

Department of Defense Revolving Funds

Justification/Overview



Fiscal Year (FY) 2005
President's Budget Estimates

February 2004

TABLE OF CONTENTS

	<u>Page</u>
Pentagon Reservation Maintenance Revolving Fund (PRMRF)	3
Buildings Maintenance Fund (BMF)	16
National Defense Stockpile Transaction Fund (NDS)	24
Conventional Ammunition Working Capital Fund (CAWCF)	33

DISTRIBUTION LIST

	<u>Copies</u>
Senate Armed Services Committee	2
House Armed Services Committee	5
Senate Appropriations Committee	3
House Appropriations Committee	3
Congressional Budget Office	2
Library of Congress	1
General Accounting Office	3
Office of Management and Budget	2

Fiscal Year (FY) 2005 Department of Defense Budget Estimates are also available at:
http://www.dod.mil/comptroller/defbudget/fy2005/budget_justification/index.html

WASHINGTON HEADQUARTERS SERVICES
Summary of Operations
Fiscal Year (FY) 2005 President's Budget
Pentagon Reservation Maintenance Revolving Fund

Overview:

The Pentagon Reservation Maintenance Revolving Fund (PRMRF) was established by the FY 1991 Defense Authorization Act (10 USC 2674). The fund is responsible for the maintenance, protection, repair and renovation of the Pentagon Reservation. As established, the "Pentagon Reservation" refers to that area of land (consisting of approximately 280 acres) located in Arlington, Virginia, on which the Pentagon Office Building, Federal Building Number 2, the Pentagon heating and sewage treatment plants, and other related facilities are located, including various areas designated for the parking of vehicles. The National Defense Authorization Act for Fiscal Year 2004 extended the Pentagon Reservation definition to include the land and physical facilities at the Raven Rock Mountain Complex. Currently, the PRMRF finances the activities of the Washington Headquarters Services and the Pentagon Force Protection Agency (PFPA) in providing space, building services, and force protection for Department of Defense (DoD) Components, including the Military Departments and other activities housed within the Pentagon Reservation. The PRMRF relationship is similar to that of landlord and tenant in the private sector.

The following activities are reimbursable financed through the PRMRF:

Real Property Operations. Includes all activities needed for the effective, safe, and efficient operation of the Pentagon Reservation. Services provided include cleaning, preventive maintenance, operation and repair of building mechanical and electrical systems, and administrative support within the Reservation. This activity also includes operating expenses for purchased utilities, operation of the Pentagon's Heating and Refrigeration Plant, the classified waste incinerator, and repair projects over \$10,000. These projects maintain the facilities within the Reservation at levels adequate to support the assigned missions and to prevent deterioration and damage to Reservation buildings, their support systems and operating equipment. Protection of the government's investment, cost effectiveness, health and safety of workers and the public are among the most important criteria for determining project priorities.

Pentagon Force Protection Agency. The terrorist attack of September 11, 2001 demonstrated the need for DoD to improve the physical security of the Pentagon for life and property. As part of that effort, the Pentagon Force Protection Agency (PFPA) was established by the Deputy Secretary of Defense as a Defense Agency under 10 USC 191. The mission of PFPA is to provide force protection, security, and law enforcement, as required for the people, facilities, infrastructure and other resources at the Pentagon Reservation and for DoD activities. The PFPA is the DoD focal point for coordination with other DoD Components, other Executive Departments and Agencies, and State and local authorities on matters involving force protection, security, and law enforcement activities that impact the Pentagon. Included in the PFPA mission as well, is the requirement to provide chemical, biological, and radiological (CBR) protection at the Pentagon consistent with DoD policy, directives, and guidance concerning Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) protection.

Renovation. The PRMRF finances the Pentagon Renovation program, on-going tenant leasehold improvements, and operation of and facilities improvements to the Raven Rock Mountain complex. The Pentagon renovation is expected to continue through FY 2010.

The following table summarizes PRMRF total obligations (standard and above standard programs) by major program (\$ millions):

<u>Budget Sub-activity</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Real Property Operations	170.8	156.2	163.7
Pentagon Renovation Program	651.7	384.9	570.6
Pentagon Force Protection Agency	215.1	170.4	167.7
Total	1,037.1	711.5	902.0

Budget Highlights

Commensurate with the renovation of the Pentagon, the WHS will continue its commissioning program which documents all equipment, and its respective preventive maintenance, installed in the newly-renovated areas of the Pentagon. Preventive maintenance will increase to conform to the manufacturers' recommendations for equipment in the newly renovated space and meet sustainment objectives. The WHS will also continue its development of a strategic plan for DoD space in the National Capital Region (NCR). The plan will concentrate on the leased space inventory with the objectives to reduce dependence on leased space, consolidation for operational effectiveness and

economic efficiencies, maintain locations proximate to the Pentagon for DoD components that require it, upgrade the work environment, support smart growth, and meet anti-terrorism/force protection standards where practical.

Since its establishment in May of 2002, the PFPA has maintained an aggressive hiring program that will continue through FY 2004. The PFPA will also continue to procure force protection technology capability to allow it to accomplish its augmented, post 9/11 mission. In addition, the current budget submission includes the replacement of one heavily-armored vehicle in FY 2005 to be used for the transportation of senior DoD officials. The President's Budget request for FY 2005 includes a general provision, section 8061, which would provide general authority for the purchase of heavy and light armored vehicles for force protection purposes. It would provide the necessary statutory authority for the purchase of this vehicle.

In FY 2004 and FY 2005 the renovation of the Pentagon continues with accelerated design and construction activities for phases 3 and 4 of Wedge 2. Wedge 3 design and construction activities will also begin during FY 2005. In addition, the current budget submission includes the implementation, beginning in FY 2004, of the Department's Unified Command Center and Resources and Situation Awareness Center concept. This initiative calls for the transition of existing Military Command and Operations Centers within the Pentagon to a unified command center concept to facilitate centralized communications necessary to directly support vital functions of the command authority within the Department.

Information Management and Telecommunications planning, engineering management, acquisition and implementation activities will continue in FY 2004 and FY 2005. In addition, the acceleration of planned modernization of Pentagon information technology common user infrastructure and addition of redundant network distribution, voice switching, external network interface connection suite, messaging upgrades and associated design and installation, directed as a result of the September 2001 terrorist attacks to enhance survivability and recoverability of command and communications and critical mission capabilities will continue.

