

# DEFENSE LOGISTICS AGENCY

Fiscal Year (FY) 2003 Budget Estimates



FEBRUARY 2002

---

FAMILY HOUSING

---

**DEFENSE LOGISTICS AGENCY**  
**Family Housing, Defense-Wide**  
**Fiscal Year (FY) 2003 Budget Estimates**

**Table of Contents**

<b>EXHIBIT</b>	<b>TITLE</b>	<b>PAGE NO.</b>
--	Family Housing Program Summary	1
--	Family Housing Operation and Maintenance Summary	3
FH-2	Operation and Maintenance Summary	4
FH-3	Family Housing Furnishings Summary	5
OP-5	Reconciliation of Increases and Decreases	6
DD-1391	FY 2003 Military Construction Project Data	7

**DEFENSE LOGISTICS AGENCY**  
**Family Housing, Defense-Wide**  
**Fiscal Year (FY) 2003 Budget Estimates**  
**Program Summary**

(Dollars in Thousands)

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
New Construction	-	-	-
Improvements	-	247	5,430
Planning and Design	-	-	-
Subtotal Construction	-	247	5,430
Operation	365	396	410
Utilities	391	423	410
Maintenance	342	355	510
Leasing	-	-	-
Subtotal O&M	1,098	1,174	1,330
Reimbursable Program	-	-	-
Total Program	1,098	1,421	6,760

At the beginning of FY 2003, the Defense Logistics Agency (DLA) will have a family housing inventory of two hundred five (205) units. These units are located at Defense Supply Centers Richmond (DSCR) - 31 and Columbus (DSCC) - 3, and the Defense Distribution Center - 141 in Susquehanna, Pennsylvania (DDSP) and 30 in San Joaquin, California (DDJC). Of the total units, 18 were built in 1975 and 1976; the remaining 187 were built prior to 1960. Of the older units, the 30 at San Joaquin were completely renovated in FY 1989. Renovation of 54 of the 141 units at Susquehanna was completed in FY 2001, and an additional 34 units will be completed in FY 2002. As addressed in a subsequent paragraph, this budget request includes a construction improvement requirement of \$5.43 million to complete renovation of the remaining 53 units.

The FY 2003 budget request supports routine operation requirements including management costs, utility costs, and replacement of appliances. In addition, the FY 2003 request supports routine maintenance requirements that include replacement of carpet and linoleum, floor refinishing, replacement of water heaters and heating and air conditioning units, and both interior and exterior painting.

Also included in the FY 2003 maintenance request is a requirement to demolish the remaining 3 units at the DSCC. This is the last year of a three-year plan to demolish 10 of the 11 aging (circa 1918-1942) and high maintenance units, and take advantage of available private sector housing in the local Columbus area. The one unit that is currently planned to remain standing at DSCC was transferred to the DLA Quality of Life program in FY 2001 to be used as a lodging facility. In the FY 2002

Amended President's Budget (PB), we projected a four-year demolition plan. However, we were able to accelerate the plan when tenants vacated the units earlier than projected.

The FY 2003 request includes a \$5.43 million construction improvement requirement to complete the revitalization of 53 housing units at DDSF. These units were part of a larger, three-phase project (appropriated in the FYs 1996, 1997 and 1998) to renovate all 141 units at the DDSF by the end of July 2000. The contract was terminated for default (nonperformance) in FY 2001 and is now in litigation. The \$5.43 million construction improvement request will allow DLA to complete renovation on the remaining units at the original project scope.

**DEFENSE LOGISTICS AGENCY**  
**Family Housing, Defense-Wide**  
**Fiscal Year (FY) 2003 Budget Estimates**  
**Operation and Maintenance Summary**

**Operation** - Includes refuse collection and disposal, snow removal, entomological services, custodial services, street cleaning, moving and handling of government-owned furnishings, and maintenance, repair, and replacement of household equipment. Operation also includes management costs associated with the administration of the family housing program. These costs include salaries, fringe benefits and training. Also included are supplies and equipment required to support the management personnel and to operate the housing office.

