

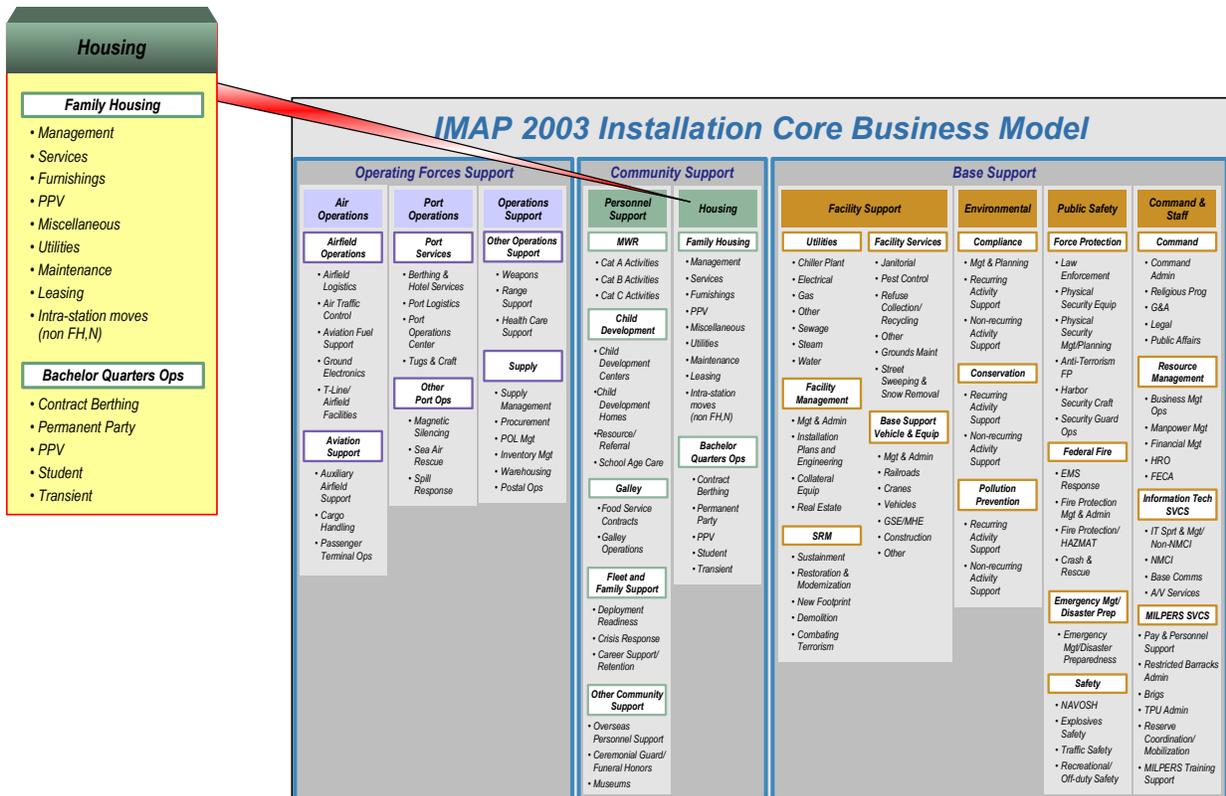
Chapter 5 – Housing

Overview

Within IMAP 2003, the Community Support portion of the Installation Core Business Model includes the two Core Business Areas of Personnel Support and Housing. Personnel Support was addressed in Chapter 4. The Housing Core Business Area is one of the largest within IMAP in terms of total obligations. It includes both Family Housing and Bachelor Quarters Operations. These two functions cover the breadth of Navy housing for service members and their families, either as military housing for families or as bachelor housing. The future of Navy Housing across both of these functions is to look toward greater use of the opportunities presented by Public Private Ventures (PPV).



