

Department of Defense Revolving Funds

Justification/Overview



Fiscal Year 2015 President's Budget

March 2014

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Table of Contents

Preparation of the Defense Revolving Funds Justification book cost the Department of Defense a total of approximately \$18,000 in Fiscal Year (FY) 2014.

| | <u>Page</u> |
|---|-------------|
| Pentagon Reservation Maintenance Revolving Fund (PRMRF) | 5 |
| Buildings Maintenance Fund (BMF) | 27 |
| Defense Logistics Agency (DLA), Strategic Materials | 39 |

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Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014

Activity Group Function

The Fiscal Year (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 the area of land (consisting of approximately 280 acres) located in Arlington, Virginia, on which stand the Pentagon Building, and the Pentagon Heating and Sewage Treatment Plants. It also refers to other related facilities, including 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 activities of the Washington Headquarters Services (WHS) and the Pentagon Force Protection Agency (PFPA) within the Pentagon Reservation. 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): Through the RPO, WHS provides safe and efficient operation, maintenance and repair of the Pentagon Reservation. The Pentagon Reservation includes the Pentagon, the Pentagon Heating and Refrigeration Plant, and all Reservation grounds and parking areas. The 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, operation of the Pentagon's Heating and Refrigeration Plant, and classified waste incinerator. These services maintain the facilities at levels adequate to support the assigned mission and to prevent deterioration and damage to buildings, support systems, and operating equipment. The RPO also finances mission support areas such as financial management, acquisition, and information technology supporting the Pentagon Reservation and the PFPA.

Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014

Pentagon Force Protection Agency (PFPA): The PFPA is responsible for providing law enforcement, force protection, security, counterintelligence, antiterrorism, and chemical, biological, radiological, and nuclear protection as required for the people, facilities, infrastructure, and other resources at the Pentagon Reservation and DoD activities within the National Capital Region (NCR), to include the Raven Rock Mountain Complex. The PFPA is the DoD focal point for coordination with DoD components, executive departments, agencies, state and local authorities on matters involving force protection, security, and law enforcement for the Pentagon Reservation and DoD facilities within the NCR. The Buildings Maintenance Fund also includes a PFPA component.

Raven Rock Mountain Complex (RRMC): The mission of the RRMC is to satisfy the DoD Continuity of Operations Plan (COOP) for the Office of the Secretary of Defense, the Joint Staff, and Senior DoD Leadership. The 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 customers by providing maintenance and upkeep of facilities within the complex to support their assigned missions and to prevent deterioration and damage to facilities, systems, and operating equipment. The services also support operational readiness and provide a safe and secure environment for execution of DoD mission essential functions.

Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014

The following table summarizes PRMRF obligations by activity group:

| Budget Sub-activity | Dollars in Millions | | | | | |
|----------------------------------|---------------------|------------|--------------|-------------|--------------|-------------|
| | FY 2013 | | FY 2014 | | FY 2015 | |
| | Operating | Capital | Operating | Capital | Operating | Capital |
| Real Property Operations | 238.5 | 0.0 | 271.1 | 15.9 | 293.8 | 20.4 |
| Pentagon Force Protection Agency | 182.7 | 0.0 | 210.4 | 11.6 | 206.0 | 8.9 |
| Raven Rock Mountain Complex | 49.3 | 1.3 | 68.2 | 2.4 | 62.9 | 11.6 |
| Total by Category | 470.5 | 1.3 | 549.7 | 29.8 | 562.7 | 40.9 |
| Total PRMRF | 471.8 | | 579.6 | | 603.6 | |

The PRMRF FY 2015 budget estimate includes changes driven by the Department's objective to become more efficient by eliminating and reducing administrative and overhead costs through such efforts as civilian workforce reshaping (reductions) and reducing contracts for advisory and assistance services. The overall increase from FY 2014 to FY 2015 is a result of increased requirements for facility repairs and replacements, discussed in the significant changes paragraph below, that were not part of the recently completed Pentagon Renovation. It also includes the reduction of travel costs to 30 percent below the FY 2010 level.

Note: Totals may not add due to rounding.

Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014

Significant Changes by Activity Group for FY 2015

The overall inflationary increase from FY 2014 to FY 2015 is \$8.8 million. The programmatic increase is \$15.3 million and includes the following changes.

RPO, \$22.5 million (net) programmatic increase includes:

- Decrease in Facilities Sustainment, Restoration, and Modernization (FSRM) projects (\$12.0 million)
- Increase civilian staffing by two employees for the Facilities Environmental and Safety Program (\$0.3 million)
- Increases for Supplies & Material/Equipment Maintenance & Purchases:
 - Lifecycle refresh for Information Technology (IT) equipment and Audio Visual/Video Teleconferencing (AV/VTC) equipment upgrades not funded in FY 2014 (\$1.6 million)
 - Equipment, Software, and Supplies to support business systems and inventory for Store Front Warehouse (\$5.0 million)
- Increases (net) for Advisory and Assistance Services:
 - Increased content development for InfoNet Systems (\$0.4 million)
 - Increased support to business process improvements (\$4.5 million)
 - Reduced requirements for management and professional support (\$3.6 million)
- Increased utilities demand and market rate increases (\$3.0 million)
- Increases (net) for Land and Structures, including repair and/or replacement of the following: River Terrace bridge, stairs and landings, South Rotary Road, switch house, water pipes, Heating, Ventilation and Air Conditioning (HVAC) systems and steam piping, water leaks, and Remote Delivery Facility (RDF) diesel generators (\$17.4 million)
- Increases (net) for Other Purchases/Contracts for changes in requirements:
 - Increase in Pentagon Area Chief Information Officer Council (PACC) sustainment costs and start of new PACC projects (\$6.0 million)
 - Increase for InfoNet Systems expansion (\$0.4 million)
 - Decrease for eliminating one of two contracting office support contracts (\$0.4 million)

Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014

PFPA, \$10.0 million (net) programmatic decrease includes:

- Decrease for capital improvement projects, equipment and technical services contracts for Pentagon Sentry (\$2.8 million)
- Decrease for civilian workforce reshaping and manpower transfers (24 FTE / \$1.8 million)
- Decrease in off-reservation rent/lease requirements (\$0.4 million)
- Decrease for reduced Advisory and Assistance Services requirements for Sentry and the Video Surveillance Program (\$3.8 million)
- Decrease for reduced HVAC overtime requirements (\$0.7 million)
- Decrease for reduced Sentry Entry Control Point construction requirements (\$1.9 million)
- Increase for other purchases due to increased workload and training requirements (\$1.7 million)

RRMC, \$2.8 million (net) programmatic increase includes:

- Decrease for reduced Advisory and Assistance Services, Supplies/Equipment, and communications (\$0.3 million)
- Increase for FSRM projects, including repairs to bathrooms, fire system infrastructure, and the West Cooling Tower Substation (\$3.1 million)

Operating Budget

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

The PFPA portion of the budget estimate is developed 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.

Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014

Capital Budget

The RPO portion of the budget includes network modernization (to include wireless), cloud computing (design and implement a standardized approach to server and application hosting services; enterprise data storage), and Enterprise Service Desk deployment.