Overall, the operation requirement for FY 2003 is slightly higher than the FY 2002 Amended President's Budget (PB). Though savings are being generated by the inventory reduction of 4 units in FY 2001 (3 were demolished; 1 was transferred to the DLA Quality of Life program), they are partially offset by an increase in moving costs at DDSP, as the tenants in the units programmed for renovation in FY 2003 are moved out to accommodate the construction work. Savings are further offset by an increase in the equipment category as DDSP plans refrigerators and gas stoves purchases for those units on which renovation will be completed in FY 2003.

**Utilities** – Included in this category of costs are electricity, gas, fuel oil, water and sewage requirements. We are projecting a decrease in utilities requirements in FY 2003 below the FY 2002 PB. The installation of meters on individual family housing units at DSCR in FY 2000 has resulted in a more accurate cost projection methodology and created substantial savings in the FY 2003 program. The inventory reduction, as mentioned in the operations narrative also contributes to the lower utilities requirement.

DLA continues its efforts to reduce utility costs by insulating walls and ceilings to meet current energy standards; replacing old leaking plumbing; replacing water heaters and kitchen appliances; and issuing new tenants guidelines on how to save energy in family housing. These projects are instrumental to reduction initiatives, which enable compliance with the energy efficiency goals outlined in Executive Order 12759.

**Maintenance** – Exterior painting of thirty units at San Joaquin – 29 town-house style units and the commander's single-family style quarters - is the primary contributor to the significant increase in the maintenance costs for FY 2003 above the FY 2002 PB. We also project a slight increase in demolition costs in FY 2003. Savings generated by the inventory reduction addressed previously partially offset the increases. In addition to the exterior painting, this request includes requirements for replacement of carpet and linoleum, floor refinishing, interior painting and replacement of water heaters and air-conditioning units.

**DEFENSE LOGISTICS AGENCY**  
**Family Housing, Defense-Wide**  
**Fiscal Year (FY) 2003 Budget Estimates**  
**Operation and Maintenance Summary**

<u>Inventory Data</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>			
Units in Being Beginning of Year	213	208	205			
Units in Being End of Year	208	205	202			
Average Inventory for Year	211	207	204			
Units Requiring O&M Funding						
a. Conterminous U.S.	211	207	204			
b. U.S. Overseas	-	-	-			
c. Foreign	-	-	-			
d. Worldwide	-	-	-			
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>			
	Unit	Unit	Unit	Total	Total	Total
	Cost*	Cost*	Cost*	Cost	Cost	Cost
	(\$)	(\$)	(\$)	(\$000)	(\$000)	(\$000)
<u>Funding Requirements</u>						
1. Operation						
a. Management	1,004	212	1,396	289	1,509	308
b. Services	417	88	372	77	373	76
c. Furnishings	308	65	145	30	127	26
d. Miscellaneous	-	-	-	-	-	-
Subtotal-Gross Obligations	1,729	365	1,913	396	2,009	410
Anticipated Reimbursements	-	-	-	-	-	-
Direct Obligations-Operations	1,729	365	1,913	396	2,009	410
2. Utilities Operations	1,853	391	2,043	423	2,009	410
Anticipated Reimbursements	-	-	-	-	-	-
Direct Obligations-Utilities	1,853	391	2,043	423	2,009	410
3. Maintenance						
a. M&R Dwellings	1,431	302	1,241	257	2,260	461
b. M&R Exterior Utilities	5	1	5	1	5	1
c. M&R Other Real Property	0	0	280	58	0	0
d. Alterations & Additions	185	39	188	39	235	48
Subtotal-Gross Obligations	1,620	342	1,714	355	2,500	510
Anticipated Reimbursements	-	-	-	-	-	-
Direct Obligations-Maintenance	1,620	342	1,714	355	2,500	510
Grand Total O&M	5,203	1,098	5,671	1,174	6,519	1,330

\*Based on number of units requiring O&M funding.

