

# Department of Defense Revolving Funds

## Justification/Overview



Fiscal Year (FY) 2012 President's Budget

February 2011

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Preparation of the Defense Revolving Funds Justification book cost the Department of Defense a total of approximately \$13,600 in FY 2011.

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**Summary of Operations**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
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**Activity Group Function:**

The FY 1991 Defense Authorization Act established the Pentagon Reservation Maintenance Revolving Fund (PRMRF) and 10 USC 2674 codified it. The fund is responsible for the maintenance, sustainment, protection, repair and renovation of the Pentagon Reservation. As established, the "Pentagon Reservation" refers to approximately 280 acres located in Arlington, Virginia, on which stand the Pentagon Building, Federal Office Building #2 {(FOB #2) (Also known as the Navy Annex)}, the Pentagon Heating and Sewage Treatment Plants, and all Reservation grounds and parking areas. It also refers to other related facilities to include the land and physical facilities at the Raven Rock Mountain Complex. Customers pay a basic user charge for space and basic building services to finance the PRMRF. Customers who request above standard services pay an additional charge for those services.

**Activity Group Composition:**

The PRMRF finances the activities of the Washington Headquarters Services (WHS), the Pentagon Force Protection Agency and the Raven Rock Mountain Complex. The PRMRF provides space, building services, deep underground relocation capability, and force protection for Department of Defense (DoD) Components, including Military Departments and other activities located within the Pentagon Reservation.

**Real Property Operations (RPO):** RPO is responsible for the safe and efficient operation, maintenance and repair of the Pentagon Reservation. RPO includes cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, trash removal, landscaping, and administrative support. Additional services include operating expenses for purchased utilities and classified waste incinerator. These services maintain the facilities at levels adequate to support the assigned mission and to prevent deterioration and damage to Reservation buildings, support systems, and operating equipment.

**Pentagon Force Protection Agency (PFPA):** The PFPA provides force protection, security, anti-terrorism, law enforcement, and chemical, biological, radiological, and nuclear protection

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for the people, facilities, infrastructure and other resources at the Pentagon Reservation and DoD activities within the National Capital Region (NCR), to include the RRMC. The PFFPA is the DoD focal point for coordination with DoD components, executive departments, agencies, state and local authorities on these matters.

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

**Raven Rock Mountain Complex (RRMC):** The RRMC provides the DOD Continuity of Operations Plan (COOP) for the Office of the Secretary of Defense, the Joint Staff and Senior DOD Leadership. COOP Support includes cleaning, operation and repair of mechanical and utility systems, roads and grounds maintenance, fire and emergency services, food services, information management support services, and administrative support. These services support the RRMC customer base to provide maintenance and upkeep of facilities within the Complex at levels adequate to support their assigned mission and to prevent deterioration and damage to its facilities, systems, and operating equipment. They also ensure operational readiness and provide a safe and secure environment for execution of DOD mission essential functions.

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The following table summarizes PRMRF obligation authority by activity group:

Budget Sub-activity	FY 2010 (\$ in Millions)		FY 2011 (\$ in Millions)		FY 2012 (\$ in Millions)	
	Operating	Capital	Operating	Capital	Operating	Capital
Real Property Operations	\$204.7	\$26.2	\$227.9	\$14.3	\$300.3	\$13.8
Pentagon Renovation	\$94.0	\$152.7	\$53.6	\$16.3	\$66.9	\$0.0
Pentagon Force Protection Agency	\$227.2	\$20.1	\$224.1	\$18.0	\$211.9	\$9.6
Raven Rock Mountain Complex	\$46.3	\$10.6	\$40.8	\$10.8	\$42.3	\$9.3
	\$572.2	\$209.6	\$546.4	\$59.4	\$621.4	\$32.7
<b>Total</b>	<b>\$781.8</b>		<b>\$605.8</b>		<b>\$654.1</b>	

The PRMRF FY 2012 budget estimate includes changes driven by the Department's objective to become more efficient by eliminating and reducing administrative and overhead costs. Efficiencies include freezing manpower at FY 2010 levels for the next three years, and consolidation of OSD and WHS Information Technology (IT) Service organizations and the Pentagon Renovation and Defense Facilities organizations.

**Significant Changes in Activity Group for FY 2012:**

Overall programmatic increase of \$42.1 million increase from FY 2011 to FY 2012. Includes the following changes:

**RPO: +\$69.1 million Programmatic increase includes**

- Increase of \$26.6 million in Equipment for the Demolition of FOB #2
- Increase of \$9.0 million for sustainment, restoration and modernization
- Increase of \$14.7 million for Pentagon roof repairs, chilled water infrastructure, sprinkler upgrades to comply with fire code, and emergency powered exterior lighting for safety and force protection needs
- Increase of \$2.9 million for Information Technology consolidation

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- Increase of \$2.6 million for Copier Program and Pentagon Library Center equipment
- Decrease of \$0.5 million for telecommunication efficiencies
- Increase of \$13.8 million for Pentagon Basement Renovation

**PFPA: -\$22.5 million Programmatic decrease includes:**

- Decrease of \$6.8 million in Pentagon Shield as it nears completion
- Decrease of \$5.7 million from efficiencies and savings
- Decrease of \$3.7 million for IT consolidation for efficiency and savings
- Decrease of \$6.3 million for lower rent and maintenance with move out of FOB#2

**PENREN: -\$3.9 million programmatic decrease includes:**

- Decrease of \$3.9 million for efficiencies gained from closeout, reduction in support costs associated with rent, utilities, information technology, security and restoration of four remaining swing space buildings

**RRMC: -\$0.6 million Programmatic decrease includes:**

- Decrease of \$1.6 million for reduction in capital project requirements
- Decrease of \$0.5 million for reductions in civilian personnel
- Increase of \$1.5 million in Facility Maintenance for ultraviolet (UV) lighting project

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**Operating Budget:**

Budget estimates assume annual inflationary increases for supplies, equipment, and service contracts. Commercially-equivalent levels serve as a benchmark for maintenance and repair functions.

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

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

Pentagon Reservation tenants relocated due to the completion of the Pentagon Renovations and the demolition of FOB #2. Beginning in FY 2012, the new footprint allocation will determine customer rent.

**Capital Budget:**

In FY 2012, PRMRF will not apply a capital surcharge to tenants but will use contract authority to fund capital assets and begin depreciating the assets as they become operational.

Real Property Operations FY 2012 budget estimates include capital improvement projects that focus on completing the renovation of the Pentagon basement.

The Pentagon renovation requirements are the base for the Budget estimates. This allows for lump sum contract awards for sequenced and interrelated blocks of work. The renovation continues through FY 2011 with construction of Wedge 4 and the design and construction of Wedge 5. The Pentagon basement build out will be the final Pentagon renovation and is expected to be completed in FY 2012.

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The PFPA budget estimates include funding for Pentagon Sentry equipment and systems as well as HSPD-12 upgrades at the Pentagon.

The RRMC budget estimates include funding for facility maintenance and improvements in the capacity of the HVAC system; upgrading and increasing the reliability of the electrical distribution systems; continuing development of the smoke containment and exhaust system; redundancy developments and mission support at Site C; improvements to the CBRNE Detection Capabilities; and reconfiguration and consolidation of the Emergency Operations Center.

<u>Financial Profile:</u>	(Dollars in Millions)		
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Revenue	786.0	620.8	540.3
Expenses	781.8	605.8	621.4
Net Operating Result (NOR)	4.2	15.0	(81.1)
Disbursements	721.2	624.7	642.4
Collections	844.3	625.3	542.9
Net Outlays	(123.1)	(0.6)	99.5

The positive NOR in FY 2010 reflects actual expenditures that were less than expected and the reduction in expense due to a change in inflationary assumptions while revenue remained stable. In FY 2011 positive NOR reflects a change in inflationary assumptions and efficiencies as a result of freezing manpower at FY 2010 levels. The negative NOR in FY 2012 reflects removing the FOB #2 demolition and the capital surcharge from the rent bill and using available cash balances to fund. In addition, PRMRF is providing abatement to the customers from available cash balances.