The PFPA portion of the budget includes continued modernization of the security infrastructure and upgraded access control at the Pentagon Reservation to meet Homeland Security Presidential Directive 12 requirements.

The RRMC portion of the budget includes the purchase of network upgrades and FSRM projects.

Financial Profile

| | (Dollars in Millions) | | |
|-----------------------------------|-----------------------|--------------|--------------|
| | FY 2013 | FY 2014 | FY 2015 |
| Revenue | 460.5 | 514.6 | 602.9 |
| Expenses | <u>471.8</u> | <u>579.6</u> | <u>603.6</u> |
| Net Operating Result (NOR) | -11.3 | -65.0 | - 0.7 |
| | | | |
| Disbursements | 518.0 | 551.7 | 582.5 |
| Transfer out | 5.0 | 0 | 0 |
| Collections | <u>460.5</u> | <u>514.6</u> | <u>595.1</u> |
| Net Outlays | 62.5 | 37.1 | -12.6 |

In FY 2013 the negative NOR reflects revenue and collections below plan. The FY 2013 and FY 2014 budgets originally assumed that contract authority would be available for the Capital Investment Program (CIP); therefore, capital expenses (\$19.3 million/\$29.8 million) were not included in the customer rates. In addition, the PRMRF provided rent abatements to the customers in FY 2013 and FY 2014 (\$60 million/\$40 million) from available cash balances. In FY 2015, there is no rent abatement and CIP costs are included in the customer rates.

Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014

Staffing

| | Full Time Equivalents (FTE) | | |
|----------------------------------|-----------------------------|--------------|--------------|
| | FY 2013 | FY 2014 | FY 2015 |
| Real Property Operations | 470 | 550 | 552 |
| Pentagon Force Protection Agency | 1,027 | 1,123 | 1,099 |
| Raven Rock Mountain Complex | <u>122</u> | <u>141</u> | <u>141</u> |
| Total | 1,619 | 1,814 | 1,792 |

The RPO's staffing increases by two FTE in FY 2015 for the Facilities Environmental and Safety Program. The PFPA's staffing decreases by 24 FTE primarily due to civilian workforce reshaping efforts.

Changes in the Costs of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | |
|---|--------------|
| FY 2013 Actual | 471.8 |
| FY 2014 Estimate in President's Budget | 579.6 |
| Pricing Adjustments: | 8.8 |
| Annualization of Pay Raises | 0.5 |
| Price Growth Pay | 1.6 |
| General Purchase Inflation | 6.7 |
| Program Changes: | 15.3 |
| Travel/Transportation/Printing: Reduction in non-critical travel. | 0.0 |
| Fuel: Represents a decrease in assumed fuel rates. | 0.0 |
| Compensation and Benefits: Net decrease of 22 FTEs primarily driven by civilian workforce reshaping efforts directed by the Department in FY 14. | -1.7 |
| Rents & Leases: Restructured/reduced requirements. | -0.4 |
| Supplies & Material/Equipment Maint & Purchases: Increases for programs such as Chemical Biological Radiological (CBR) Sensor System, IT support, ammo, badging, uniforms, Lifecycle refresh for IT equipment and AV/VTC equipment upgrades, equip/software/supplies to support Business Systems and inventory for Store Front Warehouse, offset by decreases for reduced/restructured requirements such as Sentry security equipment and communications support. | 5.5 |

Exhibit Fund -2 Changes in the Costs of Operations

Note: Totals may not add due to rounding.

Changes in the Costs of Operations
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

Program Changes Continued:

| | |
|--|--------------|
| <p>Advisory and Assistance Services: Decreases for contracts completed, reduced/restructured requirements such as Sentry, Video Surveillance Program, and changed/reduced efforts for management and professional support, offset by increases for additional services such as increased content development for InfoNet Systems and increased support to business process improvements.</p> | -2.3 |
| <p>Utilities: Increased demand and projected rate hikes.</p> | 2.3 |
| <p>Communications: Decreases are a result of contracts that are not increasing as much as programmed inflation, as well as a realignment of funds to other purchases/contracts IAW current priorities.</p> | -0.5 |
| <p>Facilities Maintenance: Net decrease driven by changed/reduced Facility Sustainment, Restoration, and Modernization (FSRM) efforts in FY 2015 compared to FY 2014.</p> | -8.9 |
| <p>Land and Structures: Increases for increased/changed efforts such as repair River Terrace bridge, repair stairs and landings, repair South Rotary Road, repair switch house, repair water pipes, repair/replace HVAC systems and steam piping, repair water leaks, repair/replace RDF diesel generators, offset by decreases due to reduced requirements for Sentry Entry Control Point construction.</p> | 13.4 |
| <p>Other Purchases/Contracts: Increases for changes in requirements such as increase in PACC sustainment costs, start of new PACC projects, increase for InfoNet Systems expansion, net increase in other misc contracted services, additional PFPA workload requirements resulting in more clearances, training and transcription services required.</p> | 8.0 |
| <p>FY 2015 Estimate</p> | 603.6 |

Exhibit Fund -2 Changes in the Costs of Operations

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | FY 2013 | FY 2014 | FY 2015 |
|--------------------------------------|--------------|--------------|--------------|
| New Orders | | | |
| a. Orders from DoD Components | | | |
| Department of the Air Force | 77.8 | 80.1 | 94.3 |
| Department of the Army | 88.2 | 93.0 | 109.4 |
| United States Marine Corps | 26.6 | 27.7 | 33.5 |
| Department of the Navy | 53.7 | 57.4 | 66.5 |
| Subtotal Military Departments | 246.3 | 258.1 | 303.7 |
| Defense-Wide | | | |
| DMA | 0.2 | 0.2 | 0.3 |
| DIA | 20.9 | 20.4 | 24.0 |
| DISA | 11.8 | 15.3 | 17.5 |
| DLA | 0.2 | 0.3 | 0.4 |
| DLSA | 0.4 | 0.1 | 0.0 |
| DTRA | 0.3 | 0.0 | 0.0 |
| JCS | 66.1 | 70.4 | 81.8 |
| NGA (NIMA) | 0.3 | 0.4 | 0.4 |
| NSA | 0.2 | 0.3 | 0.4 |
| NGB | 2.4 | 2.5 | 2.9 |
| PFPA | 0.1 | 0.0 | 0.0 |
| WHS/OSD | 103.4 | 107.7 | 131.9 |
| Subtotal Defense-Wide | 206.5 | 217.5 | 259.6 |

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | FY 2013 | FY 2014 | FY 2015 |
|--|--------------|--------------|--------------|
| b. Orders from Non-DoD Activities | | | |
| DoD Concessions Committee | 0.9 | 0.9 | 1.0 |
| c. Total Standard Level Rent Orders | 453.8 | 476.5 | 564.2 |
| d. Other Orders | | | |
| Above Standard Level Services: | | | |
| Building Services and Space Adjustments | 5.1 | 31.9 | 32.1 |
| Force Protection | 4.3 | 4.5 | 4.9 |
| Raven Rock Mountain Complex | 0.3 | 1.7 | 1.8 |
| Subtotal Above Standard Services | 9.6 | 38.1 | 38.7 |
| Total New Orders | 463.4 | 514.6 | 602.9 |
| Carry-In Orders | 41.0 | 37.8 | 37.8 |
| Total Gross Orders | 504.4 | 552.3 | 640.7 |