**DEFENSE LOGISTICS AGENCY**  
**Family Housing, Defense-Wide**  
**Fiscal Year (FY) 2003 Budget Estimates**  
**Furnishings Summary**  
**(Dollars in Thousands)**

	<u>Furnishings less Household Equipment</u>					<u>Household Equipment</u>					<u>Total Furnishings</u>				
	<u>Movg/ Hdling</u>	<u>Maint/ Repair</u>	<u>Replace- ment</u>	<u>Initial Issue</u>	<u>Total</u>	<u>Movg/ Hdling</u>	<u>Maint/ Repair</u>	<u>Replace- ment</u>	<u>Initial Issue</u>	<u>Total</u>	<u>Movg/ Hdling</u>	<u>Maint/ Repair</u>	<u>Replace- ment</u>	<u>Initial Issue</u>	<u>Total</u>
<b>FY 2001</b>															
CONUS		.5	7.2		7.7	3.2	6.4	47.8	.2	57.6	3.2	6.9	55.0	.2	65.3
US O/S															
Foreign															
Public															
Private															
<b>Total</b>	<b>0</b>	<b>.5</b>	<b>7.2</b>	<b>0</b>	<b>7.7</b>	<b>3.2</b>	<b>6.4</b>	<b>47.8</b>	<b>.2</b>	<b>57.6</b>	<b>3.2</b>	<b>6.9</b>	<b>55.0</b>	<b>.2</b>	<b>65.3</b>
<b>FY 2002</b>															
CONUS						6.4	1.9	20.7	1.0	30.0	6.4	1.9	20.7	1.0	30.0
US O/S															
Foreign															
Public															
Private															
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6.4</b>	<b>1.9</b>	<b>20.7</b>	<b>1.0</b>	<b>30.0</b>	<b>6.4</b>	<b>1.9</b>	<b>20.7</b>	<b>1.0</b>	<b>30.0</b>
<b>FY 2003</b>															
CONUS						7.5	2.0	13.5	3.0	26.0	7.5	2.0	13.5	3.0	26.0
US O/S															
Foreign															
Public															
Private															
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7.5</b>	<b>2.0</b>	<b>13.5</b>	<b>3.0</b>	<b>26.0</b>	<b>7.5</b>	<b>2.0</b>	<b>13.5</b>	<b>3.0</b>	<b>26.0</b>

**DEFENSE LOGISTICS AGENCY**  
**Family Housing, Defense-Wide**  
**Fiscal Year (FY) 2003 Budget Estimates**

Reconciliation of Increases and Decreases

Operation

	<u>(\$000)</u>
1. FY 2002 President's Budget Request	400
2. FY 2002 Appropriated Amount	396
3. Price Growth	
a. Inflation	6
b. Civilian pay raise	9
c. CSRS/FEHB	18
4. Program Increases	
a. Moving costs associated with whole-house renovation	3
b. Initial issue equipment costs	2
5. Program Decreases	
a. Inventory reduction (4 units)	-14
b. Management costs	-10
6. FY 2003 Budget Request	410

Utilities

	<u>(\$000)</u>
1. FY 2002 President's Budget Request	428
2. FY 2002 Appropriated Amount	423
3. Price Growth	
a. Inflation	7
4. Program Increase	
a. Natural gas price increase	2
5. Program Decreases	
a. Inventory reduction (4 units)	-8
b. Change in projection methodology	-14
6. FY 2003 Budget Request	410

Maintenance

	<u>(\$000)</u>
1. FY 2002 President's Budget Request	359
2. FY 2002 Appropriated Amount	355
3. Price Growth	
a. Inflation	6
b. CSRS/FEHB	19
4. Program Increases	
a. Exterior painting at DDJC	135
b. Increase in demolition costs	8
5. Program Decrease	
a. Inventory reduction (4 units)	-13
6. FY 2003 Budget Request	510