**Note: Totals may not add due to rounding.**



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**Staffing:**

	(Full Time Equivalent (FTE))		
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Real Property Operations	458	523	513
Pentagon Renovation	24	23	17
Pentagon Force Protection Agency	1,178	1,147	1,123
Raven Rock Mountain Complex	<u>132</u>	<u>134</u>	<u>129</u>
<b>Total</b>	<b>1,792</b>	<b>1,827</b>	<b>1,782</b>

As part of the Department of Defense reform agenda, eliminates civilian full-time equivalent positions to maintain civilian staffing at the FY 2010 level in FY 2012 and incorporates additional reductions for anticipated operational efficiencies.

**Note:** Totals may not add due to rounding.

**Summary of Price Program and Other Changes**  
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Element of Expense	Cost of Operations FY 2010	Cost of Operations FY 2011	Total Price Growth	Program & Other Changes	Cost of Operations FY 2012
Civilian Personnel Compensation	149.9	152.6	0.0	-1.3	151.3
Civilian Personnel Benefits	43.3	41.1	0.0	-0.3	40.7
Benefits to Former Employees	0.1	0.4	0.0	0.0	0.4
Travel	1.1	1.1	0.0	0.0	1.1
Transportation	0.2	0.3	0.0	0.2	0.5
Depreciation	0.0	0.0	0.0	0.0	0.0
Rent, Communications, Utilities & Misc Charges	84.3	101.6	1.5	-8.8	94.4
Advisory and Assistance Services	76.4	116.9	1.8	-1.5	117.1
Printing	0.1	0.1	0.0	0.0	0.1
Other Services	345.0	109.2	1.6	55.1	166.0
Supplies and Materials	12.1	23.7	0.4	-3.4	20.6
Equipment	69.3	58.8	0.9	-30.5	29.2
<b>TOTAL COST OF OPERATIONS (Includes Above Standard Program)</b>					
<b>Does not include Capital in FY-12)</b>	<b>781.8</b>	<b>605.8</b>	<b>6.2</b>	<b>9.4</b>	<b>621.4</b>

**Note: Totals may not add due to rounding**

**Exhibit Fund -1 Summary of Price, Program and Other Changes**

**Changes in the Cost of Operations**  
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<b>FY 2010 Estimated Actual</b>	781.8
<b>FY 2011 Estimate in President's Budget</b>	605.8
<b>Pricing Adjustments:</b>	<u>6.2</u>
Annualization of Pay Raise	-
Price Growth Pay Raise	-
General Purchase Inflation	6.2
<b>Program Changes:</b>	<u>9.4</u>
- Site Inspection and Overhead Services to include Construction Management and Quality Assurance, including project management oversight, project controls and site safety and health.	1.7
- Government share of the Contractor realized savings between the target price established and the actual costs to perform the work.	(4.5)
- Civilian Personnel reduction	(1.1)
- Removal of capital as expense to contract authority	(18.9)
- Reduction in capital requirements	(2.1)
- Reduced Pentagon Shield efficiencies	(6.8)
- Lower equipment maintenance & contractor support	(5.7)
- IT consolidation efficiency	(0.8)
- Lower rent & maint fr move out of Federal Office Building #2	(6.3)
- Increase in Facilities Maintenance	1.6
- Increase in Equipment for PFPA Copier Program and PLC2 LCR	2.6
- Decrease in Telecommunication Program	(0.5)

**Exhibit Fund -2 Changes in the Costs of Operations**

**Changes in the Cost of Operations**  
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<ul style="list-style-type: none"> <li>- Funds demolition of Federal Office Building #2 and remediation of surrounding land so that it can transferred from the Pentagon to Arlington National Cemetary in accordance with statute.</li> </ul>	26.6
<ul style="list-style-type: none"> <li>- Funds completion of a significant portion of Pentagon roof repairs, and chilled water infrastructure, sprinkler upgrades to comply with fire code, and emergency powered exterior lighting for safety and force protection needs.</li> </ul>	14.6
<ul style="list-style-type: none"> <li>- Increased funds for sustainment, restoration and modernization of the Pentagon Reservation.</li> </ul>	<u>9.0</u>
<b>FY 2012 Estimate (does not include capital in FY-12)</b>	<b>621.4</b>

Exhibit Fund -2 Changes in the Costs of Operations

Source of New Orders and Revenue  
WASHINGTON HEADQUARTERS SERVICES  
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New Orders	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<b>a. Orders from DoD Components:</b>			
Department of the Air Force	118.4	91.3	88.1
Department of the Army	134.0	102.7	101.1
United States Marine Corps	58.3	48.7	30.6
Department of the Navy	98.1	79.8	60.4
<b>Subtotal Military Departments</b>	<b>408.8</b>	<b>322.5</b>	<b>280.2</b>
Defense-Wide			
AFIS	0.4	0.3	0.3
DIA	29.5	23.0	22.8
DISA	16.6	14.0	11.4
DLA	0.4	0.3	0.3
DLSA	0.7	0.5	0.5
DTRA	1.1	1.0	0.2
JCS	96.0	77.4	69.1
MDA	23.9	24.0	0.0
OMC	1.2	1.2	0.0
NGA (NIMA)	0.5	0.4	0.4
NSA	0.4	0.3	0.3
NGB (Army Guard)	3.9	2.9	2.9
PFPA	7.7	6.8	6.0
WHS	139.0	106.6	112.5
<b>Subtotal Defense-Wide</b>	<b>321.1</b>	<b>258.8</b>	<b>226.7</b>

Exhibit Fund -11 Source of New Orders and Revenue

Source of New Orders and Revenue  
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<b>b. Orders from Non-DoD Agencies</b>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
DoD Concessions Committee	0.7	0.7	0.9
<b>c. Total Standard Level Rent Orders</b>	<b>730.6</b>	<b>582.0</b>	<b>507.8</b>
<b>d. Other Orders</b>			
Above Standard Level Services:			
Building Services and Space			
Adjustments	30.7	31.2	25.2
PENREN/C Customer Orders	17.1	0.0	0.0
Renovation Furniture	0.0	0.0	
Force Protection	6.0	6.0	5.6
Raven Rock Mountain Complex	1.7	1.7	1.7
<b>Subtotal Above Standard Services</b>	<b>55.4</b>	<b>38.8</b>	<b>32.5</b>
<b>Other Sources:</b>			
N/A	0.0	0.0	0.0
<b>Total New Orders:</b>	<b>786.0</b>	<b>620.8</b>	<b>540.3</b>
<b>Carry-In Orders:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Gross Orders:</b>	<b>786.0</b>	<b>620.8</b>	<b>540.3</b>

Exhibit Fund -11 Source of New Orders and Revenue

**Revenue and Expense**  
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	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<b>Revenue:</b>			
Standard level	730.6	582.0	507.8
Above standard level	<u>55.4</u>	<u>38.8</u>	<u>32.5</u>
<b>Total Revenue</b>	<b>786.0</b>	<b>620.8</b>	<b>540.3</b>
 <b><u>Standard Level Operating Expenses:</u></b>			
<b>Real Property Operations:</b>	<b><u>219.6</u></b>	<b><u>211.0</u></b>	<b><u>275.0</u></b>
Cleaning	21.7	19.4	19.7
Utilities & Fuel	25.0	22.3	22.6
Maintenance	31.1	27.7	57.3
Other Building Services	1.7	1.5	1.5
Administration	45.6	40.6	41.2
Repairs (over \$10,000)	44.2	39.3	39.9
FOB #2 Navy Annex Demolition	-	-	26.6
Information Technology/OSD Networks	38.3	40.2	46.0
Defense Post Office	3.3	3.4	3.4
APSD Library	2.9	3.2	3.2
Acquisition & Procurement Office	2.0	8.3	8.2
Miscellaneous Support	3.8	5.2	5.3