The following table represents PRMRF obligations by object classification for FY 2003-2005 (\$ in millions):

<u>Budget Sub-activity</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Personnel Compensation	60.5	80.6	87.7
Personnel Benefits	14.6	19.7	21.4
Benefits to Former Employees	0.8	0.8	0.8
Travel	0.9	1.0	1.0
Transportation	0.3	0.3	0.3
Rent, Comm., and Utilities	56.6	37.4	38.0
Printing	0.2	0.2	0.2
Other Services	785.4	493.8	673.8
Supplies and Materials	7.1	12.3	12.4
Equipment	110.7	65.3	66.3
Interest and Dividends	0.1	0.1	0.1
Totals	1,037.2	711.5	902.0

Narrative Explanation of Changes by Object Classification

Personnel Compensation and Personnel Benefits - The increase from FY 2003 to FY 2005 is primarily attributable to aggressive hiring by PFPA to reach full operational levels (+243 FTEs in FY 2004 and +67 FTEs in FY 2005).

Rent, Communications, and Utilities - The change from FY 2003 to FY 2004 is the result of reduced external swing space.

Other Services - FY 2003 reflects the receipt of supplemental funding for acceleration of the Pentagon renovation. The increase from FY 2004 to FY 2005 reflects the award of Wedge 3 construction contract and the construction of the Unified Command Center.

Supplies and Materials - Increase from FY 2003 to FY 2004 is attributed to price increases and additional requirements for new PFPA hires.

Equipment - FY 2003 reflects one time purchases for PFPA stand up.

The following table represents PRMRF manpower (FTE) by major program:

<u>Budget Sub-Activity</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Real Property Operations	390	389	389
Pentagon Renovation Program	39	42	42
Pentagon Force Protection Agency	468	711	778
Totals	897	1,142	1,209

WASHINGTON HEADQUARTERS SERVICES
 Summary of Price, Program and other Changes - Obligations
 Fiscal Year (FY) 2005 President's Budget
 Pentagon Reservation Maintenance Revolving Fund
 February 2004
 (Dollars in Millions)

<u>Element of Expense</u>	Cost of		Price Growth		Program & Other Changes	Cost of Operations FY 2004
	<u>FY 2003</u>	<u>Annualization of Pay Raises</u>		<u>Amount</u>		
Civilian Personnel Compensation	60.5	0.7	2.9%	1.8	17.7	80.6
Civilian Personnel Benefits	14.6	0.2	2.9%	0.4	4.4	19.7
Benefits to Former Employees	0.8	0.0	2.9%	0.0	0.0	0.8
Travel	0.9		1.3%	0.0	0.1	1.0
Transportation	0.3		1.3%	0.0	0.0	0.3
Rent	44.4		1.3%	0.6	-15.7	29.3
Communication and Utilities	12.2		1.3%	0.2	-4.3	8.1
Printing	0.2		1.3%	0.0	0.0	0.2
Other Services	785.4		1.3%	10.2	-301.8	493.8
Supplies and Materials	7.1		1.3%	0.1	5.1	12.3
Equipment	110.7		1.3%	1.4	-46.8	65.3
Interest/Dividend	0.1		1.3%	0.0	0.0	0.1
	1,037.1	0.9		14.7	-341.3	711.5
Total COST OF OPERATIONS (Includes Above Standard Program)						

WASHINGTON HEADQUARTERS SERVICES
 Summary of Price, Program and other Changes - Obligations
 Fiscal Year (FY) 2005 President's Budget
 Pentagon Reservation Maintenance Revolving Fund
 February 2004
 (Dollars in Millions)

<u>Element of Expense</u>	Cost of		<u>Price Growth</u>		Program & Other Changes	Cost of Operations FY 2005
	<u>FY 2004</u>	<u>Annualization of Pay Raises</u>		<u>Amount</u>		
Civilian Personnel Compensation	80.6	0.9	1.1%	0.9	5.3	87.7
Civilian Personnel Benefits	19.7	0.2	1.1%	0.2	1.3	21.4
Benefits to Former Employees	0.8	0.0	1.1%	0.0	0.0	0.8
Travel	1.0		1.4%	0.0	0.0	1.0
Transportation	0.3		1.4%	0.0	0.0	0.3
Rent	29.3		1.4%	0.4	0.0	29.7
Communication and Utilities	8.1		1.4%	0.1	0.0	8.2
Printing	0.2		1.4%	0.0	0.0	0.2
Other Services	493.8		1.4%	6.9	173.1	673.8
Supplies and Materials	12.3		1.4%	0.2	0.0	12.4
Equipment	65.3		1.4%	0.9	0.1	66.3
Interest & Dividends	0.1		1.4%	0.0	0.0	0.1
	711.5	1.1		9.6	179.8	902.0
TOTAL COST OF OPERATIONS (Includes Above Standard Program)						

WASHINGTON HEADQUARTERS SERVICES
Source of New Orders and Revenue
Fiscal Year (FY) 2005 President's Budget
Pentagon Reservation Maintenance Revolving Fund
February 2004
(Dollars in Millions)

		<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
1.	Funded Customer Orders			
	a. Rent Orders from DoD Components:			
	Department of the Air Force	47.0	105.3	134.8
	Department of the Army	74.8	197.1	257.6
	United States Marine Corp	15.6	36.3	46.7
	Department of the Navy	23.2	58.2	74.9
	Subtotal Military Departments	160.6	396.9	514.0
	Defense-Wide			
	AFIS	0.3	0.6	0.7
	WHS	28.4	78.7	105.3
	DIA	9.2	5.1	26.8
	DISA	3.7	10.7	12.7
	DLA	0.1	2.2	2.6
	DLSA	0.2	0.6	0.7
	JCS	25.4	68.1	80.4
	MDA	5.5	11.8	15.5
	NIMA	0.2	0.6	0.8
	NSA	0.1	0.1	0.1
	DERF	305.0	0.0	0.0
	Subtotal Defense-Wide	378.1	178.5	245.6
	b. Total DoD Rent Orders	538.7	575.4	759.6
	c. Other Orders:			
	Above Standard Services			
	Building Services and Space Adjustments	125.8	131.4	127.7
	Renovation Furniture	32.0	3.0	13.0
	Subtotal Above Standard Services	157.8	134.4	140.7
	Defense Emergency Response Fund	255.0	0.0	0.0
	Orders Non-DoD Agencies			
	DoD Concessions Committee (Rent)	2.2	1.7	1.7
	Subtotal Non-DoD Agencies and Others:	415.0	136.1	142.4
	d. Total New Orders:	953.8	711.5	902.0