Exhibit Fund -11 Source of New Orders and Revenue

Revenue and Expense
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | FY 2013 | FY 2014 | FY 2015 |
|----------------------|--------------|--------------|--------------|
| Revenue | | | |
| Standard level | 450.9 | 476.5 | 564.2 |
| Above standard level | 9.6 | 38.1 | 38.7 |
| Total Revenue | 460.5 | 514.6 | 602.9 |

Standard Level Operating Expenses:

| | | | |
|---------------------------------|--------------|--------------|--------------|
| Real Property Operations | 233.4 | 255.2 | 282.1 |
| Compensation & Benefits | 50.4 | 54.8 | 55.6 |
| Cleaning | 19.5 | 19.2 | 17.9 |
| Utilities & Fuel | 24.1 | 11.8 | 15.0 |
| Maintenance | 25.6 | 44.4 | 35.1 |
| Other Building Services | 31.4 | 38.2 | 56.7 |
| Administration | 2.4 | 2.5 | 2.5 |
| Repairs (over \$10,000) | 9.9 | 15.7 | 30.3 |
| Swing Space | 4.8 | 0.0 | 0.0 |
| Design and Construction | 9.9 | 7.7 | 0.0 |
| Information Technology | 50.5 | 56.9 | 65.1 |
| Postal Opns/Library | 2.6 | 2.7 | 2.8 |
| Acquisition Services | 2.0 | 1.0 | 0.6 |
| Miscellaneous Support (HR, FM) | 0.2 | 0.2 | 0.4 |

Exhibit Fund -14 Revenue and Expense

Note: Totals may not add due to rounding.

Revenue and Expense
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | FY 2013 | FY 2014 | FY 2015 |
|---|--------------|--------------|--------------|
| Pentagon Force Protection Agency | 178.4 | 217.5 | 210.1 |
| Compensation & Benefits | 116.4 | 129.7 | 128.9 |
| Mission Integration | 21.1 | 28.1 | 14.5 |
| Science & Technology | 5.1 | 9.3 | 7.6 |
| Threat Management | 2.7 | 4.1 | 3.8 |
| Security Services | 10.9 | 14.6 | 22.8 |
| Law Enforcement | 8.9 | 17.6 | 18.2 |
| Human Capital / Training | 1.6 | 2.4 | 2.6 |
| Project Integration | 11.6 | 11.6 | 11.7 |
| | | | |
| Raven Rock Mountain Complex | 50.4 | 68.8 | 72.7 |
| Compensation & Benefits | 13.8 | 15.2 | 15.4 |
| Information Management & Telecommunications | 8.4 | 13.0 | 13.1 |
| Administration | 4.0 | 4.7 | 4.8 |
| Other Services | 4.5 | 4.9 | 3.4 |
| Site R Improvements | 19.6 | 30.9 | 36.0 |
| | | | |
| Subtotal Standard Level | 462.2 | 541.5 | 564.9 |

Exhibit Fund -14 Revenue and Expense

Revenue and Expense
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | FY 2013 | FY 2014 | FY 2015 |
|--|---------|---------|---------|
| Above Standard Reimbursable Expenses: | | | |
| Real Property Operations | 5.1 | 31.8 | 32.1 |
| Utilities and Fuel | 3.6 | 23.8 | 24.0 |
| Compensation & Benefit | 1.4 | 8.0 | 8.1 |
| Pentagon Force Protection Agency | 4.3 | 4.5 | 4.9 |
| Supplies/Equip Maint | 0.5 | 0.6 | 0.6 |
| Avisory and Assistance Services | 0.3 | 1.6 | 1.6 |
| Compensation & Benefits | 3.4 | 2.3 | 2.6 |
| Raven Rock Mountain Complex | 0.3 | 1.7 | 1.8 |
| Subtotal Above Standard Level | 9.6 | 38.1 | 38.7 |
| Total Operating Expenses | 471.8 | 579.6 | 603.6 |
| Net Operating Result | -11.3 | -65.0 | -0.7 |
| Accumulated Operating Result | 163.2 | 98.2 | 97.5 |

Exhibit Fund -14 Revenue and Expense

Cost of Service
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| PROGRAM | FY 2013 | | FY 2014 | | FY 2015 | |
|---|------------------------------|----------------------|------------------------------|----------------------|------------------------------|----------------------|
| | Workload Average Square Foot | Cost per Square Foot | Workload Average Square Foot | Cost per Square Foot | Workload Average Square Foot | Cost per Square Foot |
| Cleaning | 4,398,843 | \$ 4.43 | 4,534,054 | \$ 4.24 | 4,561,045 | \$ 3.93 |
| Utilities & Fuel | 4,398,843 | \$ 5.48 | 4,534,054 | \$ 2.59 | 4,561,045 | \$ 3.28 |
| Maintenance | 4,398,843 | \$ 5.83 | 4,534,054 | \$ 9.80 | 4,561,045 | \$ 7.70 |
| Other Building Services | 4,398,843 | \$ 7.13 | 4,534,054 | \$ 8.43 | 4,561,045 | \$ 12.44 |
| Administrative | 4,398,843 | \$ 7.17 | 4,534,054 | \$ 8.02 | 4,561,045 | \$ 8.05 |
| Repairs (over \$10,000) | 4,398,843 | \$ 2.24 | 4,534,054 | \$ 3.46 | 4,561,045 | \$ 6.64 |
| Administrative Cost as Percent of Total Program Cost | | 14% | | 14% | | 13% |
| Total RPO Standard Operating Expense | 233,402 | | 255,177 | | 282,130 | |

Square footage adjustments from FY 2013 to FY 2014, and from FY 2014 to FY 2015, reflect the results of the Pentagon basement buildout.

Cost per square foot is shown in whole dollars.