**Exhibit Fund -14 Revenue and Expense**

**Revenue and Expense**  
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	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<b>Pentagon Force Protection Agency:</b>	<b><u>238.9</u></b>	<b><u>236.2</u></b>	<b><u>206.4</u></b>
Compensation & Benefit	125.4	118.7	118.7
Program Integration	32.0	33.5	23.6
CBRN	38.7	39.7	27.4
Anti-Terrorism/Force Protection	0.3	0.3	0.2
Security Services	9.4	9.5	9.5
Pentagon Police / Raven Rock	16.5	17.5	15.6
Force Protection Technology	16.7	16.9	11.5
<b>Pentagon Renovation:</b>	<b><u>224.9</u></b>	<b><u>69.8</u></b>	<b><u>66.9</u></b>
Compensation & Benefit	3.8	3.9	2.8
Design and Construction	93.3	12.0	7.0
Information Management & Telecommunications (IM&T)	24.1	0.7	0.7
Swing Space	47.7	37.1	37.4
Administration	2.2	0.5	1.0
Other Services	25.2	15.7	18.0
Life Safety	1.6	-	-
Renovation Acceleration	26.9	-	-

**Exhibit Fund -14 Revenue and Expense**



**Revenue and Expense**  
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	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<b><u>Raven Rock Mountain Complex:</u></b>	54.0	49.9	40.6
Compensation & Benefit	12.7	13.1	12.6
Information Management & Telecommunications (IM&T)	11.1	11.2	11.4
Administration	15.1	10.7	10.5
Other Services	0.5	0.3	0.3
Life Safety	-	-	-
Site R Improvements	14.7	14.6	5.8
<b>Subtotal Standard Level</b>	<b><u>737.4</u></b>	<b><u>567.0</u></b>	<b><u>588.9</u></b>
<b><u>Above Standard Reimbursable Expenses:</u></b>			
<b><u>Real Property Operations:</u></b>	<b><u>11.4</u></b>	<b><u>31.2</u></b>	<b><u>25.2</u></b>
Utilities and Fuel	9.1	10.0	10.2
Maintenance	2.2	0.7	0.7
Space adjustments, renovation furniture & other	-	20.5	14.4
<b><u>Pentagon Renovation</u></b>	<b><u>21.9</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>Pentagon Force Protection Agency</u></b>	<b><u>8.4</u></b>	<b><u>6.0</u></b>	<b><u>5.6</u></b>
<b><u>Raven Rock Mountain Complex</u></b>	<b><u>2.8</u></b>	<b><u>1.7</u></b>	<b><u>1.7</u></b>
<b>Subtotal Above Standard Level</b>	<b><u>44.4</u></b>	<b><u>38.8</u></b>	<b><u>32.5</u></b>

Exhibit Fund -14 Revenue and Expense

**Revenue and Expense**  
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	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Total Operating Expenses	781.8	605.8	621.4
Net Operating Result	4.2	15.0	(81.1)
Accumulated Operating Result	115.9	130.9	49.8

Exhibit Fund -14 Revenue and Expense

Pentagon Reservation Maintenance Revolving Fund Cost of Services  
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PROGRAM	FY 2010		FY 2011		FY 2012	
	Workload Avg. Sq. Ft.	Cost per Sq. Ft.	Workload Avg. Sq. Ft.	Cost per Sq. Ft.	Workload Avg. Sq. Ft.	Cost per Sq. Ft.
Cleaning	4,806,336	\$ 4.52	4,806,336	\$ 4.03	4,376,343	\$ 4.49
Utilities & Fuel	4,806,336	\$ 5.21	4,806,336	\$ 4.64	4,376,343	\$ 5.17
Maintenance	4,806,336	\$ 6.47	4,806,336	\$ 5.76	4,376,343	\$13.10
Other Building Services	4,806,336	\$ 0.34	4,806,336	\$ 0.31	4,376,343	\$ 0.34
Repairs (over \$10,000)	4,806,336	\$ 9.48	4,806,336	\$ 8.44	4,376,343	\$ 9.41
Administrative	5,154,446	\$ 8.57	5,154,446	\$ 7.63	4,456,667	\$ 8.96
Administrative Cost as Percent of Total Program Cost		21%		19%		15%
Total RPO Std Operating Expense	219,569		210,993		275,028	

Workload Avg. Square footage is based on occupiable space. It does not include outside parking. Square footage adjustments from FY 2011 to FY 2012 reflects the results of the Pentagon Footprint Changes and FOB2 Demolition.

Exhibit Fund -PR1 PRMRF Cost of Services

**Pentagon Reservation Maintenance Revolving Fund Summary Statement**  
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	<u>Obs.</u>	<u>Orders</u>	<u>Revenue</u>	<u>Cost</u>	<u>Disbursements by Fiscal Year</u>						
					<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>
<b><u>Pentagon Bldg. Renovation:</u></b>											
FY 2010	246.8	232.6	232.6	246.8	257.4	179.2	45.7	11.9	6.2	2.6	0.0
FY 2011	69.8	69.9	69.9	69.8	0.0	18.4	34.2	8.4	1.4	0.7	0.7
FY 2012	66.9	60.3	60.3	66.9	0.0	0.0	23.4	32.7	8.0	1.3	0.7
<b><u>Pentagon Force Protection Agency:</u></b>											
FY 2010	247.3	243.3	243.3	247.3	209.5	60.1	12.5	2.0	0.0	0.0	0.0
FY 2011	242.2	255.1	255.1	242.2	0.0	136.1	58.7	12.8	2.5	0.0	0.0
FY 2012	221.6	191.1	191.1	221.6	0.0	0.0	157.3	51.0	11.1	2.2	0.0
<b><u>Real Property Operations:</u></b>											
FY 2010	230.9	249.1	249.1	230.9	210.6	87.9	20.3	6.3	4.2	0.0	0.0
FY 2011	242.2	242.7	242.7	242.2	0.0	101.9	82.5	17.0	2.4	4.9	0.0
FY 2012	314.1	264.2	264.2	314.1	0.0	0.0	156.1	106.8	22	3.1	6.3

Exhibit Fund -PR2 PRMRF Summary Statement

**Pentagon Reservation Maintenance Revolving Fund Summary Statement**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

	<u>Obs.</u>	<u>Orders</u>	<u>Revenue</u>	<u>Cost</u>	<u>Disbursements by Fiscal Year</u>						
					<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>
<b><u>Raven Rock Mountain Complex:</u></b>											
FY 2010	56.8	60.9	60.9	56.8	43.7	13.4	1.7	0.0	0.0	0.0	0.0
FY 2011	51.6	53.2	53.2	51.6	0.0	27.7	14.4	2.2	0.0	0.0	0.0
FY 2012	51.6	38.5	38.5	51.6	0.0	0.0	35.6	13.9	2.1	0.0	0.0
<b><u>Total PRMRF:</u></b>											
FY 2010	781.8	786.0	786.0	781.8	721.2	340.6	80.2	20.2	10.4	2.6	0.0
FY 2011	605.8	620.8	620.8	605.8	0.0	284.1	189.8	40.4	6.3	5.6	0.7
FY 2012	654.1	554.1	554.1	654.1	0.0	0.0	372.4	204.4	43.2	6.6	7.0
<b><u>Cash:</u></b>											
	<u>BOY</u>	<u>Collections</u>	<u>Disb.</u>	<u>EOY</u>							
FY 2010	386.9	844.3	721.2	510.0							
FY 2011	510.0	625.3	624.7	510.6							
FY 2012	510.6	542.9	642.4	411.1							