Exhibit Fund 11

WASHINGTON HEADQUARTERS SERVICES
Revenue and Expenses
Fiscal Year (FY) 2005 President's Budget
Pentagon Reservation Maintenance Revolving Fund
February 2004
(Dollars in Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Revenue:			
Direct Appropriation	0.0	0.0	0.0
Standard level	827.8	581.2	765.0
Above standard level	<u>106.5</u>	<u>130.3</u>	<u>137.0</u>
Total revenue	934.3	711.5	902.0
Standard level operating expenses:			
Real Property Operations:			
Cleaning	21.2	21.6	21.9
Utilities & fuel	4.7	5.5	5.6
Maintenance	14.9	20.6	21.9
Other building services	3.9	8.6	8.9
Administration	21.2	30.3	31.6
Repairs (over \$10,000)	14.3	13.5	14.7
Alternative site	0.3	28.3	28.2
Disaster recovery (DERF)	48.4	0.0	0.0
Life Safety	4.3	0.0	0.0
Pentagon Force Protection Agency:			
Salaries and Benefits	39.8	53.5	59.1
Administration and operati	14.1	10.6	10.0
Criminal Investigations	0.1	0.1	0.1
CBRN	64.3	35.5	34.2
Anti-terrorism/force prote	1.6	0.3	0.3
Security services	20.4	30.5	29.3
Pentagon Police	10.9	8.2	3.4
Force Protection Technolog	28.2	25.6	24.4
Other	0.0	0.7	0.7
Pentagon Renovation:			
Swing space	46.6	42.9	42.1
Administration	32.4	28.7	37.7
Above standard reimbursable expenses:			
Cleaning	0.0	0.0	0.0
Utilities and fuels	8.7	7.7	8.5
Maintenance	0.4	0.3	0.4
Space adj, furniture, other	22.4	19.7	21.9
Force Protection	35.7	5.5	6.2
Renovation	39.2	97.1	100.0
Other expenses:			
Depreciation	6.5	6.6	6.7
Disaster recovery (DERF)	83.8	0.0	0.0
CCSP	15.9	16.7	17.2
Renovation Acceleration(DERF)	122.2	0.0	0.0
Total operating expenses	726.6	518.6	535.1
Other factors affecting NOR	207.7	192.9	366.9
Cost of Services	726.6	518.6	535.1
Net Operating Result	0.0	0.0	0.0
Accumulated operating result	0.0	0.0	0.0

Exhibit Fund 14

WASHINGTON HEADQUARTERS SERVICES
 Summary Statement
 Fiscal Year (FY) 2005 President's Budget
 Pentagon Reservation Maintenance Revolving Fund
 February 2004
 (Dollars in Millions)

	<u>Obs.</u>	<u>Orders</u>	<u>Revenue</u>	<u>Cost</u>	<u>DISBURSEMENTS BY FISCAL YEAR</u>						
					<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Pentagon Bldg. Renovation:</u>											
FY 2003	651.2	651.2	586.6	394.3	309.8	123.7	65.1	45.6	31.6	0.0	0.0
FY 2004	384.9	384.9	384.9	380.6		57.7	150.1	92.4	57.7	26.9	0.0
FY 2005	570.5	570.5	570.5	503.9			85.6	222.5	136.9	85.6	39.9
<u>Pentagon Force Protection Agency:</u>											
FY 2003	215.1	215.1	193.8	152.1	116.3	77.5	0.0	0.0	0.0	0.0	0.0
FY 2004	170.5	170.5	170.5	179.8		102.3	68.2	0.0	0.0	0.0	0.0
FY 2005	167.7	167.7	167.7	168.8			100.6	67.1	0.0	0.0	0.0
<u>Real Property Operations:</u>											
FY 2003	170.8	170.8	153.9	244.5	112.7	51.2	0.7	0.0	0	0.0	0.0
FY 2004	156.1	156.1	156.1	144.9		93.7	46.8	15.6	0.0	0.0	0.0
FY 2005	163.7	163.7	163.8	145.8			98.2	49.1	16.4	0.0	0.0
<u>Total:</u>											
FY 2003	1,037.1	1,037.1	934.3	790.9	468.0	252.5	65.8	45.6	31.6	0.0	0.0
FY 2004	711.5	711.5	711.5	705.3		258.7	272.8	108.0	57.7	26.9	0.0
FY 2005	902.0	902.0	902.0	818.5			319.5	338.7	153.3	85.6	39.9
Cash:											
	BOY	Collections	Disb.	EOY							
FY 2003	361.6	862.5	790.9	433.2							
FY 2004	433.2	640.3	705.3	368.3							
FY 2005	368.3	811.8	818.5	361.6							

EXHIBIT FUND PR-2

WASHINGTON HEADQUARTERS SERVICES
 Cost of Basic Services
 Fiscal Year (FY) 2005 President's Budget
 Pentagon Reservation Maintenance Revolving Fund
 February 2004

PROGRAM	FY 2003		FY 2004		FY 2005	
	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	4,461,658	\$4.76	4,496,163	\$4.79	4,578,659	\$4.78
Maintenance	4,461,658	\$3.34	4,496,163	\$4.59	4,578,659	\$4.79
Utilities & Fuels	4,461,658	\$1.06	4,496,163	\$1.22	4,578,659	\$1.23
Administrative	5,038,658	\$4.22	5,038,658	\$6.01	5,038,658	\$6.27
Other Building Services	4,461,658	\$0.87	4,496,163	\$1.91	4,578,659	\$1.95
Administrative Cost as Percent of Total Program Cost***		10.4%		12.2%		12.5%

* Operated space excludes outside parking areas. Operated space has been adjusted to reflect reduction in O&M service levels within areas under renovation.

** Unit Cost per Square Foot Excludes Reimbursable Above Standard Services

*** Percentage represents Real Property Operations (RPO) administrative costs as a percentage of total RPO operating costs. FY2003 percentage reflects impact of one-time operating costs associated with disaster recovery efforts included in total RPO operating costs.