The Housing Core Business Area includes all functions and sub-functions that provide support to accomplish the housing of military personnel and their eligible dependents, authorized civilians, and either permanent or transient shelter to all eligible personnel. The Navy's Housing Program supports activities around the world at all installations. Funding for the Housing Core Business Area includes several appropriations and has applications across other business areas. These sources of funding include the Family Housing, Navy (FH,N) account funding, funds provided within Other Base Operations Support (OB), Bachelor Quarters Operations funding (QO), and Bachelor Quarters Maintenance (QM). The overall funding contributions provided by the Housing Core Business area remain significant in comparison to the other eight Core Business Areas within SIM in terms of the total obligations for FY 2003. For the Housing Core Business Area, the majority of the

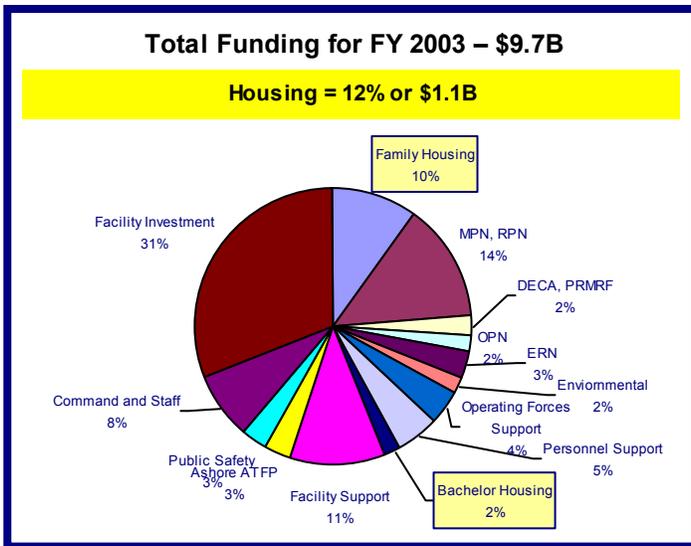
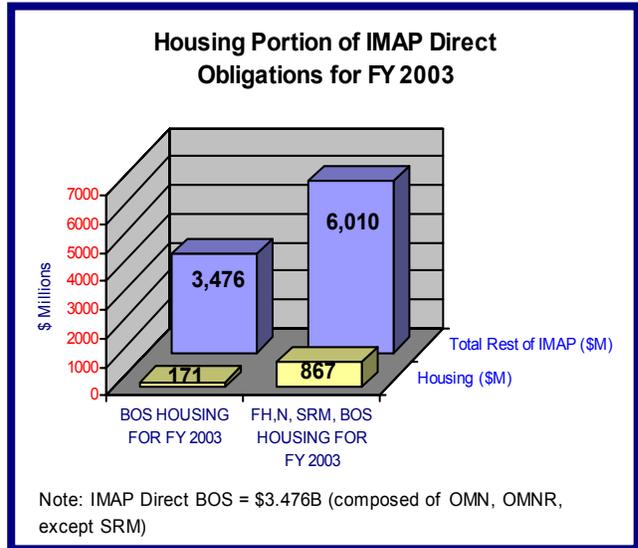


SIM Stockholders' Report FY 2003

funding is within the FH,N appropriation, accounting for over 85% of the total FY 2003 Housing obligations. The accompanying chart shows the BOS funding, in terms of O&M,N/O&M,NR funds, as only \$171M or 5% of the total direct BOS IMAP obligations (\$3,476M) as shown in the other Chapters of this report. However, when looking at the overall IMAP total to include BOS, SRM, and FH,N funding, the housing portion of IMAP increases significantly to 13.7% of the total.

The accompanying pie chart addresses the total impact of the Housing Core Business Area funding across the full spectrum of the SIM business for FY 2003. Of the overall total of \$9.7B in SIM funding for FY 2003, the Housing portion accounts for 12% or over \$1B of the total. This total does not include the MILCON funding for Housing which would increase this percentage even more.

During FY 2003, additional progress was made in refining the standards and metrics for many of the sub-functions within the Family Housing and the Bachelor Quarters Operations functions under the Housing Core Business Area. These improvements have helped to develop more detailed requirements associated with specific Capability Levels starting with the January 2003 submission of the PR-05 Capabilities Plan for FY 2005 and beyond. In addition, Navy leadership approved the Capability Levels, standards, and metrics for both the Family Housing function and the Bachelor Quarters Operations function.



FY 2003 saw the implementation of the Family Housing Functionality Assessment (FA) and the completion of the overarching Housing Organizational Assessment (OA). This meant the reduction to three Claimants for Family Housing in FY 2003 (COMLANTFLT, COMPACFLT and COMUSNAVEUR), with the Regional Commanders supporting these efforts at the local level. With the subsequent approval to create CNI in FY 2004, the entire Housing Core Business Area functions and activities were driven to establish operations under one Claimant (CNI) as of 1 October 2003. The Family Housing FA had already set a high mark in terms of efficiencies, which included moving all Engineering Field Division Family Housing management functions under the Claimant or Regions (a 20% reduction in EFD FH,N FTE) and a 27% reduction in NAVFAC Headquarters Family Housing FTE. The resultant total for Family Housing was a savings of 100 FTE across the FYDP. The completion of the Housing OA and the establishment of CNI allowed for an additional savings of 29 FTE in the Bachelor Housing function.