**Capital Investment Summary**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

Line #	Item Description	FY 2010		FY 2011		FY 2012	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Software Development > \$250K	0	0.0	0	0.0	0	0.0
2	ADPE & Telecommunication > \$250K	1	22.2	1	2.0	0	0.0
3	Non-ADPE & Telecommunication Equipment > \$250K	1	56.9	1	43.1	1	32.7
4	Minor Construction > \$100K and equal to or less than \$250K	1	0.0	1	0.0	1	0.0
5	Major Construction	1	130.5	1	14.3	1	0.0
	<b>TOTAL</b>	<b>4</b>	<b>209.6</b>	<b>4</b>	<b>59.4</b>	<b>3</b>	<b>32.7</b>

**Activity Group Capital Purchase Justification**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Pentagon Renovation				C. Construction			D. Line Item #3		
	FY 2010			FY 2011			FY 2012		
		Unit	Total		Unit	Total		Unit	Total
Element of Cost (\$000)	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Minor Construction	1	130,549	130,549	1	14,262	14,262	0	0	0

**FY 2010: \$130.5 million will be invested in renovation initiatives to include:**

- Design and construction activities (\$99.1 million)
- Construction management and quality assurance (\$4.4 million)
- Renovation Acceleration (\$27.0 million)

**FY 2011: \$14.3 million will be invested in renovation initiatives to include:**

- Design and construction activities (\$14.3 million)

**Activity Group Capital Purchase Justification**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Pentagon Renovation				C. ADPE and Telecommunications			D. Line Item #3		
	FY 2010			FY 2011			FY 2012		
		Unit	Total		Unit	Total		Unit	Total
Element of Cost (\$000)	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
ADPE and Telecommunications	1	22,200	22,200	1	2,000	2,000	0	0	0

**FY 2010: \$22.2 million will be invested in renovation initiatives to include:**

- Information management and telecommunications planning, engineering management, acquisition and implementation activities (\$22.2 million)

**FY 2011: \$2.0 million will be invested in renovation initiatives to include:**

- Information management and telecommunications planning, engineering management, acquisition and implementation activities (\$2.0 million)



**Activity Group Capital Purchase Justification**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				Fiscal Year (FY) 2012 Budget Submission					
B. Real Property Operations				C. Equipment/Other			D. Line Item #3		
	FY 2010			FY 2011			FY 2012		
		Unit	Total		Unit	Total		Unit	Total
Element of Cost (\$000)	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Repair/Replacement	1	26,211	26,211	1	14,248	14,248	1	13,827	13,827

**FY 2010: \$26.2 million will be invested in Operation initiatives to include:**

- Roof Replacement (\$8.7 million)
- Retube/Replace Chillers (\$1.2 million)
- Remote Delivery Facility Air Intake Contaminate Correction (\$2.4 million)
- Door to Auto Door Replacement - ADA Requirement (\$0.4 million)
- Façade Repairs (\$1.6 million)
- ARC Flash Program (\$1.6 million)
- Remote Delivery Facility Cooling Tower Air Flow Modification (\$1.1 million)
- Emergency Powered Exterior Lighting (\$1.0 million)
- Secondary RDF CW Loop (\$5.0 million)
- ECMS Upgrade to renovated areas to include W1 lighting controls (\$1.0 million)
- Fan Powered Induction Unit Fan Motor Replacement (\$0.5 million)
- Restroom Automatic Flush Valve & Faucet Replacement (\$0.5 million)
- Floor Repair & Replacement (\$0.2 million)
- Ceiling Tile Replacement (\$0.6 million)
- Elevator Bank Floor Tile Installation (\$0.4 million)

**Exhibit Fund -9b Capital Investment Justification**

**Activity Group Capital Purchase Justification**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				Fiscal Year (FY) 2012 Budget Submission					
B. Real Property Operations				C. Equipment/Other			D. Line Item #3		
	FY 2010			FY 2011			FY 2012		
		Unit	Total		Unit	Total		Unit	Total
Element of Cost (\$000)	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Repair/Replacement	1	26,211	26,211	1	14,248	14,248	1	13,827	13,827

**FY 2011: \$14.2 million will be invested in Operation initiatives to include:**

- Roof Replacement (\$5.4 million)
- Retube/Replace Chillers (\$1.2 million)
- Door to Auto Door Replacement - ADA Requirement (\$0.4 million)
- Façade Repairs (\$1.6 million)
- ARC Flash Program (\$0.1 million)
- ECMS Upgrade to renovated areas to include W1 lighting controls (\$3.3 million)
- Fan Powered Induction Unit Fan Motor Replacement (\$0.4 million)
- Elevator Bank Floor Tile Installation (\$0.4 million)
- Restroom Automatic Flush Valve & Faucet Replacement (\$0.5 million)
- Floor Repair & Replacement (\$0.3 million)
- Ceiling Tile Replacement (\$0.6 million)

**FY 2012: \$13.8 million will be invested in Operation initiatives to include:**

- Complete Renovation of the Pentagon Basement

**Exhibit Fund -9b Capital Investment Justification**

**Activity Group Capital Purchase Justification**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Pentagon Force Protection Agency				C. Equipment/Other			D. Line Item #3		
	FY 2010			FY 2011			FY 2012		
		Unit	Total		Unit	Total		Unit	Total
Element of Cost (\$000)	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Equipment - except ADPE & Telecom	1	20,122	20,122	1	18,034	18,034	1	9,596	9,596

**FY 2010: \$20.1 million will be invested in PFPA initiatives to include:**

- Chemical, biological, radiological detection system (Pentagon Shield) enhancements (\$12.4 million)
- Life Safety System Equipment (\$2.0 million)
- Advanced Emergency Response Integration Environment (AERIE) Operations Center system (\$5.7 million)

**Activity Group Capital Purchase Justification**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Pentagon Force Protection Agency				C. Equipment/Other			D. Line Item #3		
	FY 2010			FY 2011			FY 2012		
		Unit	Total		Unit	Total		Unit	Total
Element of Cost (\$000)	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Equipment - except ADPE & Telecom	1	20,122	20,122	1	18,034	18,034	1	9,596	9,596

**FY 2011: \$18.0 million will be invested in PFPA initiatives to include:**

- Chemical, biological, radiological detection system (Pentagon Shield) enhancements (\$10.9 million)
- Life Safety System Equipment (\$2.1 million)
- Advanced Emergency Response Integration Environment (AERIE) Operations Center system (\$5.0 million)

**FY 2012: \$9.6 million will be invested in PFPA initiatives for Sentry.**

**Activity Group Capital Purchase Justification**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION				A. Fiscal Year (FY) 2012 Budget Estimates					
B. Raven Rock Mountain Complex				C. Equipment/Other			D. Line Item #3		
				FY 2010		FY 2011		FY 2012	
				Unit	Total	Unit	Total	Unit	Total
Element of Cost (\$000)	Qty	Cost	Cost	Qty	Cost	Cost	Qty	Cost	Cost
Equipment, Other	1	10,531	10,531	1	10,810	10,810	1	9,268	9,268

**FY 2010: \$10.5 million will be invested in RRMC Capital Improvement initiatives to include:**

- Mission support at Site C (\$4.56 million)
- Continued upgrade of chilled water system (\$5.97 million)