Exhibit Fund PR - 1

WASHINGTON HEADQUARTERS SERVICES
Business Area Capital Purchase Justification
Fiscal Year (FY) 2005 President's Budget
Pentagon Reservation Maintenance Revolving Fund
February 2004
(Dollars in Thousands)

Line Number	Item Description	FY 2003		FY 2004		FY 2005	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Equipment - ADPE & Telecommunications	94	2,942	124	1,858	125	2,008
2	Equipment - Other	89	30,293	242	20,007	451	18,579
3	Armored Vehicles					1	175
4	Major Construction - Replacement		<u>295,000</u>		<u>269,400</u>		<u>381,002</u>
	TOTAL	183	328,235	366	291,265	577	401,764

WASHINGTON HEADQUARTERS SERVICES
 Business Area Capital Purchase Justification
 Fiscal Year (FY) 2005 President's Budget
 Pentagon Reservation Maintenance Revolving Fund
 February 2004
 (Dollars in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. FY 2005 President's Budget			
B. Pentagon Force Protection Agency (PFPA)			C. Line No. & Item Description			D. Activity Identification				
			FY 2003			FY 2004			FY 2005	
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Equip - ADPE & Telecom	94	0	2,942	124	0	1,858	125	0	2,008	
Equip - except ADPE & Telecom	89	0	30,293	242	0	20,007	451	0	18,579	
Armored Vehicles							1	175	175	
TOTAL	183	0	33,235	366	0	21,865	577	175	20,762	
Narative Justification:										
<p>\$20.8 million will be executed in FY 2005 for the following Pentagon Force Protection Agency initiatives:</p> <p>Equipment - ADPE and Telecommunications (1) Equipment replacements such as communications security equipment, explosion detection equipment, intrusion detection equipment, and technical security countermeasures equipment, and other physical equipment.</p> <p>Equipment - Other (1) Force protection technology to include: Incident control alerts, notifications, and computer aided dispatch, intended to facilitate daily operations within the Pentagon and other PFPA jurisdictions within the National Capital Region (NCR).</p> <p>Armored Vehicles (1) Purchase of one armored vehicle to be used for the transportation of senior DOD officials.</p>										

14

WASHINGTON HEADQUARTERS SERVICES
 Business Area Capital Purchase Justification
 Fiscal Year (FY) 2005 President's Budget
 Pentagon Reservation Maintenance Revolving Fund
 February 2004
 (Dollars in Thousands)

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)						A. FY 2005 President's Budget				
B. Pentagon Renovation		C. Line No. & Item Description				D. Activity Identification				
		FY 2003			FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	
Major Construction			295,000			269,400			381,002	
<p>Narative Justification:</p> <p>\$381.2 million will be obligated in FY 2005 for the following Penaton Renovation initiatives:</p> <ol style="list-style-type: none"> 1) Completion of the design and construction activities, including design, construction, energy management control system, lock hardware and security systems and interior signs for phases 3 and 4 of Wedge 2 and start up of Wedge 3 design and construction. 2) Construction management and quality assurance. 3) Information Management and Telecommunications planning, engineering management, acquisition and implementation activities. 4) Renovation acceleration. 5) Command Communications Survivability. 6) Completion of Life Safety initiatives in Wedge 2 and basement spaces to enhance life safety, fire suppression and blast resistance. Also includes the startup of Wedge 3 design and modifications. 7) Design and construction activities, including design, construction, energy management control system, lock hardware and security systems and interior signs for the Unified Command Center (UCC) and Resources and Situation Awareness Center (RSAC). 										

15

WASHINGTON HEADQUARTERS SERVICES
Summary of Operations
Fiscal Year (FY) 2005 President's Budget
Buildings Maintenance Fund

Overview:

The Buildings Maintenance Fund (BMF) is a revolving fund that operates under authority of Section 2208 of Title 10, United States Code. The fund is responsible for standard level operation, maintenance, repair and security of two federally owned and 28 leased facilities that are managed by Washington Headquarters Services under GSA/DoD Interagency Agreements and are occupied by Department of Defense (DoD) military and/or civilian personnel. The BMF is designed to operate on a break-even basis and is dependent upon revenue generated from standard and above standard levels of service paid by DoD components to finance real property operations, security and administrative support. BMF facilities include, but are not limited to, those operated by WHS under delegation of authority from the General Services Administration (GSA).

The following activities are financed on a reimbursable basis through the BMF:

Real Property Operations (RPO). Includes all procedures needed for the effective, safe and efficient operation of all DoD managed buildings within the National Capital Region (NCR). Includes costs for cleaning, utilities, preventive maintenance, repairs, and force protection.

Cleaning: Includes expenses related to routine daytime and nighttime cleaning of offices and public areas. It also includes the costs of specialized cleaning services such as trash removal, recycling, and window washing.

Utilities: Includes the cost of all utilities (electricity, gas, water) used by the facility and its occupants.

Maintenance: Includes all expenses required for general repairs, maintenance, and upkeep of the facility. Repair and maintenance items include: elevators, heating, ventilation, air conditioning, electrical, structural/roof, plumbing, fire and life safety systems.

Repair: Includes repair projects over \$10,000 and cyclic painting to maintain facilities at levels adequate to support assigned mission and to prevent deterioration and damage to buildings, their support systems and operating equipment. Repair projects are prioritized and accomplished within available resources.

Force Protection: Includes force protection, security, and law enforcement, as required for DoD-delegated managed facilities within the NCR. Force protection services are provided by the Pentagon Force Protection Agency on a reimbursable basis.

Budget Highlights

In the FY 2004 President's Budget, the Department proposed to finance the services provided by the BMF from the Pentagon Reservation Maintenance Revolving Fund (PRMRF), pending legislative authorization, and the budget exhibits were prepared accordingly. However, the legislative authorization did not materialize and the current budget estimate reflects the return of financing the services through the BMF. The increase in cost between FY 2003 and FY 2004 reflects the addition of PFPA security requirements, previously budgeted in the PRMRF, in support of delegated buildings, in addition to increase CBRN and guard service efforts. In FY 2004 and FY 2005 the Pentagon Force Protection Agency will continue to maintain and enhance the security of all DOD buildings within the National Capital Region. Enhancements to services provided to BMF customers in FY 2004 and FY 2005 will include: physical security, including on site contract guards at all buildings, antiterrorism force protection and CBRN protection.