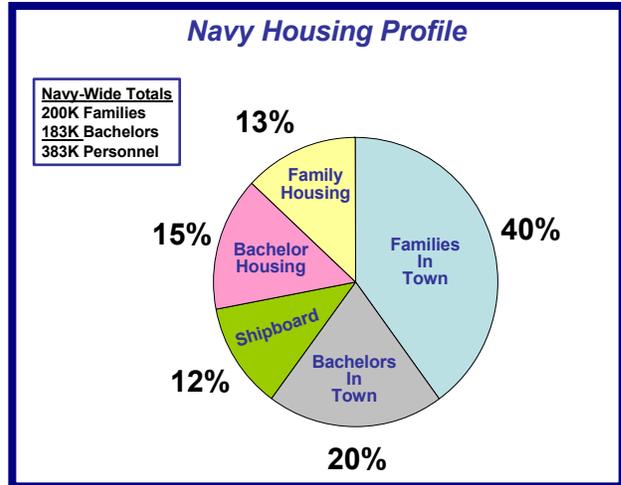
The Navy's Housing program currently addresses 28% of the total requirement across all personnel. As shown in the accompanying chart, 60% of the Navy lives in town and another 12% onboard ships. The Homeport Ashore program will reduce that shipboard percentage significantly by FY 2008.

The Navy Family Housing program was submitted to the Congress for FY 2003 in the President's Budget with \$192M for construction and another \$702M for operations and maintenance. This FY 2003 program included 6 new construction projects and 399 units constructed, all while supporting 51,439 units, on average, across the Navy. The budget submit also stated that the Navy plans for FY 2003 included the privatization of 6,800 units for Family Housing. Overall, the FY 2003 FH,N obligations were at \$696.8M or nearly \$42M less than the FY 2002 obligations. Of these FH,N obligations for FY 2003, nearly 60% were for the two sub-functions of maintenance and utilities. The management sub-function (overhead to run the program) was at 8.4% or much lower than in many other Navy program areas. The performance level for the Family Housing function in FY 2003 was reported at Capability Level 2, matching the FY 2002 recorded performance.

PPV continues as the choice to reach the Inadequate Home Elimination goal by FY 2007. PPV projects are in place in San Diego, South Texas, New Orleans, Monterey, and Everett. Additional PPV is in process for Hawaii, Hampton Roads, and in the Northeast, Northwest and Southeast Regions.

The Bachelor Quarters Operations functional area performed well again in FY 2003 with another Capability Level 2 performance equaling that of FY 2002. The performance data call for FY 2003 was much improved and more comprehensive than last year. The level of performance was achieved with 83% of the PR-03 stated requirement for FY 2003 in terms of obligations, which remained virtually constant with the level of funding in FY 2002. Further progress was also made toward meeting the FY 2007 goals for eliminating inadequate permanent party Bachelor Housing and for the Homeport Ashore program.

The PPV Program for Bachelor Housing was started in FY 2003. It is following the lead from Family Housing PPV with the private sector being the majority partner. Navy pilot projects are planned for the San Diego and Hampton roads areas.



Product of the Plan

Housing Summary

Family Housing:

- Funded at C-2 readiness rating.
- Performed at Capability Level 2 in FY 2003, meeting expectations and equaling FY 2002.
- Implemented the Family Housing FA with 3 IMCs responsible for FH in FY 2003.
- Seamless shift to one Claimant (CNI) in FY 2004 with integrated Housing staff.
- Continued toward FY 2007 goal for Inadequate Home Elimination.
- Leveraged heavily on PPV for the future of Family Housing.

Bachelor Quarters Operations:

- Funded at C-2 readiness rating and again performed at a Capability Level 2 in FY 2003.
- Capability Level 2 achieved with only 83% of stated requirement for funding.
- Obligations remained relatively constant.
- Continued to progress toward Homeport Ashore goal by FY 2008.
- Progressed to meet goal to eliminate inadequate permanent party Bachelor Housing by FY 2007.
- Established an integrated CNI Bachelor Housing organization within the Housing Directorate.
- Commenced Bachelor Housing PPV.
- Provided housing for 133,300 personnel.

