanced Resale Transaction System (CARTS) and the Defense Commissary Agency (DeCA) Enterprise Business System (DEBS) interface requirements.</p> <p>Economic Analysis Summary: The recommendation is based on a comparison of current hardware maintenance and operating costs versus a technology refresh with maintenance. This will facilitate DeCA's objectives for business continuance, legacy migration, and net-centric data storage.</p> <p>Impact of Project Disapproval: The Agency will be unable to provide disaster recovery or COOP capability for additional applications to address new business requirements within the net-centric environment. Disapproval of the funding to initiate a technology refresh of the EDW hardware, software and support services and Teradata COOP solution would result in an increased risk to operations and maintenance of critical DeCA systems. Lack of EDW refresh will greatly compromise DeCA's ability to maintain continuity of operations in the event of a disaster.</p>										

COMMISSARY OPERATIONS CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FISCAL YEAR (FY) 2009 BUDGET ESTIMATE			
B. DeCA / Working Capital Funds February 2008		C. Line No. & Item Description 3002. Corporate Server III								
		FY 2007			FY 2008			FY 2009		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
ADP Equipment (Productivity) > \$1M	1	2,147	2,147	1	3,200	3,200	1	1,000	1,000	
<p>Narrative Justification: The HQ and Region HQ Telephone System Replacement Project will provide the following for HQ and the DeCA Europe Regional Headquarters. Primary equipment will provide: 1) replacement of core telephone system switches; 2) replacement of all telephone sets currently in use; 3) an integrated call director to allow trouble calls to be distributed between support centers; and 4) an integrated voice mail system that is part of the telephone system. Funds are projected to be obligated in 4QFY2007 with full project completion anticipated not later than FY2010.</p> <p>Economic Analysis Summary: Preliminary market analysis of possible solutions from several vendors was accomplished. The DeCA HQ phone system is 14 years old and utilizes a standalone voice mail system. Replacement of this system is on a 10 year life cycle management (LCM) program for Agency telephone systems and is estimated to cost \$2,500,000. DeCA West Region phones are now 7 years old with 3 years of useful life left. The DeCA Europe phones is 6 years old with 4 years of useful life left. With a VOIP implementation, the Agency will realize a reduced operational cost by maintaining a primary cable plant and a limited scope contingency cable plant. Further cost savings will be realized by eliminating the need to maintain both telephone system and network hardware at all locations. A VOIP system will permit voicemail to be incorporated on desktop PCs along with email. This implementation includes an automatic call director (ACD) to support "follow the sun" help desk support that will allow calls to be passed to other support centers when needed.</p> <p>Impact of Project Disapproval: Failure to comply with Public Law 107-314: All DSN connected telephone systems must operate on certified switches. DeCA uses DSN to communicate with all commissary stores. If we do not migrate to certified switches, DeCA will lose the ability to use DSN for voice communications with all commissaries, worldwide. Additionally the growing business risk of aging legacy phone system and voice mail systems now leaves DeCA with only one vendor willing to provide support for the voicemail system.</p>										

