Fiscal Year (FY) 2005 Budget Estimates
Navy Working Capital Fund
Base Support/Naval Facilities Engineering Service Centers
February 2004

ACTIVITY GROUP FUNCTION AND TECHNICAL CAPABILITIES

The Naval Facilities Engineering Service Center is the principal Navy provider of specialized engineering services and products for shore and offshore facilities, energy and utilities, environmental support and amphibious and expeditionary systems. The work performed by NFESC is accomplished by mobilizing the proper expertise mix of personnel and other resources from these technology areas to address customer requirements.

NFESC is a critical part of the overall Naval Facilities Engineering Command's Strategic Plan. NFESC provides a synergism of its expertise and practical field experience for the solution of field activity and fleet needs. We support a very broad range of Navy and Marine Corps customers and focus on delivering quality products and services. Program execution is funded by many appropriations, but primarily from WCF, O&MN, R&D and DOD Appropriated Accounts.

The Energy and Utilities area of expertise is responsible for the Navy's shore Establishment's Energy program. Efforts focus on energy conservation systems, energy data management, energy technology transfer, energy and utilities management, utilities control systems, utility systems engineering, and thermal and power plant engineering.

The Amphibious and Expeditionary area of expertise is responsible for developing and providing support and enhancement of Naval Construction Battalion and Marine Corps advanced base construction and operations, amphibious force operations, and Marine Corps combat engineer operations. Efforts focus on amphibious systems, combat engineer system, expedient facilities, and logistics engineering.

The Environmental area of expertise is responsible for planning, reviewing, and analyzing Navy wide functions, and assembling and deploying customized technology to meet the environmental requirements of the Naval Shore Establishment. Efforts focus on environmental restoration, waste management, environmental compliance, environmental data management, environmental technology transfer, pollution prevention, indoor air management, and oil spill program.

The Ocean facilities department area of expertise is responsible for developing, implementing, and improving the Navy's capabilities for the design, construction, maintenance, and repair of fixed ocean facilities. Efforts focus on marine geotechniques, anchor systems, ocean structures, ocean construction, undersea warfare, underwater cable facilities, hyperbaric facilities, mooring systems, magnetic silencing facilities, underwater inspection, ocean construction equipment inventory, coastal facilities, and pipeline integrity assessment.

The Shore Facilities area of expertise is responsible for providing innovative engineering solutions, designs, technological tools and field services to best support a viable Naval Shore Establishment. Efforts focus on waterfront facilities, aviation facilities, physical security, ordnance facilities, materials and coatings, computer aided design, facilities life cycle management, base survivability electronics thermal and power plant engineering.

FINANCIAL PROFILE

($ Millions)

	FY 2003	FY 2004	FY 2005
Revenue	99.8	58.1	59.7
Cost of Goods Sold	98.4	58.2	58.0
Net Operating Results	1.4	-0.1	1.7
Accumulated Operating Results (AOR)	-1.7	-1.7	0.0

FY 2003 Revenue is higher as a result of a higher volume of Direct Contracts from current and prior years. Revenue and Cost of Goods Sold decline in FY 2004 and FY 2005 resulting from the decrease in a customer workload. The NFESC continues to have stable workload in the areas of Surf Entry and Barge Offload Systems (SEABOSS), the Logistics Information Systems (LIS), the Anti-Terrorism Force Protection (ATFP), Un-interruptible Power Supplies (UPS), and the Integrated Undersea Surveillance Program (IUSP). In addition, the NFESC will be the new program center of expertise for Critical Shore Facilities Systems.

WORKLOAD (Direct Labor Hours)
(Thousands)

	FY 2003	FY 2004	FY 2005
Direct Labor Hours	480.9	441.5	438.7

Workload goes down as direct labor hours decrease in FY 2004 mainly associated with the loss of the Joint Modular Lighting System (JMLS) Program and to a lesser extent other project work before stabilizing in FY 2004 and FY 2005.

END STRENGTH/FULL TIME EQUIVALENT

	FY 2003	FY 2004	FY 2005
Civilian			
End Strength	361	331	326
FTE	355	327	322
Military			
End Strength	3	3	3
FTE	3	3	3

FY 2003 End Strength levels are higher than the FY 2003 President's Budget. This increase is a net result of the increase in workload (as stated above).

PERFORMANCE INDICATORS

The primary performance indicator is unit cost. The Unit Cost is a measurement of total direct labor and overhead costs per direct labor hour. The change in unit cost for FY 2003, FY 2004, and FY 2005 primarily reflects increases for annual inflation/price changes from year to year offset by overhead savings.

STABILIZED RATES/UNIT COST

	FY 2003	FY 2004	FY 2005
Stabilized Rates	$79.85	$81.06	$87.19
Percent Stabilized Rate Change	17.7%	1.5%	7.6%
Unit Cost	$73.26	$82.83	$83.35

The increase in FY 2004 and FY 2005 is largely the result of a decrease in direct labor hours (DLHs).

Other performance indicators are direct labor hours and NOR performance (as discussed above) and productivity ratio and customer satisfaction as shown below.

	FY 2003	FY 2004	FY 2005
Productivity Ratio	74.4%	76.4%	77.7%

The slight increase is primarily the result of decreased indirect workyears.

Customer Request Evaluation Form (CREF) is used to measure customer satisfaction. Projects referred through the Activity Liaison Officer (ALNO) program are then evaluated by the system. Based on a rating scale A-F, NFESC has received an average rating of "A" since the CREF was implemented.

CAPITAL PURCHASE PROGRAM (CPP)

($ Millions)

	FY 2003	FY 2004	FY 2005
ADP	0.0	0.0	0.0
Software	0.0	0.0	0.0
Equipment	0.2	0.0	0.0
Minor Construction	0.0	0.0	0.0
Total	0.2	0.0	0.0

FY 2003 Capital Program includes the purchase of one Heavy Weight Deflectometer (HWD) used in assessing the load carrying capacity of airfields and road pavements.

CASH POSITION

($ Millions)

	FY 2003	FY 2004	FY 2005
Collections	$127.1	$ 99.5	$101.2
Disbursements	$106.3	$109.2	$ 98.5
Net Cash	$ 20.8	-$ 9.7	$ 2.7