Exhibit Fund -PR1 PRMRF Cost of Service

Summary Statement
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | Oblig. | Orders | Revenue | Cost | Disbursements by Fiscal Year | | | | | | |
|---|--------|--------|---------|-------|------------------------------|-------|-------|-------|------|------|-----|
| | | | | | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| Pentagon Force Protection Agency | | | | | | | | | | | |
| FY 2013 | 182.7 | 182.4 | 189.1 | 182.7 | 200.8 | 58.2 | 9.5 | 1.6 | 0.0 | 0.0 | 0.0 |
| FY 2014 | 222.0 | 195.1 | 195.1 | 222.0 | 0.0 | 155.7 | 54.2 | 9.6 | 2.0 | 0.9 | 0.0 |
| FY 2015 | 215.0 | 214.7 | 214.7 | 215.0 | 0.0 | 0.0 | 150.5 | 52.4 | 9.2 | 1.9 | 0.0 |
| Real Property Operations | | | | | | | | | | | |
| FY 2013 | 238.5 | 226.4 | 222.4 | 238.5 | 328.9 | 163.5 | 37.3 | 19.5 | 12.2 | 0.0 | 0.0 |
| FY 2014 | 287.0 | 253.7 | 253.7 | 287.0 | 0.0 | 125.0 | 129.1 | 23.9 | 5.7 | 4.0 | 0.0 |
| FY 2015 | 314.2 | 313.8 | 313.8 | 314.2 | 0.0 | 0.0 | 137.0 | 141.4 | 26.1 | 6.3 | 4.4 |
| Raven Rock Mountain Complex | | | | | | | | | | | |
| FY 2013 | 50.6 | 54.6 | 49.0 | 50.6 | 48.1 | 18.1 | 5.4 | 1.3 | 0.0 | 0.0 | 0.0 |
| FY 2014 | 70.6 | 65.7 | 65.7 | 70.6 | 0.0 | 40.3 | 20.9 | 6.6 | 1.8 | 1.1 | 0.0 |
| FY 2015 | 74.5 | 74.4 | 74.4 | 74.5 | 0.0 | 0.0 | 42.5 | 22.1 | 6.9 | 1.9 | 0.0 |
| Total PRMRF | | | | | | | | | | | |
| FY 2013 | 471.8 | 463.4 | 460.5 | 471.8 | 577.8 | 239.8 | 52.2 | 22.4 | 12.2 | 0.0 | 0.0 |
| FY 2014 | 579.6 | 514.6 | 514.6 | 579.6 | 0.0 | 321.0 | 204.2 | 40.1 | 9.5 | 6.0 | 0.0 |
| FY 2015 | 603.6 | 602.9 | 602.9 | 603.6 | 0.0 | 0.0 | 330.0 | 215.9 | 42.2 | 10.1 | 4.4 |

| | Beginning | | | Transfer | Ending |
|---------|-----------|----------|-------|----------|---------|
| Cash | Balance | Collect. | Disb. | Out | Balance |
| FY 2013 | 334.5 | 460.5 | 518.0 | 5.0 | 272.0 |
| FY 2014 | 272.0 | 514.6 | 551.7 | | 234.9 |
| FY 2015 | 234.9 | 595.1 | 582.5 | | 247.5 |

Exhibit Fund -PR2 PRMRF Summary Statement

Note: Totals may not add due to rounding.

Capital Investment Summary
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| Line # | Item Description | FY 2013 | | FY 2014 | | FY 2015 | |
|--------|--------------------------|----------|------------|----------|-------------|----------|-------------|
| | | Quantity | Total Cost | Quantity | Total Cost | Quantity | Total Cost |
| 1 | Non-ADPE Equipment | 0 | 0.0 | 1 | 11.6 | 1 | 9.0 |
| 2 | ADPE & Telecommunication | 1 | 1.3 | 2 | 18.3 | 2 | 22.8 |
| 3 | Software Development | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 4 | Minor Construction | 0 | 0.0 | 0 | 0.0 | 0 | 9.2 |
| | TOTAL | 1 | 1.3 | 3 | 29.8 | 3 | 40.9 |

Exhibit Fund -9a Capital Investment Summary

Note: Totals may not add due to rounding.

Capital Investment Justification
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Thousands)

| PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION | | | A. Fiscal Year (FY) 2015 Budget Estimates | | | | | | |
|---|---------|--------------|---|---------|--------------|---------------|---------|--------------|---------------|
| B. Real Property Operations | | | C. Equipment/Other | | | | | | |
| Element of Cost (\$000) | FY 2013 | | | FY 2014 | | | FY 2015 | | |
| | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost |
| ADPE and Telecommunication | 0 | 0 | 0 | 1 | 15,877 | 15,877 | 1 | 20,400 | 20,400 |
| <p>FY 2014: \$15.6 million will be invested in improvements to ADPE and Telecommunications Equipment</p> <ul style="list-style-type: none"> - Network Transport Modernization-IPv6 Transition (\$0.5M); Network (\$2.1M); Wireless (\$1.4M) - Cloud Computing-Design and implement a standard approach to server and application hosting services (\$1.2M) - Cloud Computing-Enterprise data storage (\$1.8M) - Unified Capabilities (\$5.5M) - Security Architecture (\$1.4M) - Enterprise Service Desk - Deploy/Integrate (\$1.2M); Deploy Customer (\$0.8M) <p>FY 2015: \$20.4 million will be invested in improvements to ADPE and Telecommunications Equipment</p> <ul style="list-style-type: none"> - Network Transport Modernization-IPv6 Transition (\$0.6M); Network (\$3.0M); Wireless (\$1.4M) - Cloud Computing-Design and implement a standard approach to server and application hosting services (\$3.1M) - Cloud Computing-Enterprise data storage (\$3.3M) - Unified Capabilities (\$4.8M) - Security Architecture (\$2.4M) - Enterprise Service Desk - Deploy/Integrate (\$1.8M) | | | | | | | | | |

Exhibit Fund -9b Capital Investment Justification

Note: Totals may not add due to rounding.

Capital Investment Justification
 WASHINGTON HEADQUARTERS SERVICES
 Pentagon Reservation Maintenance Revolving Fund
 Fiscal Year 2015 Budget Estimate
 March 2014
 (\$ in Thousands)

| PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION | | | | A. Fiscal Year (FY) 2015 Budget Estimates | | | | | |
|---|---------|--------------|---------------|---|--------------|---------------|---------|--------------|---------------|
| B. Pentagon Force Protection Agency | | | | C. Equipment/Other | | | | | |
| Element of Cost (\$000) | FY 2013 | | | FY 2014 | | | FY 2015 | | |
| | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost |
| Equipment - except ADPE & Telecom | 1 | 0 | 0 | 1 | 11,579 | 11,579 | 1 | 8,954 | 8,954 |
| FY 2013: N/A FY 2014: \$11.6 million will be invested in PFPA initiatives for Sentry. FY 2015: \$8.9 million will be invested in PFPA initiatives for Sentry. | | | | | | | | | |

Note: Pentagon Sentry is a multi-year effort to upgrade Pentagon Reservation Physical & Electronic Security Systems to comply with applicable laws, regulations and directives

Capital Investment Justification
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Thousands)

| PENTAGON RESERVATION MAINTENANCE REVOLVING FUND CAPITAL INVESTMENT JUSTIFICATION | | | | A. Fiscal Year (FY) 2015 Budget Estimates | | | | | |
|---|----------|--------------|---------------|---|--------------|---------------|----------|---------------|---------------|
| B. Raven Rock Mountain Complex | | | | C. Equipment/Other | | | | | |
| Element of Cost (\$000) | FY 2013 | | | FY 2014 | | | FY 2015 | | |
| | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost | Qty | Unit Cost | Total Cost |
| ADP and Telecomm | 1 | 1,288 | 1,288 | 1 | 2,378 | 2,378 | 1 | 2,414 | 2,414 |
| Minor Construction | | | 0 | | | 0 | 1 | 9,150 | 9,150 |
| TOTAL | 1 | 1,288 | 1,288 | 1 | 2,378 | 2,378 | 2 | 11,564 | 11,564 |
| <p>FY 2013: \$1.3 million was invested in RRMC capital improvement initiatives to purchase network upgrades</p> <p>FY 2014: \$2.4 million will be invested in RRMC capital improvement initiatives to purchase network upgrades</p> <p>FY 2015: \$11.6 million will be invested in RRMC capital improvement initiatives</p> <ul style="list-style-type: none"> - Purchase Network Upgrades (\$2.4M) - Infrastructure Repair Projects (\$9.2M) | | | | | | | | | |