COMMISSARY OPERATIONS CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FISCAL YEAR (FY) 2009 BUDGET ESTIMATE			
B. DeCA / Working Capital Funds February 2008		C. Line No. & Item Description 3004. Various ADP Equipment \$500-\$999K								
		FY 2007			FY 2008			FY 2009		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Dell Farm Replacement (5-year life cycle) Web Server (PD2-V4.2.2)				1	700	700				
HP Unix servers for DCPDS Microsoft Windows servers for CHRIS DeCA Electronic Records Management & Archive				1	711	711	1	762	762	
<p>Narrative Justification for Web Server: This is a Technical Hardware Refresh to replace existing 10 year old hardware and operating platforms. Equipment supports DeCA's internet, intranet and e-commerce platforms. total program cost is less than \$1 million therefore, pre-investment economic analysis was not required. DeCA's e-commerce business is dependent on a responsive and reliable web communication foundation must be present. Economic analysis of the Virtual Commissary projects sales of \$267.2 (thousands) in FY09, \$1,399.2 (thousands) in FY10 and \$3,905.0 (thousands) in FY11. A reliable hardware platform greatly affects the projected increase in sales.</p> <p>Narrative Justification for DeCA Electronic Records Management and Archival System (DERMAS): DeCA must maintain a records management (RM) program in compliance with 44 United States Code Chapter 13 and Chapter 36 of the Code of Federal Regulations National Archives and Record Administration (NARA). DERMAS will serve as the repository for paper documents throughout DeCA. DERMAS will replace DeCA Document Management System (DDMS) by deploying a secure, NARA certified commercial off the shelf records management solution with growth potential. When fully implemented, DERMAS will bring commercial best practices to DeCA operations, while providing valuable services to DeCA's customers and employees. DERMAS will provide immediate savings on hardware and software maintenance. Deployment of DERMAS will allow retirement of non-compliant software and expensive hardware maintenance contracts, as well as a cost avoidance to expanding the paper warehousing storage capacity. By the end of FY 2010, the existing equipment will be at the end of its product life cycle, which is 5-6 years. If the servers are not refreshed on an annual basis, DeCA risks rising maintenance costs and possible security infractions.</p>										

COMMISSARY OPERATIONS CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FISCAL YEAR (FY) 2009 BUDGET ESTIMATE			
B. DeCA / Working Capital Funds February 2008		C. Line No. & Item Description 4002. Computer Room Refurbish, 2nd Floor, Nichols Bldg.								
		FY 2007			FY 2008			FY 2009		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Refurbish Computer Facility	1	800	800	1	625	625				
<p>Narrative Justification: Computer facility has exceeded original designed capability and must be upgraded to accommodate new and existing systems requirements.</p> <p>Economic Analysis Summary: Continued piecemeal repairs and modifications to current computer facility have resulted in an inefficient system that can no longer meet requirements. Cooling capacity of the facility is insufficient to meet the requirements of new equipment. Completion of HVAC Upgrade is necessary to ensure proper operating environment and preclude premature system failures. Current backup generator is close to its electrical load capacity. DPW/JOC is measuring the electrical load on the existing generator to determine what our ideal generator needs will be in the out years.</p> <p>Impact of Project Disapproval: Premature system failures due to insufficient HVAC and backup electrical during power outages. Inability to support system upgrades or replacement components due to power constraints.</p>										

Department of Defense
 Defense Commissary Agency
 FY 2009 Budget Estimate

PROJECTS ON THE FY 2009 PRESIDENT'S BUDGET

(Dollars in Millions)

<u>FY</u>	<u>Approved Project</u>	<u>Reproqs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
2007	Operational Equipment					
2007	ADPE and TELECOM Equipment	0.0	4.2	4.2	0.0	
2007	Software Development					
2007	Minor Construction	0.0	1.4	0.8	0.6	Carryover to FY 2008
	Total FY 2007	0.0	5.6	5.0	0.6	

Department of Defense
 Defense Commissary Agency
 FY 2009 Budget Estimate

PROJECTS ON THE FY 2009 PRESIDENT'S BUDGET

(Dollars in Millions)

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
2008	Operational Equipment					
2008	ADPE and TELECOM Equipment	0.0	7.6	7.6	0.0	
2008	Software Development					
2008	Minor Construction	0.0	0.6	0.6	0.0	Carryover from 2007
	Total FY 2008	0.0	8.2	8.2	0.0	

Department of Defense
 Defense Commissary Agency
 FY 2009 Budget Estimate

PROJECTS ON THE FY 2009 PRESIDENT'S BUDGET

(Dollars in Millions)

<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/ Deficiency</u>	<u>Explanation</u>
2009	Operational Equipment					
2009	ADPE and TELECOM Equipment	0.0	4.8	4.8	0.0	
2009	Software Development					
2009	Minor Construction	0.0	0.0	0.0	0.0	
	Total FY 2009	0.0	4.8	4.8	0.0	