**FY 2011: \$10.8 million will be invested in RRMC Capital Improvement initiatives to include:**

- The continuation of development of smoke containment system (\$4.53 million)
- Consolidation of Emergency Operations Center (\$5.47 million)
- OSD Executive Cooling Chilled Water (\$0.81 million)

**FY 2012: \$9.3 million will be invested in RRMC Capital Improvement initiatives to include:**

- The continuation of development of smoke containment system (\$4.36 million)
- Improve CBRNE Detection Capabilities - (\$4.90 million)

**Exhibit Fund -9b Capital Investment Justification**

**Activity Group Capital Budget Execution**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Pentagon Reservation Maintenance Revolving Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

**Projects in the FY 2011 President's Budget**

Approved	FY 2010			FY 2011		Asset
	Approved	Reprog	Current	Approved	Current	
<b>2011 Equipment ADPE &amp; TELECOM</b>	22,200		22,200	2,000	2,000	
<b>2011 Equipment Other</b>						
Security Related Equipment	21,719		20,122	18,034	18,034	1,597 *
Electrical Power Distribution	6,400					6,400 *
Chilled Water Line Replacement	5,100	(868)	5,968			(868)
Mission Support at Site C	5,000	(437)	4,563			
Smoke Containment System				5,310	5,310	
Emergency Operations Center				5,500	5,500	
<b>2011 Major Construction</b>						
associated with the Renovation of the Pentagon	130,894		130,549	14,262	14,262	345
Construction activities for Pentagon Operations	26,404		26,211	14,248	14,248	193
<b>Total</b>	<b>217,717</b>		<b>209,613</b>	<b>59,354</b>	<b>59,354</b>	<b>7,667</b>

\* Asset approved for FY 2010 carryover.

**Exhibit Fund -9c Capital Budget Execution**

**Summary of Operations**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**

**Activity Group Function:**

Section 2208 of Title 10, United States Code established the Building Maintenance Fund (BMF) in FY 1995. The fund is responsible for providing space, building services and force protection for two federally owned and 27 leased facilities within the National Capital Region (NCR). These facilities are operated by the Washington Headquarters Services under General Services Administration DoD Interagency Agreements. Customers pay a basic user charge for space and basic building services to finance the BMF. Customers who request above standard services pay an additional charge for those services.

**Activity Group Composition:**

The BMF finances the activities of the Washington Headquarters Services and the Pentagon Force Protection Agency. The BMF provides space, building services and force protection for Department of Defense (DoD) Components, including Military Departments and other activities located within the NCR.

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

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

**Summary of Operations**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**

The following table summarizes BMF obligation authority by activity group:

	(Dollars in Millions)		
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Real Property Operations	16.3	25.8	70.8
Pentagon Force Protection Agency	35.0	49.8	58.5
Total	51.3	75.6	129.3

**Budget Highlight:**

Budget estimates derived for FY 2010 through FY 2012 assume annual inflationary increases for real property operations and force protection requirements. In addition, significant changes for FY 2012 are outlined in the paragraphs below.

**Significant Changes in Activity:**

**FY 2012 Budget Estimate:**

Provides programmatic increase of \$52.8 million for the operation of the "BRAC 133" Facility (Mark Center). The BRAC 133 project reflects the 2005 Base Realignment and Closure Commission's Recommendation #133 and is part of the U.S. Army's Fort Belvoir, Virginia, BRAC initiative. The BRAC 133 project will entail the relocation of 6,409 Defense Department-level agencies' personnel, from leased space in Northern Virginia to a new office complex being developed at the Mark Center in Alexandria, VA.

Of the \$52.8 million increase, \$8.1 million is for the security of the Mark Center Facility. Estimates include amounts to fund Pentagon Police Department personnel, contract security officers, and other security personnel and to acquire associated equipment and maintenance services for security equipment.



**Summary of Operations**  
**WASHINGTON HEADQUARTERS SERVICES**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**

The remaining \$44.7 million provides:

- Base Operating Support Contract: The support contract for base operations will provide for operational services, maintenance, custodial, trash removal, landscape, etc.
- Utilities to operate the BRAC 133 Facility.
- Transportation to and from the BRAC 133 Facility and various locations; to include the Pentagon. Funding of this requirement will reduce traffic flow into the BRAC 133 Facility and assist DoD to meet its requirement to reduce single occupancy vehicle traffic and reduce green house gasses on transportation impacts.
- Fire Protection/Prevention services for the BRAC 133 facility.
- Information Technology (IT) Services: Provide for the IT that include server rooms, IT communication ports, and for both IT and management services for the entire Pentagon.

**Financial Profile:**

	(Dollars in Millions)		
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Revenue	64.1	75.6	118.9
Expenses	<u>64.1</u>	<u>75.7</u>	<u>129.3</u>
Net Operating Results	0.0	0.0	(10.4)
Disbursements	53.0	64.6	99.2
Collections	<u>47.6</u>	<u>71.8</u>	<u>112.6</u>
Net Outlays	5.4	(7.2)	(13.4)

Summary of Operations  
 WASHINGTON HEADQUARTERS SERVICES  
 Building Maintenance Fund  
 Fiscal Year (FY) 2012 Budget Estimate  
 February 2011

**Staffing:**

	Full Time Equivalents		
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Real Property Operations	30	58	58
Pentagon Force Protection Agency	<u>0</u>	<u>54</u>	<u>145</u>
Total	30	112	203

The increase of 91 FTEs in FY 2012 for PFPA is the result of the need to hire additional Pentagon Police personnel to conduct security and force protection in the "BRAC 133" Facility.

**Summary of Price, Programs, and Other Changes**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

Element of Expense	Cost of Operations FY 2010	Cost of Operations FY 2011	Total Price Growth	Program & Other Changes	Cost of Operations FY 2012
Civilian Personnel Comp	3.1	11.4	0.0	6.3	17.6
Civilian Personnel Benefits	0.7	2.6	0.0	1.8	4.4
Benefits to Former Employees	0.1	0.2	0.0	0.0	0.2
Travel	0.0	0.0	0.0	0.0	0.0
Transportation	0.0	0.0	0.0	0.0	0.0
Rent, Communications and Utilities	3.4	2.9	0.0	9.3	12.2
Advisory and Assistance Services	31.4	36.9	0.6	-29.7	7.7
Printing	0.0	0.0	0.0	0.0	0.0
Other Services	10.8	9.1	0.1	74.3	83.6
Supplies and Materials	0.7	5.5	0.1	-4.9	0.7
Equipment	1.1	7.1	0.1	-4.3	2.9
<b>TOTAL COST OF OPERATIONS (Includes Above Standard Program)</b>	<b>51.3</b>	<b>75.6</b>	<b>0.9</b>	<b>52.8</b>	<b>129.3</b>

**Exhibit Fund -1 Summary of Price, Program and Other Changes**

Note: Totals may not add due to rounding.

**Changes in the Costs of Operations**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

<b>FY 2010 Estimate</b>	<b>51.3</b>
<b>FY 2011 Estimate</b>	<b>75.6</b>
 <b>Pricing Adjustments:</b>	 <b>0.9</b>
Annualization of Pay Raise	0.0
General Purchase Inflation	0.9
Price Growth Payroll	0.0
 <b>Program Changes:</b>	 <b>52.8</b>
Increase in Contractor Support for Mark Center	39.8
Equipment to support new BRAC facility at Mark Center	0.9
Personnel increase for security of BRAC-Mark Center	8.1
Increase in Transportation Services to Support	
Employee Transportation to/from the BRAC 133 Facility	
at Mark Center	4.1
 <b>FY 2012 Estimate</b>	 <b>129.3</b>

**Exhibit Fund -2 Changes in the Costs of Operations**

Note: Totals may not add due to rounding.