Washington HEADQUARTERS SERVICES
 Summary of Obligations
 Fiscal Year (FY) 2005 President's Budget
 Buildings Maintenance Fund
 February 2004
 (Dollars in Millions)

	Cost of Operations <u>FY 2003</u>	Annualization of Pay Raises	Price Growth Amount	Growth Amount	Program & Other Changes	Cost of Operations <u>FY 2004</u>
Civilian Personnel Compensation	3.5	0.0	2.9%	0.1	1.0	4.7
Civilian Personnel Benefits	0.8	0.0	2.9%	0.0	0.2	1.1
Benefits to Former Employees	0.1	0.0	2.9%	0.0	0.0	0.1
Travel	0.0		1.3%	0.0	0.0	0.0
Transportation	0.0		1.3%	0.0	0.0	0.0
Rent	2.2		1.3%	0.0	-1.1	1.1
Communication and Utilities	0.0		1.3%	0.0	1.1	1.1
Printing	0.0		1.3%	0.0	0.0	0.0
Other Services	25.9		1.3%	0.3	11.4	37.6
Supplies and Materials	1.2		1.3%	0.0	-1.1	0.1
Equipment	0.3		1.3%	0.0	5.7	5.9
Interest/Dividend	0.0		1.3%	0.0	0.0	0.0
TOTAL COST (Includes Above Standard)	33.9	0.0		0.5	17.3	51.7

Washington HEADQUARTERS SERVICES
 Summary of Obligations
 Fiscal Year (FY) 2005 President's Budget
 Buildings Maintenance Fund
 February 2004
 (Dollars in Millions)

	Cost of Operations <u>FY 2004</u>	Annualization of Pay Raises	Price 1.1%	Growth 0.1	Program & Other <u>Changes</u>	Cost of Operations <u>FY 2005</u>
Civilian Personnel Compensation	4.7	0.1	1.1%	0.1	0.0	4.8
Civilian Personnel Benefits	1.1	0.0	1.1%	0.0	0.0	1.1
Benefits to Former Employees	0.1	0.0	1.1%	0.0	0.0	0.1
Travel	0.0		1.4%	0.0	0.0	0.0
Transportation	0.0		1.4%	0.0	0.0	0.0
Rent	1.1		1.4%	0.0	0.0	1.1
Communication and Utilities	1.1		1.4%	0.0	0.0	1.1
Printing	0.0		1.4%	0.0	0.0	0.0
Other Services	37.6		1.4%	0.5	2.8	41.0
Supplies and Materials	0.1		1.4%	0.0	0.0	0.1
Equipment	5.9		1.4%	0.1	0.7	6.8
Interest/Dividend	0.0		1.4%	0.0	0.0	0.0
TOTAL COST (Includes Above Standard)	51.7	0.1		0.7	3.6	56.1

WASHINGTON HEADQUARTERS SERVICES
Source of New Orders and Revenue
Fiscal Year (FY) 2005 President's Budget
Buildings Maintenance Fund
February 2004
(Dollars in Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
1. Funded Customer Orders			
a. Rent Orders from DoD Components:			
Department of the Air Force	0.2	1.3	1.3
Department of the Army	10.3	15.2	17.5
United States Marine Corp			
Department of the Navy	1.0	6.6	6.5
Subtotal Military Departments	11.5	23.1	25.3
Defense-Wide			
CMA	0.1	0.9	0.9
DCMA	0.1	0.9	0.9
DECA	0.1	0.2	0.2
DFAS	0.1	0.7	0.7
DIA	0.6	1.0	1.0
DISA	0.5	2.5	2.6
DLA	0.1	0.7	1.1
DSS	0.0	0.1	0.1
DTRA	1.3	2.2	2.2
WHS (Includes OSD)	9.2	5.1	6.2
Subtotal Defense-Wide	12.1	14.3	16.0
b. Total DoD Rent Orders	23.6	37.4	41.3
c. Other Orders:			
Above Standard Services			
Building Services and			
Space Adjustments	10.3	14.3	14.8
Subtotal Above Standard Services	10.3	14.3	14.8
Orders Non-DoD Agencies	0.0	0.0	0.0
Other	0.0	0.0	0.0
Subtotal Non-DoD Agencies and Others:	10.3	14.3	14.8
d. Total New Orders:	33.9	51.7	56.1

Exhibit Fund 11

WASHINGTON HEADQUARTERS SERVICES
Revenue and Expenses
Fiscal Year (FY) 2005 President's Budget
Buildings Maintenance Fund
February 2004
(Dollars in Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Revenue - Standard	23.6	37.4	41.3
Revenue - Above Standard	10.3	14.3	14.8
Total Revenue	33.9	51.7	56.1
Standard Level Operating Expenses:			
Real Property Operations			
Cleaning	1.0	1.1	1.1
Maintenance	0.2	1.1	1.2
Utilities and Fuels	1.4	2.0	2.1
Other Building Services	0.8	0.5	0.5
Administrative - RE&F	7.5	7.5	7.6
Repairs (over \$10,000)	0.3	0.5	0.6
Protection:			
Administration and Operations	0.1	0.1	0.1
Security Services	12.3	14.5	14.7
CBRN	0.0	10.1	13.4
Total Standard Services	23.6	37.4	41.3
Above Standard Reimbursable Expenses:			
Cleaning	1.0	1.0	1.0
Maintenance	1.0	1.0	1.0
Utilities and Fuels	1.3	1.3	1.3
Space Adjustments, Post Renovation Furniture and Other	5.9	8.5	8.6
Administrative			
Protection	1.1	2.5	2.9
Total Above Standard	10.3	14.3	14.8
Total Operating Expenses	33.9	51.7	56.1
Operating Result	0.0	0.0	0.0
Other Factors Affecting Net Operating Results	0.0	0.0	0.0
Net Operating Results	0.0	0.0	0.0

Exhibit FUND-14

WASHINGTON HEADQUARTERS SERVICES
Summary Statement
Fiscal Year (FY) 2005 President's Budget
Buildings Maintenance Fund
February 2004
(Dollars in Millions)