Exhibit Fund -9b Capital Investment Justification

Capital Budget Execution
WASHINGTON HEADQUARTERS SERVICES
Pentagon Reservation Maintenance Revolving Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | Major Category | Initial Request | Current Projected Cost | Approved Change | Explanation |
|-------------|-----------------------|------------------------|-------------------------------|------------------------|---------------------|
| 2013 | Non-ADPE | 17.0 | 0.0 | -17.0 | Suspended for FY13 |
| | ADPE and Telecom | 2.4 | 1.3 | -1.1 | Reduced requirement |
| | Total 2013 | 19.3 | 1.3 | -18.1 | |
| 2014 | Non-ADPE | 11.6 | 11.6 | 0.0 | |
| | ADPE and Telecom | 18.3 | 18.3 | 0.0 | |
| | Total 2014 | 29.8 | 29.8 | 0.0 | |
| 2015 | Non-ADPE | 9.0 | | | |
| | ADPE and Telecom | 22.8 | | | |
| | Minor Construction | 9.2 | | | |
| | Total 2015 | 40.9 | | | |

Exhibit Fund -9c Capital Budget Execution

Note: Totals may not add due to rounding.

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Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014

Activity Group Function

Title 10 United States Code Section 2208 authorizes the Secretary of Defense to establish Working Capital Funds to support The Department's mission. In Fiscal Year (FY) 1995, the Secretary established the Buildings Maintenance Fund (BMF). The BMF is responsible for providing space, building services, and force protection for three federally owned facilities (Mark Center, Hybla Valley and U.S. Court of Appeals) and fifteen delegated leased facilities within the National Capital Region (NCR). Washington Headquarters Services (WHS) operates these facilities under General Services Administration (GSA) 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 amount for those services. The BMF also includes the GSA/Department of Homeland Security (DHS) Rent Program, which enables WHS to collect and pay the GSA rent and DHS security bills for all DOD tenants in leased facilities - more than 100 leases in 86 commercial buildings within the NCR. This program improves the billing, earnings, and collection processes and enables the department to make timely payments to GSA and DHS.

Activity Group Composition

The BMF finances WHS and Pentagon Force Protection Agency (PFPA) activities within the NCR. The BMF provides space, building services, and force protection for DOD components, including Military Departments and other activities located within the NCR.

Real Property Operations (RPO): The RPO is responsible for the safe and efficient operation and management of all DOD delegated buildings within the NCR. RPO includes cleaning, preventive maintenance, operation, and repair of building mechanical and electrical systems, trash removal, landscaping, information technology, 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.

Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014

GSA/DHS Rent Program. In FY 2013, the RPO began including the cost of leases and security in customer bills. Previously, tenants paid their lease and security costs directly to GSA and DHS. The RPO now makes consolidated payments for all BMF lessees, enabling prompt payment. The GSA/DHS Rent Program enhances audit readiness by providing end-to-end visibility of transactions and costs associated with BMF Rent.

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 NCR. The Pentagon Reservation Maintenance Revolving Fund also includes a PFPA component.

The following table summarizes BMF obligations by activity group:

| | (Dollars in Millions) | | |
|----------------------------------|-----------------------|-------------|-------------|
| | FY 2013 | FY 2014 | FY 2015 |
| Real Property Operations | 242.9 | 292.6 | 335.6 |
| Pentagon Force Protection Agency | <u>52.2</u> | <u>55.0</u> | <u>56.4</u> |
| Total | 295.1 | 347.7 | 392.1 |

Budget Highlight

The BMF budget estimate for FY 2013 through FY 2015 assumes annual inflationary adjustments for real property operations and force protection requirements. Obligations beginning in FY 2013 reflect the ramp up of the GSA/DHS Rent Program with its full implementation in FY 2015. The BMF has further changed with the addition of the Mark Center.

Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014

The BMF accounts for two types of facilities: government-owned and leased facilities. In FY 2015, government-owned facilities (Mark Center, Hybla Valley and U.S Court of Appeals) account for \$74.8 million of standard level revenue, while leased facilities, to include the GSA/DHS rent program, account for the remaining \$297.1 million. The following table depicts revenue for standard level services by facility type:

| | (Dollars in Millions) | |
|-------------------------|-----------------------|----------------|
| Facility Type | FY 2014 | FY 2015 |
| Government Owned | 77.5 | 74.8 |
| Leased Facilities | <u>251.7</u> | <u>297.1</u> |
| Total Facilities | 329.2 | 372.0 |

Significant Changes by Activity Group for FY 2015

The programmatic increase of \$38.3 million from FY 2014 to FY 2015 supports the operation, maintenance, and security of government owned and leased facilities. It also supports the complete implementation of the GSA/DHS rent program.

The \$38.3 million programmatic change includes the following:

RPO, \$37.8 million (net) programmatic increase includes:

- Increase in the GSA/DHS Rent Program (\$37.7 million)
- Increase in customer requests for building maintenance, and in custodial support at the Hybla Valley (\$0.1 million)

PFPA, \$0.5 million programmatic increase includes:

- Increase for five civilian employees to support new facilities for the Defense Advanced Research Projects Agency (DARPA) and the Defense Health Headquarters (DDHQ) (\$0.5 million)

Note: Totals may not add due to rounding.

Summary of Operations
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014

Financial Profile

| | (Dollars in Millions) | | |
|-----------------------------------|-----------------------|--------------|--------------|
| | FY 2013 | FY 2014 | FY 2015 |
| Revenue | 262.2 | 348.3 | 391.4 |
| Expenses | <u>295.1</u> | <u>347.7</u> | <u>392.1</u> |
| Net Operating Result (NOR) | -32.8 | 0.6 | - 0.6 |
| | | | |
| Disbursements | 247.9 | 329.9 | 374.2 |
| Collections | <u>262.2</u> | <u>348.3</u> | <u>391.4</u> |
| Net Outlays | -14.4 | -18.4 | -17.2 |

Staffing

| | Full Time Equivalents (FTE) | | |
|----------------------------------|-----------------------------|------------|------------|
| | FY 2013 | FY 2014 | FY 2015 |
| Real Property Operations | 37 | 72 | 72 |
| Pentagon Force Protection Agency | <u>140</u> | <u>157</u> | <u>162</u> |
| Total | 177 | 229 | 234 |

Note: Totals may not add due to rounding.