Source of New Orders and Revenue  
 Building Maintenance Fund  
 Fiscal Year (FY) 2012 Budget Estimate  
 February 2011  
 (\$ in Millions)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<b>1. New Orders</b>			
<b>a. Orders from DoD Components:</b>			
Department of the Air Force	1.1	1.2	1.2
Department of the Army	16.7	17.3	17.0
Department of the Navy	4.2	4.3	4.3
Subtotal Military Departments	22.1	22.8	22.5
Defense-Wide			
DLSA	0.1	0.1	0.1
PFPA	0.2	0.2	0.3
DARPA	0.3	0.3	0.3
CAAF	0.7	0.7	0.7
DCMA	1.6	1.7	1.7
DFAS	0.3	0.3	1.2
DIA	1.0	1.0	1.0
MDA	0.4	0.4	0.4
DISA	2.2	2.2	2.1
DLA	2.7	2.8	2.8
DSS	0.0	0.0	0.0
WHS/OSD	8.3	8.6	31.5
BTA	1.2	1.3	6.6
DHRA			9.1
DODEA			4.3
DODIG			11.6
DTSA			2.3
AT&L-TRMC			0.9
OMC			0.5
Subtotal Defense-Wide	<b>19.1</b>	<b>19.7</b>	<b>77.4</b>

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

**Source of New Orders and Revenue**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<b>b. Orders from Non-DoD Agencies</b>	-	-	
<b>c. Total Standard Level Rent Orders</b>	41.1	42.5	99.9
<b>d. Other Orders</b>			
Above Standard Level Services:			
Building Services and Space Adjust	10.7	14.9	10.9
Force Protection	5.0	4.8	2.6
Mark Center Security	7.2	13.4	5.4
<b>    Subtotal Above Standard Services</b>	<b>22.9</b>	<b>33.1</b>	<b>19.0</b>
<b>Total New Orders:</b>	<b>64.1</b>	<b>75.6</b>	<b>118.9</b>

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

**Revenue and Expenses**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
<b>Revenue:</b>			
Standard level	41.1	42.5	99.9
Above standard level	22.9	33.1	19.0
<b>Total Revenue</b>	<b>64.1</b>	<b>75.6</b>	<b>118.9</b>
<b><u>Standard Level Operating Expenses:</u></b>			
<b>Real Property Operations:</b>	<b>10.0</b>	<b>10.9</b>	<b>59.9</b>
Cleaning	1.3	1.6	10.3
Utilities & Fuel	1.6	1.6	7.4
Maintenance	1.4	1.3	11.0
Other Building Services	0.0	0.0	0.0
Administration	5.3	6.5	9.5
Repairs (over \$10,000)	0.3	0.0	0.0
Transportation			3.6
Information Technology			18.0
Defense Post Office			0.1
<b>Pentagon Force Protection Agency:</b>	<b>29.2</b>	<b>31.6</b>	<b>50.3</b>
Compensation & Benefits	0.0	0.0	16.0
Program Integration	6.1	6.0	2.1
Chemical, Biological, Radiological, Nuclear, and Explosive Program	6.4	7.4	2.9
Anti-Terrorism/Force Protection	0.2	0.2	0.3

**Exhibit Fund -14 Revenue and Expense**

Note: Totals may not add due to rounding.

**Revenue and Expenses**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Security Services	4.2	4.1	5.2
Pentagon Police	11.7	12.8	22.7
Force Protection Technology	0.6	1.2	1.2
Subtotal Standard Level	39.2	42.5	110.3
<b><u>Above Standard Reimbursable Expenses:</u></b>			
Real Property Operations	6.3	14.9	10.9
Pentagon Force Protection Agency	5.8	18.2	8.1
Subtotal Above Standard Level	12.1	33.1	19.0
<b><u>Total Operating Expenses</u></b>	<b>51.3</b>	<b>75.6</b>	<b>129.3</b>
Net Operating Result	12.8	0.0	-10.4
Accumulated Operating Result	63.4	63.4	53.0

**Exhibit Fund -14 Revenue and Expense**

Note: Totals may not add due to rounding.



**Capital Investment Summary**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

PROGRAM	FY 2010		FY 2011		FY 2012	
	Workload Avg. Sq. Ft.	Cost per Sq. Ft.	Workload Avg. Sq. Ft.	Cost per Sq. Ft.	Workload Avg. Sq. Ft.	Cost per Sq. Ft.
Cleaning	807,921	\$1.65	807,921	\$1.93	2,131,811	\$4.83
Utilities & Fuel	1,128,883	\$1.42	1,128,883	\$1.38	2,452,773	\$3.02
Maintenance	1,710,787	\$0.85	1,710,787	\$0.77	3,034,677	\$3.63
Administrative	4,798,150	\$1.11	4,798,150	\$1.35	6,122,040	\$1.55
Administrative Cost as Percent of Total Program Cost		32.6%		25.1%		13.4%

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

The square footage increase in FY 2012 is due to the 2005 Base Realignment and Closure Commission's Recommendation #133 and is part of the U.S. Army's Fort Belvoir, Virginia, BRAC initiative. The BRAC 133 project will entail the relocation of 6,409 Defense Department-level agencies' personnel, from leased space in Northern Virginia to a new office complex being developed at the Mark Center.

**Exhibit Fund -PR1 Capital Investment Summary**

**Building Maintenance Fund Summary Statement**  
**Building Maintenance Fund**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

	<u>Obs.</u>	<u>Orders</u>	<u>Revenue</u>	<u>Cost</u>	<u>Disbursements by Fiscal Year</u>						
					<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>
<b><u>Pentagon Force Protection Agency:</u></b>											
FY 2010	35.0	42.4	42.4	35.0	40.8	18.2	2.1	0.3			
FY 2011	49.8	49.8	49.8	49.8		20.5	21.9	5.0	0.6		
FY 2012	58.4	53.7	53.7	58.4			24.8	28.8	4.9	0.7	0.0
<b><u>Real Property Operations:</u></b>											
FY 2010	16.3	21.7	21.7	16.3	12.2	10.1	3.2	0.2			
FY 2011	25.8	25.8	25.8	25.8		15.8	9.9	1.8	0.1		
FY 2012	70.8	65.2	65.2	70.8			37.3	25.5	6.7	0.6	0.0
<b><u>Total BMF:</u></b>											
FY 2010	51.3	64.1	64.1	51.3	53.0	28.3	5.3	0.5			
FY 2011	75.6	75.6	75.6	75.6		36.3	31.8	6.8	0.7		
FY 2012	129.3	118.9	118.9	129.3			62.1	54.3	11.6	1.3	0
<b><u>Cash:</u></b>	<b><u>BOY</u></b>	<b><u>Collections</u></b>	<b><u>Disb.</u></b>	<b><u>EOY</u></b>							
FY 2010	<u>42.8</u>	<u>47.6</u>	<u>53</u>	<u>37.4</u>							
FY 2011	<u>37.4</u>	<u>71.8</u>	<u>64.6</u>	<u>44.6</u>							
FY 2012	<u>44.6</u>	<u>112.6</u>	<u>99.2</u>	<u>58</u>							

Exhibit Fund -PR2 BMF Summary Statement

Note: Totals may not add due to rounding.