	<u>Obligations</u>	<u>Orders</u>	<u>Revenue</u>	<u>Cost</u>	<u>DISBURSEMENTS BY FISCAL YEAR</u>						
					<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>
FY 2003	33.9	33.9	33.9	33.9	19.5	11.8	2.1	0.5	0.0	0.0	0.0
FY 2004	51.7	51.7	51.7	51.7		27.5	13.5	8.2	2.0	0.5	0.0
FY 2005	56.1	56.1	56.1	56.1			30.0	19.9	3.4	2.2	0.6
<u>Total:</u>											
FY 2003	33.9	33.9	33.9	33.9	19.5	11.8	2.1	0.5	0.0	0.0	0.0
FY 2004	51.7	51.7	51.7	51.7		27.5	13.5	8.2	2.0	0.5	0.0
FY 2005	56.1	56.1	56.1	56.1			30.0	19.9	3.4	2.2	0.6

<u>Cash:</u>	<u>BOY</u>	<u>Collections</u>	<u>Disb.</u>	<u>EOY</u>
FY 2003	16.8	27.7	28.6	15.9
FY 2004	15.9	43.4	43.5	15.8
FY 2005	15.8	47.1	47.2	15.7

WASHINGTON HEADQUARTERS SERVICES
 Cost of Basic Services
 Fiscal Year (FY) 2005 President's Budget
 Buildings Maintenance Fund
 February 2004

PROGRAM	FY 2003		FY 2004		FY 2005	
	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	876,405	\$1.14	881,798	\$1.25	881,798	\$1.25
Maintenance	2,565,447	\$0.08	2,572,994	\$0.43	2,572,994	\$0.47
Utilities & Fuels	1,891,842	\$0.74	1,437,617	\$1.39	1,437,617	\$1.46
Administrative	5,104,285	\$1.47	4,656,620	\$1.61	4,656,620	\$1.63
Other Building Svcs	5,104,285	\$0.16	4,656,620	\$0.11	4,656,620	\$0.11
Protection	4,590,415	\$0.02	4,590,415	\$0.02	4,590,415	\$0.02
Administrative Cost as Percent of Total Program Cost *		4.80%		5.38%		4.84%

* The percentage change for the Administrative cost as a percentage of total program cost is attributed to changes for the GSA cost each year.

** Unit Cost per Square Foot Excludes Reimbursable Above Standard Services

DEFENSE LOGISTICS AGENCY
Transaction Fund
Defense National Stockpile Center
FISCAL YEAR (FY) 2005 PRESIDENT'S BUDGET
Overview

The National Defense Stockpile (NDS) operates under the authority of the Strategic and Critical 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 a national emergency. The Defense National Stockpile Center (DNSC) administers the acquisition, storage, management, and disposal of the NDS.

This submission recognizes that the international commodities market is subject to fluctuation and is at times volatile. Recently depressed commodity prices and demand started to recover during the last half of FY 2003. The recovery is continuing at a record pace in most commodities. DNSC is experiencing high prices for certain commodities. For example Cobalt was selling at \$11.00 per pound in the beginning of FY 2003 it is now at \$30.00 per pound and climbing.

DNSC now anticipates that 28 sites will remain at the end of FY 2004 with material to be sold. This is revised down from 31 sites. The revision is primarily due to increased demand for DNSC commodities and strong prices. The number of storage sites with commodities for sale by the end of Fiscal Years 2004 through FY 2009 is updated as follows:

	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY09</u>
Storage Sites	28	23	17	14	11	8

It should be noted that selling all of the material at a storage site does not necessarily mean that the site has been vacated. There is often a delay, especially for bulk commodities, between the sale of the material and actual shipment. In addition, a site may require environmental cleanup before it can be vacated.

DNSC's sales program has been revised to reflect current market conditions. Staffing levels are in line with workload. However, DNSC continues to re-evaluate organizational structures for both headquarters and the depots, staffing levels, and temporary and outsourcing

hiring options in order to address heavier than anticipated workload due to increased sales and delivery activity.

The sales plan reflects the six categories of authorized programs and also includes what is currently in proposed legislation:

Authorized

- ◆ Principal Sales Program
- ◆ Foreign Military Sales Program
- ◆ Treasury and HHS Program
- ◆ Treasury General Fund Program
- ◆ Spectrum/Military Benefits Program
- ◆ WWII Memorial & Treasury General Fund Program

Sales (\$ in millions)	FY 2003	FY 2004	FY 2005
Principal Sales Program	\$98.9	\$132.8	\$85.6
Foreign Military Sales Program	\$33.8	\$29.9	\$5.8
Treasury & HHS Program	\$51.0	\$13.5	\$0.0
Treasury General Fund Program	\$27.1	\$21.0	\$59.2
Spectrum / Military Benefits Program	\$4.9	37.2	\$27.8
WWII Memorial	\$18.3	\$15.0	\$12.4
Total Sales	\$234.0	\$240.4	\$190.8

Payments are summarized in the following chart. See individual program for details.

Payments (\$ in millions)	FY 2003	FY 2004	FY 2005
Foreign Military Sales Program	\$28.5	\$25.0	\$28.2
Treasury & HHS Program	\$47.4	\$24.7	\$19.3
Treasury General Fund Program	\$22.3	\$24.2	\$27.6
Spectrum / Military Benefits Program	\$0.6	\$31.7	\$30.6
WWII Memorial	\$17.8	\$15.0	\$9.1
Total Payments	\$116.6	\$120.6	\$114.8

Principal Sales Program

DNSSC's Principal Sales program consists of disposals of commodities that were considered excess to the needs of national security prior to FY 1996. In May 1995, the Under Secretary of Defense (Economic Security) released a report on DNSSC requirements that reduced Stockpile goal commodities from \$6.0 billion to \$24 million. The remaining inventory was considered excess to the needs of the national defense.