<b>1. Component</b> DEFENSE (DLA)	<b>FY 2003 MILITARY CONSTRUCTION PROJECT DATA</b>  <b>(FAMILY HOUSING IMPROVEMENT)</b>	<b>2. Date</b> FEB 02
---	--	--------------------------

<b>3. Installation and Location:</b> DEFENSE DISTRIBUTION DEPOT SUSQUEHANNA, (DDSP) NEW CUMBERLAND, PENNSYLVANIA	<b>4. Project Title</b> WHOLE HOUSE REVITALIZATION (PHASE 4 OF 4)
--	---

<b>5. Program Element</b> 71111S	<b>6. Category Code</b> 711	<b>7. Project Number</b> NA	<b>8. Project Cost (\$000)</b> 5,430
-------------------------------------	--------------------------------	--------------------------------	---

9. COST ESTIMATES				
Item	U/M	Quantity	Unit Cost	Cost (\$000)
PRIMARY FACILITY.....	-	-	-	4,657
HOUSING UNITS.....	DU	53	87,860	(4,657)
SUBTOTAL.....	-	-	-	4,657
CONTINGENCY(10%).....	-	-	-	<u>466</u>
ESTIMATED CONTRACT COST.....	-	-	-	5,123
SUPERVISION, INSPECTION & OVERHEAD (SIOH) (6%).....	-	-	-	<u>307</u>
TOTAL REQUEST.....	-	-	-	5,430

**10. Description of Proposed Construction:** DLA originally programmed a three-phase whole house revitalization for fiscal years FY 96 at \$3.18 million (M), FY 97 at \$3.82M, and FY 98 at \$4.85M. The total revitalization planned was \$11.85M to renovate all 141 dwelling units at DDSP. Funding was received in the fiscal years requested. To gain economies of scale, a single construction project was awarded for contract execution. Due to poor performance, the minority small business contractor and subsequently, the bonding company were terminated for default. The U.S. Army Corps of Engineers has solicited bids for the completion of the remaining contract work. The base award of the reprourement solicitation was written to purchase as much work as the remaining project funds would allow. Several unfinished dwelling units were written as unfunded contract options since the reprourement bids were expected to exceed remaining project funds. Bids for the completion of unfinished dwelling units were opened in March 2001 and additional funds are requested to complete the project without additional delay. The U. S. Army Corps of Engineers is in the process of attempting to recover termination and reprourement costs from the contractor and bonding company. The current estimate of time to settle the litigation is approximately three years. The final disposition of the litigation regarding the termination for default will be a matter for the courts and is yet to be determined.

**11 REQUIREMENT:** 53 Dwelling Units (DU) ADEQUATE: 88 DU SUBSTANDARD: 0 DU

**PROJECT:** Reprourement for the completion of an unfinished whole house revitalization at DDSP. (C)

**REQUIREMENT:** There is a need to reprocore for the whole house revitalization of unfinished dwelling units at DDSP New Cumberland pending lengthy and uncertain litigation associated with a termination for default.

**CURRENT SITUATION:** 88 of the 141 units have been completed or are currently funded for revitalization. Of the incomplete units, the majority were built in the 1950's and have safety, health, and building code violations. Additionally, the incomplete dwelling units have an inadequate number of bathrooms, poor mechanical ventilation systems and no insulation in the walls. The Defense Logistics Agency places a high priority on providing quality housing for military families. This project plays an integral part in achieving these goals.

**IMPACT IF NOT PROVIDED:** If the completion project is not provided, military families at DDSP will be required to reside in housing with safety and health deficiencies, and DLA will continue to incur high maintenance and utility costs for the incomplete dwelling units. In addition, DLA will be unable to provide consistent minimum quality of life standards for all military family housing occupants at DDSP since only a portion of military families will reside in