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

**Pilot Programs and Initiatives**

The DLA Strategic Materials expanded its outreach to the Military Services, and began participation in two pilot programs to prepare and plan for changing mission requirements. The first pilot is the Strategic Metals Buffer Pilot, in which DLA Strategic Materials has partnered with the DLA Warstopper Program to establish and maintain a Strategic Metals Buffer inventory of select grades of steel. The buffer program provides DoD a guaranteed accessible monthly inventory of two grades of steel at the semi-finished product stage resulting in a significant reduction in production lead time, making the material ready for infusion directly into the production of critical repair parts. The second pilot entails DLA Strategic Materials acting as the buying agent for the aggregated procurement of Titanium billets for the Departments of Army and Navy. The Titanium pilot calls for the vendor to manufacture the material and ship it directly to the customer. As DoD demands solidify, and the success of the program is demonstrated, DLA's role as a buying agent is expected to extend into other high priority commodities. The DLA Strategic Materials has also taken steps to broaden its footprint within DOD by preparing and issuing "alerts" on potential material and market disruptions, and participating in the OSD-level working group to revise and vet various supply-and demand-side assumptions related to the identification of potential material shortages. Additional initiatives include realigning the requirements determination process with the Quadrennial Defense Review (QDR), identifying and analyzing technologically advanced materials needed by the Military Services and defense production, and expanding/strengthening relationships with other federal agencies, industry, and academia.

**Summery Operations  
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Strategic Materials  
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**Sales**

DLA Strategic Material's Principal Sales program consists of commodity disposals considered excess to the needs of the DoD that were authorized for sale prior to FY 1996. Subsequent authorization acts have granted sales authority for other excess commodities, whose proceeds were earmarked for the programs below:

**Authorized Programs**

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

Sales (\$ in millions)	FY 2010 (Actual)	FY 2011 (Estimate)	FY 2012 (Estimate)
Principal Sales Program	\$47.6	\$57.5	\$57.7
Cobalt Post-FMS Program	\$0.3	\$16.5	\$3.3
HHS & TGF Program	\$103.0	\$82.8	\$62.7
Spectrum/Military Benefits Program	\$14.2	\$30.7	\$0.0
Total Sales	\$165.2	\$187.5	\$123.7

**Cobalt Post-FMS Program**

The National Defense Authorization Act (NDAA) for FY 1998, P.L.105-85, authorized additional sales of cobalt. The receipts from these sales are to be paid from the Transaction Fund (T-fund) and deposited into the Treasury General Fund. The NDAA for FY 2000, P.L. 106-65, increased payment authorization from \$152 million (previously

**Summary Operations**  
**DEFENSE LOGISTICS AGENCY**  
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authorized in P.L. 105-85) to \$235 million. The NDAA for FY 2002, P.L. 107-107, accelerated sales to begin in FY 2002 instead of FY 2003 to avoid potential market disruption. Subsequent authorization acts extended the program through FY 2011 (NDAA FY 2010). The sale of material in this program generated proceeds of \$202 million through FY 2010. A legislative proposal to extend the program to FY 2012 is pending approval.

**HHS and Treasury General Fund Sales Program**

The National Defense Authorization Act (NDAA) for FY 1999, P.L. 105-261, authorized additional disposal of commodities. The receipts from these sales are to be paid from the T-Fund and deposited into the U.S. Treasury. A portion of the receipts was paid to the Secretary of Health and Human Services (HHS) to be credited in the manner determined by the Secretary to the Federal Hospital Insurance Fund and the Federal Supplementary Medical Insurance Trust Fund. Subsequent authorization acts gradually raised the limit to \$1.386 billion by the end of FY 2016 (NDAA FY 2009). The sale of materials in this program generated proceeds of \$1.127 billion through FY 2010 and is anticipated to meet its program goals in FY 2016.

**SPECTRUM/Military Benefits Sales Program**

The National Defense Authorization Act (NDAA) for FY 2000, P.L. 106-65 authorized additional sales of commodities through the end of FY 2009. Subsequent authorization acts gradually raised the limit to \$730 million by the end of FY 2013 (NDAA FY 2011). The sale of materials in this program generated proceeds of \$670 million through FY 2010 and is expected to meet its program goals in FY 2013.

**Summery Operations**  
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**Transaction Fund**

Program financing and payments to legislated programs are summarized in the chart below.

Transaction Fund (\$ in millions)	FY 2010 (Actual)	FY 2011 (Estimate)	FY 2012 (Estimate)
<b>BOP Balance</b>	<b>332.2</b>	<b>417.3</b>	<b>432.7</b>
Revenue (Collections from Sales)	195.7	173.4	150.6
Recovery of Prior-Year Unpaid Obs	1.5	0.0	0.0
Payments to Legislated Programs	71.1	116.8	80.9
Operating Obligations	41.0	41.2	50.1
Labor	9.7	11.2	11.3
Non-Labor	31.3	30.0	38.8
<b>EOP Balance</b>	<b>417.3</b>	<b>432.7</b>	<b>452.3</b>

The DLA Strategic Materials executed total payment transfers of \$71.1 million in FY 2010 to Military Sales Programs and will generate revenues from Sales proceeds for program mandates in FY 2011 and FY 2012.

**Payments**

Payments	FY 2010 (Actual)	FY 2011 (Estimate)	FY 2012 (Estimate)
Cobalt Post Foreign Military			
Sales	\$10.2	\$14.1	\$0.0
HHS & Treasury GF	\$45.0	\$73.6	\$74.2
Spectrum / Military Benefits	\$15.9	\$29.1	\$6.7
<b>Total Payments</b>	<b>\$71.1</b>	<b>\$116.8</b>	<b>\$80.9</b>

**Summery Operations**  
**DEFENSE LOGISTICS AGENCY**  
**Strategic Materials**  
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The DLA Strategic Materials anticipates meeting its projected legislative program goals in FY 2011 through FY 2012.

**Budget Highlights**

Operation Obligations (\$ in millions)	FY 2010 (Actual)	FY 2011 (Estimate)	FY 2012 (Estimate)
Labor	\$9.7	\$11.2	\$11.3
Non-Labor	\$31.3	\$30.0	\$38.8
Select non-labor accounts			
Depot Operations	\$5.9	\$4.4	\$4.8
Environmental	\$5.6	\$9.8	\$9.3
Rent	\$2.6	\$2.6	\$2.8
Other	\$17.2	\$13.2	\$21.9
<b>Total</b>	<b>\$41.0</b>	<b>\$41.2</b>	<b>\$50.1</b>

**Labor**

Staffing levels will remain in line with workload in FY 2011, and adjustments will continue to be made to level end-strength as mission requirements change.

**Non-Labor**

**Mobilization Studies and Material Handling:** Three requirements have been added to support submission of the Requirements Report that will address reconstitution of stock piling capabilities - (1) developing data and analyses collection and evaluation sources from

**Summery Operations**  
**DEFENSE LOGISTICS AGENCY**  
**Strategic Materials**  
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Industry, Academia, (2) risk mitigation solutions modeling, and (3) for Material Handling, increased market analysis of strategic and critical materials.

According to 50 U.S.C. 98 et seq Section 8, DLA Strategic Materials is statutorily authorized and required to provide scientific, technological, and economic research into mineral substances. For instance, the 2011 Requirements Report studied 70 materials 28 of which were in projected shortfall under approved Base Case Scenarios. To fulfill these statutory obligations, DLA Strategic Materials is currently engaged in contractual relationships with the United States Geological Survey (USGS), the Institute for Defense Analyses (IDA) and Oakridge National Laboratories (ORNL). This effort will include the acquisition of increased materials analyses services from the Institute for Defense Analysis (IDA) for peacetime and wartime consumption; increasing materials evaluated from 15 to 68 which includes several critical rare earth materials. Another related activity will be to amend the existing Inter-agency Support Agreement (ISA) with the US geological survey (USGS) for acquisition of data related to domestic production and consumption of strategic and critical materials to add international data. A key deliverable in the future will be to establish sources to acquire commercial/industry critical materials production and consumption data. Finally, a key deliverable will be to establish sources to acquire academic critical materials supply chains analyses and forecast data.