Foreign Military Sales Program

The FY 1997 Defense Authorization Act, P.L. 104-201, authorized additional disposals to offset losses to the U.S. Treasury that would be incurred due to reduced charges to buyers in the Foreign Military Sales (FMS) program. A provision of the Federal Acquisition and Reform Act (FARA), P.L.104-106, permits the President to waive charges for non-recurring R&D and production costs for FMS sales from DoD stocks. This provision was intended to increase FMS sales, increase production quantities, and ultimately to reduce the cost of equipment procured by the Services. The provision requires offsetting legislation before costs could be waived. The Stockpile FMS program fulfills this requirement by generating anticipated receipts of \$612 million by the end of FY 2006. P.L. 106-65, Defense Authorization Act for FY 2000, increased the funds to be paid from \$612 million (previously authorized in P.L104-201) to \$720 million. The following commodities and tonnage were authorized:

Aluminum	62,881 short tons
Cobalt	26,000,000 pounds
Columbium Ferro	930,911 pounds contained
Germanium Metal	40,000 kilograms
Indium	35,000 troy ounces
Palladium	15,000 troy ounces
Platinum	10,000 troy ounces
Rubber, Natural	125,138 long tons
Tantalum, Various types	796,000 pounds contained

The sale of this material has generated proceeds of \$574.2 million through FY 2003. DNSC anticipates cumulative total of \$634.5 million by the end of FY 2006. The projection for FY 2004 is \$25.0 million and \$28.2 million for FY 2005. Receipts are to be paid from the National Defense Stockpile Transaction Fund (T-Fund) and deposited into the general fund of the U.S. Treasury as receipts are realized. DNSC will pay current fiscal year collections to Treasury at the end of each fiscal year.

Treasury and HHS Sales Program

The FY 1999 Defense Authorization Act, P.L. 105-261 authorized additional disposals 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 will be paid to the Secretary of Health and Human Services

to be credited in the manner determined by the Secretary to the Federal Hospital Insurance Fund and the Federal Supplementary Medical Insurance Trust Fund. P.L. 106-398, Defense Authorization Act for FY 2001, increased the funds to be paid from \$590 million (previously authorized in P.L. 105-261) to \$720 million for the HHS & Treasury General Fund. P.L. 107-107, Defense Authorization Act for FY 2002, increased the funds to be paid from \$720 million (previously authorized in P.L. 106-398) to \$770 million by the end of FY 2006. DNSC has paid \$733.2 million through September 2003. Projections indicate that DNSC may pay \$24.7 million during FY 2004 and \$19.3 million in FY 2005. DNSC will pay current fiscal year collections to Treasury as the end of each fiscal year.

The following commodities and tonnage were authorized:

Bauxite Refractory	29,000 long calcined ton
Beryllium Metal	100 short tons
Chromite Chemical	34,000 short dry tons
Chromite Refractory	159,000 short dry tons
Chromium Ferroalloy	125,000 short tons
Columbium Carbide Powder	21,372 pounds
Columbium Concentrates	1,733,454 pounds
Columbium Ferro	249,396 pounds
Columbium Metal-Ingots	161,123 pounds
Diamond, Stones	3,000,000 carats
Germanium Metal	28,198 kilograms
Graphite Natural Ceylon Lump	5,492 short tons
Indium	14,248 troy ounces
Mica Muscovite Block	301,000 pounds
Mica Phlogopite Block	130,745 pounds
Platinum	439,887 troy ounces
Platinum-Iridium	4,450 troy ounces
Platinum-Palladium	750,000 troy ounces
Tantalum Carbide Powder	22,688 pounds
Tantalum Metal Ingots	125,000 pounds
Tantalum Metal Powder	125,000 pounds
Tantalum Minerals	1,751,364 pounds
Tantalum Oxide	122,730 pounds
Tungsten Carbide Powder	2,032,896 pounds
Tungsten Ferro	2,024,143 pounds
Tungsten Metal Powder	1,898,009 pounds
Tungsten Ores & Concentrates	76,358,235 pounds

U.S. Treasury General Fund Sales Program

The FY 1998 Defense Authorization Act, P.L. 105-85 authorized additional disposals of cobalt. DNSC projects collections of \$102 million by the end of FY 2007, subject to market fluctuation. P.L. 106-65, Defense Authorization Act for

FY 2000, decreased the funds to be paid from \$102 million (previously authorized in P.L. 105-85) to \$101 million.

P. L. 107-107 Defense Authorization Act for FY 2002, accelerated disposals to begin in FY 2002 instead of FY 2003 in order to avoid potential market disruption. The sale of this material has generated proceeds of \$32.8 million through FY 2003, and will generate an anticipated cumulative total of \$101 million by the end of FY 2007. Projections indicate that DNSC may pay \$24.2 million during FY 2004 and \$27.6 million in FY 2005. The receipts from these sales are to be paid from the T-Fund and deposited into the U.S. Treasury.

Spectrum/Military Benefits Sales Program

The FY 2000 Defense Authorization Act, P. L. 106-65 authorized additional disposals of commodities. Congress authorized an additional \$300 million in Stockpile sales over the same time period. P. L. 108-136 Defense Authorization Act for FY 2004, increased the funds to be paid from \$300 million to \$450 million by the end of FY 2013.

The receipts from sales are to be paid from the T-Fund and deposited into the U.S. Treasury. The following commodities and tonnage were authorized:

Beryllium Metal	250 short tons
Chromium ferro alloy	496,204 short tons
Chromium metal	5,000 short tons
Palladium	497,271 troy ounces

The sale of this material has generated proceeds of \$284.1 million through FY 2003, and is anticipated to generate a cumulative total of \$450 million by the end of FY 2013, subject to market fluctuation. Projections indicate that DNSC may pay \$31.7 million during FY 2004 and \$30.6 million in

FY 2005. DNSC will pay all current fiscal year collections to Treasury at the end of each fiscal year.

WWII Memorial & Treasury General Fund Sales Program

P. L. 106-398, Defense Authorization Act for FY 2001 authorized a new program to sell 30,000 short tons of titanium by September 30, 2010. Proceeds of \$6 million (\$4 million in FY 2001 and \$2 million in FY 2002) were paid to the American Battle Monuments Commission for the World War II Memorial. The sale of this material has generated proceeds of \$49.7 million through FY 2003, and is anticipated to generate a cumulative total of \$101.4 million by the end of FY 2008.

Budget Highlights

Operations Obligations:

Labor

Projected salary costs are \$15.9 million for FY 2004 to support 202 FTE's. In FY 2005, salary costs are projected to be \$14.4 million to support 182 FTE's. These projections are consistent with the previous downsizing plans.