Changes in the Costs of Operations
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | |
|--|--------------|
| FY 2013 Estimate | 295.1 |
| FY 2014 Estimate | 347.7 |
| Pricing Adjustments: | 6.0 |
| Annualization of pay raises | 0.1 |
| General Purchase Inflation | 5.8 |
| Price Growth Payroll | 0.2 |
| Program Changes: | 38.3 |
| Growth in DHS/GSA Rent Program as the program encompasses more tenants of leased space paying into the BMF directly | 37.7 |
| Increase to Pentagon Force Protection Agency for five additional FTE in support of new facilities for DARPA and DDHQ | 0.5 |
| Increase in custodial support at the aging Hybla Valley location; and anticipated increase in customer requests for building maintenance | 0.1 |
| FY 2015 Estimate | 392.1 |

Exhibit Fund -2 Changes in the Costs of Operations

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| 1. New Orders | FY 2013 | FY 2014 | FY 2015 |
|--|-------------|--------------|--------------|
| a. Orders from DoD Components | | | |
| Department of the Air Force | 2.4 | 0.5 | 3.9 |
| Department of the Army | 83.3 | 115.9 | 87.2 |
| Department of the Navy | 10.7 | 2.7 | 26.2 |
| Subtotal Military Departments | 96.4 | 119.1 | 117.3 |
| b. Orders from other Fund Activity Groups | | | |
| Defense-Wide | | | |
| DLSA | 0.8 | 1.1 | 1.2 |
| PFPA | 1.9 | 0.8 | 4.3 |
| DARPA | 13.0 | 16.4 | 20.0 |
| CAAF | 0.7 | 0.2 | 1.9 |
| DFAS | 1.1 | 1.0 | 1.0 |
| DIA | 9.4 | 1.8 | 31.3 |
| MDA | 4.2 | 1.1 | 4.3 |
| DLA | 11.0 | 11.8 | 16.3 |
| DSS | 1.5 | 0.0 | 2.6 |
| WHS/OSD | 61.4 | 37.3 | 58.7 |
| DHRA | 12.5 | 20.9 | 11.8 |
| DODEA | 5.3 | 7.4 | 4.8 |
| DODIG | 14.8 | 14.7 | 12.9 |
| DTSA | 3.0 | 3.0 | 2.7 |
| TRMC | 1.2 | 1.1 | 1.1 |
| OMC | 2.5 | 3.2 | 4.9 |

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| Defense-Wide (Continued) | FY 2013 | FY 2014 | FY 2015 |
|---------------------------------|----------------|----------------|----------------|
| DMA | 0.8 | 4.3 | 0.7 |
| DOHA | 2.0 | 3.1 | 3.0 |
| DSCA | 4.9 | 3.6 | 7.0 |
| JIAMDO | 0.6 | 0.6 | 1.0 |
| OEA | 0.5 | 0.2 | 0.7 |
| TMA | 32.7 | 68.1 | 43.1 |
| DCAA | 0.5 | 0.0 | 1.4 |
| DCMA | 1.1 | 0.0 | 3.1 |
| DISA | 0.8 | 0.0 | 1.8 |
| DTRA | 0.3 | 0.0 | 1.5 |
| Joint Strike Fighter | 0.0 | 0.0 | 6.6 |
| COWARDIN | 0.0 | 0.0 | 0.3 |
| DoD Classified Program | 0.0 | 0.0 | 1.3 |
| DSCMO | 0.0 | 0.0 | 0.6 |
| WHMO Classified Program | 0.0 | 0.0 | 0.4 |
| High Performance Computing | 0.0 | 0.0 | 0.0 |
| OIG | 0.0 | 6.2 | 0.0 |
| CENTCOM | 0.0 | 0.1 | 0.0 |
| DMPO | 0.9 | 1.4 | 1.4 |
| JOINT STAFF | 0.2 | 0.3 | 0.3 |
| SOUTHCOM | 0.0 | 0.1 | 0.6 |
| TRANSCOM | 0.1 | 0.2 | 0.2 |
| Subtotal Defense-Wide | 189.8 | 210.0 | 254.8 |

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

Source of New Orders and Revenue
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | FY 2013 | FY 2014 | FY 2015 |
|--|--------------|---------------|---------------|
| c. Total Standard Level Rent Orders | 286.2 | 329.2 | 372.1 |
| d. Other Orders | | | |
| Above Standard Level Services: | | | |
| Building Services and Space Adjustments | 10.6 | 11.4 | 11.6 |
| Force Protection | 8.0 | 7.7 | 7.8 |
| GSA/DHS Rent Program | 0.0 | 0.0 | 0.0 |
| Subtotal Above Standard Services | 18.6 | 19.1 | 19.4 |
| Total New Orders | 304.8 | 348.3 | 391.4 |
| Carry-In Orders | 10.8 | 47.3 | 0.0 |
| Total Gross Orders | 315.6 | 395.63 | 391.43 |

Exhibit Fund -11 Source of New Orders and Revenue

Note: Totals may not add due to rounding.

Revenue and Expense
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | FY 2013 | FY 2014 | FY 2015 |
|---|--------------|--------------|--------------|
| Revenue | | | |
| Standard level | 258.1 | 329.2 | 372.1 |
| Above standard level | 4.1 | 19.1 | 19.3 |
| Total Revenue | 262.2 | 348.3 | 391.4 |
| Standard Level Operating Expenses: | | | |
| Real Property Operations | 236.5 | 281.3 | 324.0 |
| Cleaning/Trash/General | 7.5 | 7.4 | 7.5 |
| Utilities & Fuel | 3.3 | 8.1 | 7.6 |
| Maintenance | 14.0 | 13.8 | 14.0 |
| Other Building Services | | 0.8 | 1.2 |
| Administration | 7.7 | 11.2 | 11.7 |
| Repairs (over \$10,000) | 0.0 | 0.0 | 0.0 |
| Travel & Transportation of Personnel | 3.1 | 3.8 | 3.8 |
| Information Technology | 19.6 | 18.4 | 18.8 |
| Defense Post Office | 0.1 | 0.1 | 0.1 |
| GSA/DHS Rent Program | 181.2 | 217.6 | 259.2 |
| Pentagon Force Protection Agency | 45.7 | 47.3 | 48.7 |
| Compensation & Benefit | 16.0 | 16.2 | 16.9 |
| Deputy Director | 0.0 | 0.0 | 0.0 |
| Human Capital & Workforce Development | 0.0 | 0.0 | 0.0 |
| Law Enforcement | 2.1 | 2.2 | 2.1 |
| Mission Integration | 0.6 | 0.8 | 0.6 |
| Security Services | 5.6 | 6.8 | 5.1 |
| Threat Management | 21.3 | 21.3 | 23.9 |
| Subtotal Standard Level | 282.2 | 328.6 | 372.7 |

Exhibit Fund -14 Revenue and Expense

Note: Totals may not add due to rounding.

Revenue and Expense
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

Above Standard Reimbursable Expenses:

| | | | |
|--------------------------------------|--------------|--------------|--------------|
| Real Property Operations | 6.4 | 11.4 | 11.6 |
| Pentagon Force Protection Agency | 6.5 | 7.7 | 7.8 |
| Subtotal Above Standard Level | 12.8 | 19.1 | 19.4 |
| Total Operating Expenses | 295.1 | 347.7 | 392.1 |
| Cost of Services | 295.1 | 347.7 | 392.1 |
| Net Operating Result | -32.8 | 0.6 | -0.6 |
| Accumulated Operating Result | -9.0 | -8.4 | -9.0 |

Exhibit Fund -14 Revenue and Expense

Note: The \$9.0 million negative AOR will be addressed in FY 2016.
 Totals may not add due to rounding.