Family Housing

Scope of Program

The Family Housing function includes all sub-functions and activities that provide support to family housing.

Family Housing	
>	Management
>	Services
>	Furnishings
>	PPV
>	Miscellaneous
>	Utilities
>	Maintenance
>	Leasing
>	Intra-Station Moves (Non FH, N)

Management: The Management sub-function covers the activities providing support to family housing including family housing management and local area housing coordinator services. This sub-function includes housing office operation and housing referral services, as well as programs and studies.

Services: This sub-function includes activities that provide support services to local activity housing areas. It includes refuse collection and disposal, fire protection, police protection, entomological services, custodial services, snow removal, street cleaning, municipal type services, and other authorized services for family housing.

Furnishings: The Furnishings sub-function consists of activities that provide furnishings support to family housing. It includes initial acquisition, maintenance, repair, and replacement of furnishings, furniture, movable household equipment, and authorized miscellaneous items. It also includes control, handling, record-keeping, and moving of government-owned furnishings into and out of dwelling units and connection and disconnection of equipment as well as handling costs incident to storage.

PPV: The PPV (Public/Private Venture) sub-function addresses the labor and support costs from outside the Family Housing organization providing support for initiating, developing, executing, and overseeing PPV initiatives. It includes efforts such as staffing notifications and approvals, Requests for Qualifications

(RFQ), Requests for Proposals (RFP), selection boards, negotiation and implementation of partnership agreements, and oversight of active PPVs by personnel in government organizations outside of Family Housing.



Miscellaneous: This sub-function accumulates reimbursement costs for dwellings provided by State, municipal, or foreign government or by Federal Agencies other than the FHA or VA, and other miscellaneous Family Housing operations costs not covered elsewhere.

Utilities: The Utilities sub-function accumulates costs for all utilities consumed in family housing. Maintenance and repair costs of utility systems, covered under the Maintenance sub-function, are excluded.

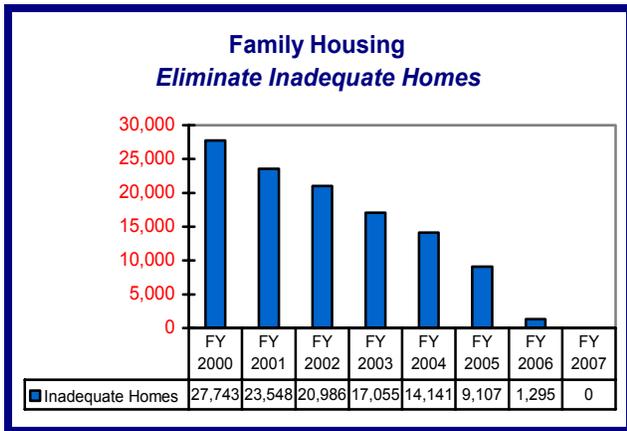
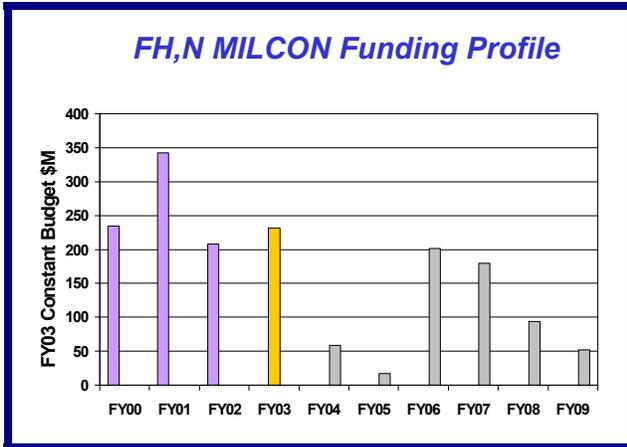
Maintenance: The Maintenance sub-function includes activities providing maintenance support to the dwelling unit including service calls, routine maintenance for change of occupancy work, repairs and replacement of major components and installed equipment, interior and exterior painting, and contract cleaning between occupancy. It also includes maintenance of exterior utility systems, maintenance of other real property, and unspecified minor construction.

Leasing: The Leasing sub-function consists of activities providing leasing support for domestic leasing, foreign leasing, 801 leasing, and recruiter leasing initiatives.