Non-Labor

Projected rent costs are decreasing in FY 2004 by \$3 million and in FY 2005 by \$5.5 million as DNSC vacates storage space.

DNSC is striving to reduce real property maintenance requirements as its inventory and sites decline. The maintenance requirements in FY 2004 are \$2.6 million and in FY 2005 \$2.4 million.

Environmental

The DNSC Depot environmental program is integrated with the phased storage site closure schedule. Environmental actions are phased to minimize disruption to storage site operations.

Costs for storm water management, remedial investigations, environmental studies and site cleanups total \$4.7 million for FY 2005. Forty-five (28 active sites and 17 sites that still require environmental cleanup) depots remain and are being addressed as materials are sold and the sites and or specific areas become vacated. Once vacated, cleanups can begin with coordination of State regulators and property owners.

Other environmental costs are centered on mercury disposition and thorium nitrate disposition. The Final Mercury Management Environmental Impact Statement (MMEIS) is scheduled for public release in early spring 2004. The MMEIS will determine how DNSC will manage its mercury inventory in the future. Costs have been identified and estimated to be \$1.6 million per year starting in 2006 for 40 years or as long as consolidation is the preferred alternative.

Thorium nitrate has been determined not to be a mixed waste which reduces the environmental liability. The additional testing performed in 2002 - 2003 determined that processing the thorium nitrate would not be necessary thus substantial cost avoidance (\$40 million - \$50 million, not including disposal) was realized. DNSC's continued cooperative work with Oak Ridge National Laboratory and the Department of Energy (DOE) will allow DNSC to pay/return the material to the ownership of the DOE for burial at the Nevada Test site. This action eliminates DNSC and the DoD future environmental liability. A contract was awarded in late 2003 for \$3.7 million for the necessary work to package and transport the entire inventory to the site, the final transportation and disposal costs at the site will continue in FY 2005 and estimated at \$3.7 million. The complete cost of the thorium nitrate disposition contract should stay below \$20 million.

Other Environmental costs include training; permits and fees; sampling and analysis; hazardous and solid waste disposal; external environmental audits; recycling; conservation; underground storage tanks; and air permits constitute the remainder of the environmental budget.

Highlights (\$ in millions)	FY 2003	FY 2004	FY 2005
Labor	\$15.9	\$15.9	\$14.4
Non-Labor	\$58.4	\$53.8	\$45.3
Rent	\$13.9	\$12.2	\$6.7
Real Property Maintenance	\$8.1	\$2.6	\$2.4
Environmental	\$9.2	\$15.0	\$9.9
Thorium Nitrate Project	\$3.7	\$4.5	\$3.7
Mercury	\$1.5	\$0.5	\$1.5
Remaining Costs	\$4.0	\$10.0	\$4.7

DEFENSE LOGISTICS AGENCY
Transaction Fund
National Defense Stockpile Center
FISCAL YEAR (FY) 2005 PRESIDENT'S BUDGET
Stockpile Financial Status Report
February 2004
(Dollars in Million)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Treasury Cash Balance, End of Prior Year	667.5	785.1	857.1
Collections	291.9	262.9	234.0
Disbursements	<u>57.7</u>	<u>70.3</u>	<u>56.7</u>
Labor	13.9	15.4	14.0
Non-Labor	43.8	54.9	42.7
<u>Payments:</u>			
DOD (Military Services)	0.0	0.0	0.0
FMS	28.5	25.0	28.2
Treasury (HHS)	47.4	24.7	19.3
Cobalt TGF	22.3	24.2	27.6
Treasury (Spectrum)	0.6	31.7	30.6
WWII Memorial	<u>17.8</u>	<u>15.0</u>	<u>9.1</u>
Total Payments	116.6	120.6	114.8
Environmental Clean-up Liability	103.0	190.9	171.5
Other Liabilities	43.3	41.8	33.8
Cash Balance	785.1	857.1	919.6

Exhibit SP-1

DEFENSE LOGISTICS AGENCY
Transaction Fund
Defense National Stockpile Center
Fiscal Year (FY) 2005 President's Budget
Statement of Financial Condition
February 2004

(\$M)

	FY 2003	FY 2004	FY 2005
ASSETS:			
Selected Assets:			
Cash	785.1	857.1	919.6
Accounts Receivable	30.7	30.0	30.0
Inventories	1827.9	1487.5	1331.3
TOTAL ASSETS	2643.7	2374.6	2280.9
LIABILITIES			
Selected Liabilities:			
Accounts Payable	33.5	30.0	30.0
Accrued Liabilities	103.0	103.0	103.0
Advances Received	34.4	36.0	36.0
Other Liabilities (undelivered o	22.9	20.0	20.0
Environmental Liabilities	103.0	104.7	104.7
TOTAL LIABILITIES	296.8	293.7	293.7
GOVERNMENT EQUITY			
Cumulative Results of Operations	2346.9	2080.9	1987.2
TOTAL NET POSITION	2346.9	2080.9	1987.2
TOTAL LIABILITIES AND EQUITY	2643.7	2374.6	2280.9

**Conventional Ammunition Working Capital Fund
Fiscal Year (FY) 2005 President's Budget**

Effective September 30, 1998, the Conventional Ammunition Working Capital Fund (CAWCF) officially closed for acceptance of new orders for the procurement of Conventional Ammunition. The remaining CAWCF functions include the completion of FY 1998 and prior year orders for delivery to the ordering customers and closeout of all financial records. The last customer order should be delivered in FY 2004. All remaining accounting transactions should be finalized by September 30, 2005. The Services provided funding of \$90.0 million in FY 1999, FY 2000 and FY 2001 to defray anticipated cash shortages. In FY 2002 the fund returned \$20.8 million to the Services after the Ammunition Product Improvement Team (APIT) determined that they were excess to requirements due to the adjustment of claims. As of December 31, 2003, the CAWCF has sufficient cash to meet all currently known and estimated requirements. The projected cash balance as of September 30, 2004 is \$66.9 million. At this time, the CAWCF requires no additional funding from FY 2004 through FY 2005. The cash position of the Fund through the end of FY 2005 is shown below:

Cash Balance as of September 30, 2003		\$43.5
FY 2004 Net Outlays	-23.4	
FY 2005 Net Outlays	<u>16.0</u>	<u>-7.4</u>
Estimated Cash Position at Closure		\$ 50.9