Cost of Service
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| PROGRAM | FY 2013 | | FY 2014 | | FY 2015 | |
|---|------------------------------------|-------------------------|------------------------------------|-------------------------|------------------------------------|-------------------------|
| | Workload Average Square Foot | Cost per Square Foot | Workload Average Square Foot | Cost per Square Foot | Workload Average Square Foot | Cost per Square Foot |
| Cleaning | 2,219,246 | \$ 2.73 | 2,028,627 | \$ 3.01 | 1,953,901 | \$ 3.86 |
| Utilities & Fuel | 2,219,246 | \$ 3.46 | 2,028,627 | \$ 3.97 | 1,953,901 | \$ 3.90 |
| Maintenance | 2,219,246 | \$ 5.16 | 2,028,627 | \$ 5.70 | 1,953,901 | \$ 7.17 |
| Administrative | 5,983,115 | \$ 1.21 | 4,877,400 | \$ 2.10 | 4,802,674 | \$ 2.44 |
| Other Building Services | 2,219,246 | \$ 2.12 | 2,028,627 | \$ 2.18 | 1,953,901 | \$ 0.60 |
| Repairs (over \$10,000) | 2,219,246 | \$ 0.42 | 2,028,627 | \$ 0.49 | 1,953,901 | \$ - |
| Administrative Cost as Percent of Total Program Cost | | 4.0% | | 3.5% | | 3.6% |

The workload square footage for real property operations is based upon the execution of leased and government owned facilities; it does not include reimbursable above standard services.

The decrease in Administrative Cost as Percent of Total Program Cost is due to the growth in total program, which is caused from the increase in leased space tenants paying into the BMF.

Cost per Square Foot is shown in whole dollars.

Exhibit Fund -PR1 Cost of Services

Note: Totals may not add due to rounding.

Summary Statement
WASHINGTON HEADQUARTERS SERVICES
Buildings Maintenance Fund
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | Oblig. | Orders | Revenue | Cost | Disbursements by Fiscal Year | | | | | | |
|---|------------------|-----------------|-----------------|----------------|------------------------------|-------|-------|-------|------|-----|-----|
| | | | | | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| Pentagon Force Protection Agency | | | | | | | | | | | |
| FY 2013 | 52.2 | 58.8 | 54.3 | 52.2 | 27.7 | 21 | 2.9 | 0.5 | 0.1 | 0.0 | 1.0 |
| FY 2014 | 55.0 | 55.1 | 55.1 | 55.0 | 0.0 | 29.3 | 22.2 | 3.1 | 0.5 | 0.1 | 1.0 |
| FY 2015 | 56.4 | 56.4 | 56.4 | 56.4 | 0.0 | 0.0 | 30.0 | 22.7 | 3.2 | 0.5 | 0.1 |
| Real Property Operations | | | | | | | | | | | |
| FY 2013 | 242.9 | 246.0 | 207.9 | 242.9 | 162.5 | 70.7 | 8.5 | 0.7 | 0.5 | 0.0 | 1.0 |
| FY 2014 | 292.6 | 293.2 | 293.2 | 292.6 | 0.0 | 196.2 | 85.3 | 10.3 | 0.9 | 0.6 | 1.0 |
| FY 2015 | 335.6 | 335.1 | 335.1 | 335.6 | 0.0 | 0.0 | 224.5 | 97.7 | 11.7 | 1.0 | 0.7 |
| Total BMF | | | | | | | | | | | |
| FY 2013 | 295.1 | 304.8 | 262.2 | 295.1 | 190.2 | 91.7 | 11.4 | 1.2 | 0.6 | 0.0 | 2.0 |
| FY 2014 | 347.7 | 348.3 | 348.3 | 347.7 | 0.0 | 225.5 | 107.5 | 13.4 | 1.4 | 0.7 | 2.0 |
| FY 2015 | 392.1 | 391.4 | 391.4 | 392.1 | 0.0 | 0.0 | 254.5 | 120.4 | 14.9 | 1.5 | 0.8 |
| Cash | Beginning | | | Ending | | | | | | | |
| | Balance | Collect. | Disburs. | Balance | | | | | | | |
| FY 2013 | 58.0 | 262.2 | 247.9 | 72.3 | | | | | | | |
| FY 2014 | 72.3 | 348.3 | 329.9 | 90.7 | | | | | | | |
| FY 2015 | 90.7 | 391.4 | 374.2 | 107.9 | | | | | | | |

Exhibit Fund -PR2 BMF Summary Statement

Note: Totals may not add due to rounding.

Statement of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2015 Budget Estimate
March 2014

The Defense Logistics Agency (DLA) Strategic Materials 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 for the acquisition and retention of stock of certain strategic and critical materials. The Act also encourages the development of sources of such materials within the United States to mitigate a dangerous and costly dependence upon foreign or single sources of supply, particularly in times of national emergency. The DLA Strategic Materials identifies risks and associated mitigation strategies for the supply chain of defense and essential civilian industrial materials. The DLA Strategic Material activities include acquisition, storage, management, and disposal of the National Defense Stockpile (NDS).

The DLA Strategic Materials will continue to mitigate risks by using strategies such as research and development, responsible management of NDS material inventory, and application of Better Buying strategic sourcing initiatives.

Sales

The 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 Fiscal Year (FY) 1996. Subsequent authorization acts granted sales authority for additional excess commodities.

| Collections | (Dollars in Millions) | | |
|---------------------------------------|-----------------------|----------------|----------------|
| | FY 2013 | FY 2014 | FY 2015 |
| Principal Sales Program | 1.3 | 67.8 | 54.2 |
| HHS and Treasury General Fund Program | 89.7 | 52.0 | 0.0 |
| Spectrum/Military Benefits Program | <u>25.3</u> | <u>32.5</u> | <u>28.5</u> |
| Total Sales | 116.3 | 152.3 | 82.7 |

Statement of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2015 Budget Estimate
March 2014

Department of Health and Human Services (HHS) and Treasury General Fund Sales Program: The National Defense Authorization Act (NDAA) for FY 1999, P.L. 105-261, and subsequent acts, authorized additional disposal of commodities through FY 2014. The DLA Strategic Materials consequently deposits receipts from these disposals into the U.S. Treasury General Fund account. Portions of the receipts are intended to supplement the Federal Hospital Insurance Fund and the Federal Supplementary Medical Insurance Trust Fund.

Spectrum/Military Benefits Sales Program: The 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 program goal to \$830 million by the end of FY 2016 (NDAA FY 2012).