**Rents & Leases:** Real property rental and leasing required to support stockpiling operations include warehouses, administrative buildings, service buildings and open land for outdoor storage. Property is obtained through occupancy agreements with the General Services Administration (GSA), other Federal Agencies or commercial leases administered by DLA Strategic Materials. Increases are anticipated in rates for GSA Service Level User Charges in FY 2011, and future years; also GSA is in the process of selling the sites with excess stockpile inventories to coincide with the end of those operations. Depressed materials markets will delay efforts to vacate these properties requiring DLA Strategic Materials to lease these sites for extended periods increasing costs in the short term.

Operational costs are incurred for sites where material has been sold but not yet removed,



**Summary Operations  
 DEFENSE LOGISTICS AGENCY  
 Strategic Materials  
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 February 2011**

and sites where environmental remediation is still ongoing. As a result, DLA Strategic Materials reports on sites in three stages. The table below provides the projected number of sites (staffed and unstaffed) at fiscal year-end that will be occupied for one of three reasons: commodities currently available for sale, commodities under contract but not yet removed, or commodities awaiting environmental action (i.e., remedial investigation or clean up). DLA Strategic Materials storage site reduction schedule has been impacted primarily due to buyers not being able to take material from remote western sites and remaining environmental activity.

<b>Sites</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Staffed and Unstaffed Sites	14	6	6

Relocation projects involving the repositioning of commodities to the consolidation points continued through FY 2010, and are expected to be completed in FY 2012.

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

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

As depot consolidation points are implemented, facility maintenance and security requirements are expected to gradually decline in FY 2011 through FY 2012.

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**Environmental**

As part of the DLA Strategic Materials focus on site stewardship, environmental assessments are conducted to determine environmental effects that may have occurred as a result of materiel storage and whether a site requires remediation. If a site requires restoration, further studies are performed to determine the extent and nature of contamination and the best approach for remediation. Cleanup costs are estimated using the Remedial Action Cost Engineering and Requirements (RACER) process; a computer-based costing model. Based on input from DLA Strategic Materials, RACER estimates for clean-up of known sites are estimated at \$43.8 million. An additional \$11 million will be required for mercury disposition during the out years. Contaminated sites must be restored prior to closure, therefore, as sites are cleared of material and the requirements are more accurately identified environmental liability could increase. Restoration actions are coordinated with the sites closure plan to minimize disruption.

Two significant environmental issues noted in previous budget submissions are the mercury inventory disposition and Thorium nitrate (radiological) remediation. DLA Strategic Materials has a sizeable inventory of mercury. In order to determine the best approach, DLA Strategic Materials completed an Environmental Impact Statement in March 2004. The conclusion was to continue to store the mercury at one consolidated location. DLA Strategic Materials has selected the Hawthorne Weapons and Ammunition Depot (HWAD) in Hawthorne, NV as the consolidated mercury storage site. Transportation was planned to begin in FY 2007, however, resolution of concerns raised by the Nevada Department of Environmental Protection (NDEP) has postponed the removal until impacts of long term storage are more thoroughly considered. Relocation of the mercury will proceed to HWAD once all NDEP issues are addressed. If required, reflasking mercury in new similar size containers has been estimated at an additional \$30M. Since DLA Strategic Materials still occupies storage sites, not all environmental requirements have been identified or characterized since the studies have not been completed. Therefore, we expect the current ongoing RACER CTC estimate to be significantly greater than the last year. To keep the liability growth estimate a round figure, we propose \$130M as the total "set aside" for

**Summery Operations**  
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environmental remediation. Another significant effort is the survey and decontamination of former thorium nitrate storage sites. Thorium nitrate is a low-level radioactive material that was previously stored at the Curtis Bay, MD, New Haven, IN, Scotia, NY, Somerville, NJ and Hammond, IN, facilities. Restoration involves a protracted three step process of evaluation, restoration and remediation administered by the Nuclear Regulatory Commission (NRC) to reconcile and close the Operator's License.

**Environmental Concerns**

Revised projected sales revenues, inventory values, cash collections, outlays, and remaining cash balances will further reduce transaction fund balances. Outlays for stockpile operations in the Center's projections include some outlays related to compliance with environmental laws and cleanup of contamination resulting from past operations. These outlays have been a relatively small part of the stockpile's annual operating budget, however costs for all related mercury management requirements including transfer, long term consolidated storage at HWAD, and restoration of the current storage locations are estimated to be \$52.9 million expensed over the next 40 years. Obligations of \$1.5 million of those costs were executed in FY 2010 for Transportation, Receipt, Stock Positioning, Inventory Verification and Maintenance in Storage at HWAD and will continue into FY 2011. The balance of the costs will be obligated at evenly indexed rates through FY 2012 and beyond.

Statement of Financial Condition  
Transaction Fund  
DEFENSE LOGISTICS AGENCY, Strategic Materials  
Fiscal Year (FY) 2012 Budget Estimate  
February 2011  
(\$ in Millions)

	FY 2010	FY 2011	FY 2012
ASSETS:			
Selected Assets:			
Cash (EOY)	446.1	432.7	452.2
Accounts Receivable	0.0	0.5	0.5
Inventories	598.1	538.3	484.5
Other Asset Accounts:	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
<b>TOTAL ASSETS</b>	<b>1,044.3</b>	<b>971.6</b>	<b>937.3</b>
LIABILITIES			
Selected Liabilities			
Accounts Payable	0.8	0.4	0.3
Advances Received	7.3	3.2	3.2
Environmental Clean-up Liability	49.7	52.8	52.8
Other Liabilities	5.5	3.0	3.0
<b>TOTAL LIABILITIES</b>	<b>63.3</b>	<b>59.4</b>	<b>59.3</b>
GOVERNMENT EQUITY			
Cumulative Results of Operations	<u>981.0</u>	<u>912.2</u>	<u>878.0</u>
<b>TOTAL NET POSITION</b>	<b>981.0</b>	<b>912.2</b>	<b>878.0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,044.3</b>	<b>971.6</b>	<b>937.3</b>

Exhibit Fund -23 Statement of Financial Condition

Note: Totals may not add due to rounding.

**Stockpile Financial Status Report**  
**Transaction Fund**  
**DEFENSE LOGISTICS AGENCY, Strategic Materials**  
**Fiscal Year (FY) 2012 Budget Estimate**  
**February 2011**  
**(\$ in Millions)**

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Treasury Cash Balance, End of Prior Year	332.2	417.3	432.7
Collections	195.7	173.4	150.6
Recovery of Prior-Year Unpaid Obs	1.5		
Disbursements	<u>41.0</u>	<u>41.2</u>	<u>50.1</u>
Labor	9.7	11.2	11.3
Non-Labor	31.3	30.0	38.8
<u>Payments</u>			
Payments from Current Year Sales			
HHS & TGF	45.0	73.6	74.2
Cobalt TGF	10.2	14.1	0.0
Spectrum	<u>15.9</u>	<u>29.1</u>	<u>6.7</u>
Payments from Current Year Sales	71.1	116.8	80.9
Carryover Payments from Previous Year			
Anticipated Transfers Out	0.0	0.0	0.0
Total Payments and Transfers	71.1	116.8	80.9
<b>Cash Balance</b>	<b>417.3</b>	<b>432.7</b>	<b>452.2</b>
Selected Liabilities			
Accounts Payable	0.8	0.4	0.3
Advances Received	7.3	3.2	3.2
Environmental Clean-up Liability	49.7	52.8	52.8
Other Liabilities	5.5	3.0	3.0
Undelivered Orders	28.8	11.0	11.0
Other Contingencies	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Totals	92.1	70.4	70.3
<b>Estimated Available Cash</b>	<b>325.2</b>	<b>362.3</b>	<b>381.9</b>

Exhibit Fund -SP1 Stockpile Financial Status Report

Note: Totals may not add due to rounding.