Budget Highlights

| | (Dollars in Millions) | | |
|---|-----------------------|------------------|-----------------|
| Program Costs | FY 2013 | FY 2014 | FY 2015 |
| Material | 0.0 | 3.4 | 7.5 |
| Labor | 7.6 | 10.2 | 9.3 |
| Non Labor | <u>36.4</u> | <u>32.4</u> | <u>38.7</u> |
| Subtotal Program Costs | 44.0 | 46.0 | 55.5 |
| Payments to Legislative Programs | | | |
| HHS and Treasury General Fund | 71.4 | 52.7 | 0.0 |
| Spectrum / Military Benefits | <u>17.4</u> | <u>32.2</u> | <u>28.5</u> |
| Subtotal Legislative Payments | 88.9 | 84.9 | 28.5 |
| Total Costs | 132.9 | 130.9 | 84.0 |

Note: Totals may not add due to rounding.

Statement of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2015 Budget Estimate
March 2014

Material

This budget includes the acquisition of six high priority materials recently authorized in the 2014 NDAA. Additionally, it includes funding authority to recycle materials from surplus Federal assets to satisfy NDS materials requirements or to leverage the Transaction Fund to create domestic sources of supply and eliminate the need for static stockpiles.

Labor

The recent DLA-wide hiring freeze prevented DLA Strategic Materials from meeting its staffing goals. DLA Strategic Materials will continue to identify and close emerging skill gaps, enabling the agency to carry out its mission. Budget projections through FY 2015 ensure optimal staffing levels to achieve program goals.

Non-Labor

Mobilization Studies Program: The Mobilization Studies program is comprised of a broad range of projects that enable DLA to gain a clear and comprehensive understanding of the requirements and vulnerabilities of U.S. defense and essential civilian industries. These research, analyses, and development projects support reconstitution and expansion of stockpiling capabilities, through (1) laboratory-based scientific research, analyses and development, (2) expanded processes to model material supply chains downstream from mines to finished platforms, and development of effective risk mitigation strategies and solutions, and (3) development of additional data and analyses collection and evaluation sources from industry and academia.

Material Handling Program: The Material Handling Program will support: (1) continuation of the beryllium upgrade project, (2) long term mercury storage operations, (3) reclamation of surplus materials from the Department of Energy and other Federal Agencies that are suitable for transfer to or required for the NDS, and (4) storage of new semi-processed NDS materials at vendor locations to expedite final processing in the event these materials are required in a contingency.

Statement of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2015 Budget Estimate
March 2014

Depot Operations: Depot Operations are costs associated with operating and maintaining the day-to-day depot mission, which includes security, operations, maintenance, janitorial services, fuel, and equipment.

Real property rental and leasing required to support stockpiling operations include warehouses, administrative buildings, service buildings, and open land for outdoor storage; obtained through occupancy agreements with the General Services Administration (GSA), other Federal Agencies or commercial leases. Service Level User Charges in FY 2015 and future years continue as long as inventory remains.

The table below provides the projected number of sites (staffed and unstaffed) at fiscal year-end that are holding NDS materials. Additionally, the Sommerville, NJ, and Large, PA, sites remain open pending the completion of environmental restoration. Site selection and planning decisions can be influenced by demand for excess material, the purchase of new material, consolidation efforts, and environmental considerations.

| Sites | FY 2013 | FY 2014 | FY 2015 |
|-------------------|----------------|----------------|----------------|
| Staffed/Unstaffed | 8 | 8 | 7 |

Statement of Operations
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2015 Budget Estimate
March 2014

Transaction Fund

The table below summarizes cash balances, payments, and program costs of the Transaction Fund.

| | (Dollars in Millions) | | |
|------------------------------------|-----------------------|----------------|----------------|
| Cash Balances | FY 2013 | FY 2014 | FY 2015 |
| Beginning Cash Balance | 332.8 | 322.7 | 344.1 |
| Collections from Sales of Material | <u>116.3</u> | <u>152.3</u> | <u>82.7</u> |
| Subtotal | 449.2 | 475.0 | 426.8 |
| Transfers for Legislative Programs | -88.9 | -84.9 | -28.5 |
| Disbursements from Obligations | <u>-37.7</u> | <u>-46.0</u> | <u>-55.5</u> |
| Ending Cash balance | 322.7 | 344.1 | 342.8 |

Statement of Financial Condition
Transaction Fund
DEFENSE LOGISTICS AGENCY, Strategic Materials
Fiscal Year 2015 Budget Estimate
March 2014
(\$ in Millions)

| | FY 2013 | FY 2014 | FY 2015 |
|-------------------------------------|--------------|--------------|--------------|
| Assets | | | |
| Selected Assets: | | | |
| Cash (EOY) | 322.7 | 344.1 | 342.8 |
| Accounts Receivable | 0.0 | 0.0 | 0.0 |
| Inventories | 519.5 | 474.8 | 427.3 |
| Other Assets | 0.0 | 0.4 | 0.4 |
| Total Assets | 842.1 | 819.3 | 770.5 |
| Liabilities | | | |
| Selected Liabilities: | | | |
| Accounts Payable | 2.0 | 3.5 | 3.5 |
| Advances Received | 0.0 | 0.0 | 0.0 |
| Environmental Clean-up | 24.2 | 31.1 | 31.1 |
| Other Liabilities | 2.4 | 2.4 | 2.4 |
| Total Liabilities | 28.5 | 36.9 | 37.0 |
| Government Equity | | | |
| Cumulative Results of Operations | 813.6 | 782.3 | 733.6 |
| Total Net Position | 813.6 | 782.3 | 733.6 |
| Total Liabilities and Equity | 842.1 | 819.3 | 770.5 |

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 2015 Budget Estimate
March 2014
(\$ in Millions)

| | FY 2013 | FY 2014 | FY 2015 |
|--|--------------|--------------|--------------|
| Cash Balance, Beginning of Year | 332.8 | 322.7 | 344.1 |
| Collections | 116.3 | 152.3 | 82.7 |
| Disbursements | 37.7 | 46.0 | 55.5 |
| Labor | 7.6 | 10.2 | 9.3 |
| Non-Labor | 30.0 | 32.4 | 38.7 |
| Other Program Costs | 0.0 | 3.4 | 7.5 |
| Payments and Transfers | 88.9 | 84.9 | 28.5 |
| HHS & TGF | 71.4 | 52.7 | 0.0 |
| Cobalt TGF | 0.0 | 0.0 | 0.0 |
| Spectrum | 17.4 | 32.2 | 28.5 |
| Cash Balance, End of Year | 322.7 | 344.1 | 342.8 |
| Selected Liabilities | 75.8 | 107.9 | 59.0 |
| Accounts Payable | 2.0 | 3.5 | 3.5 |
| Advances Received | 0.0 | 0.0 | 0.0 |
| Environmental Clean-up Liability | 24.2 | 31.1 | 31.1 |
| Other Liabilities | 2.4 | 2.4 | 2.4 |
| Undelivered Orders | 35.2 | 29.0 | 22.0 |
| Other Contingencies | 12.1 | 41.9 | 0.0 |
| Estimated Available Cash | 246.8 | 236.2 | 283.9 |

Exhibit Fund -SP1 Stockpile Financial Status Report

Note: Totals may not add due to rounding.