Intra-Station Moves (Non FH, N): This sub-function addresses activities that manage and support installation non-FH,N financed intra-station moves within the housing area.

Progress in FY 2003

Housing FA Implementation: FY 2003 saw the implementation of the Family Housing Functionality Assessment (FA) and the completion of the overarching Housing Organizational Assessment (OA). Details were provided above in the overview section.



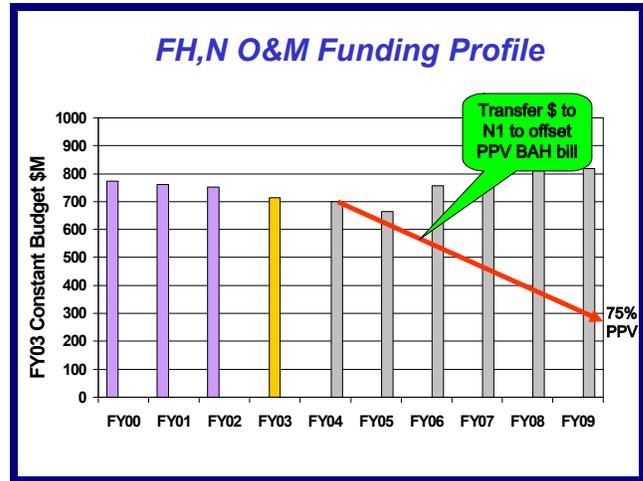
PPV: Privatized housing is also referred to as PPV housing in the Navy. PPV housing is owned by a private entity and governed by a business agreement in which the Navy has limited rights and responsibilities. The private entity is entirely responsible for the construction, renovation, maintenance and day-to-day management of the housing. PPV housing may be located on or off government property and may be former military housing. Privatized housing offers several advantages over traditional military housing:

- It relies on the private sector to provide housing services versus duplicating this function within the Navy and allows the Navy to focus on its core mission requirements.
- It reduces reliability on annual Family Housing funding appropriations, which historically have not kept pace with the funding required to maintain our Navy housing.
- It attracts private investors to finance housing construction, renovations and maintenance which allows the Navy to reduce housing deficits, upgrade aging homes, and perform needed maintenance much quicker

than through annual military family housing appropriations.

Successful PPV housing is in-place in several Navy locations, including South Texas (at Ingleside and Corpus Christi), Everett, Kingsville, San Diego and New Orleans. PPV housing in procurement includes locations at Monterey Bay in California, Hampton Roads in Virginia, and additional PPV in the Northwest, Northeast, Southeast, and Hawaii Regions.

Family Housing MILCON: MILCON combined with PPV provides the source for Housing to eliminate inadequate housing by FY 2007. The Family Housing MILCON detailed in the PR-03 BAM submission called for the construction over the FYDP of some 1,685 units in the following locations: Brunswick (140 units); Everett (125 units); St. Mawgan (150 units); Whidbey Island (170 units); and Lemoore (300 units).



Assessment and Performance

Family Housing FH,N Direct Funding Obligations from NC 1002		
	FY 2003 Obligations	FY 2003 Obligations
Management	\$86.630M	\$83.642M
Services	\$55.603M	\$54.461M
Furnishings	\$22.723M	\$19.054M
PPV	\$7.405M	\$10.539M
Miscellaneous	\$.752M	\$.678M
Utilities	\$146.915M	\$137.476M
Maintenance	\$314.450M	\$281.081M
Leasing	\$104.995M	\$109.890M
TOTAL Family Housing	\$739.473M	\$696.821M

SIM Stockholders' Report FY 2003

The sub-functions within the Family Housing function were not addressed as separate sub-functions in the PR-03 BAM submission. The PR-03 submission covered the requirements in terms of six components: New/Replacement Construction; Improvements and Design; Debt Payment; Leasing; Operations and Maintenance and Repair. The funding in the PR-03 BAM submission was to fund construction to meet DPG guidance concerning housing inventory and to fund 100% of maintenance and operations requirements. For the POM-04 BAM submission, the OPNAV N46 input included better articulated details on many of the sub-functions, but they were not well aligned with the IMAP approved sub-functions.

The overall requirements submitted for FY 2003 for the Family Housing function were set at \$985.5M in FH,N funding. For FY 2003, the total direct IMAP BOS obligations recorded for the Family Housing function were \$696.821M or 70.7% of the submitted requirement. The FY 2003 obligations for this function were just under \$43M less than the obligations in FY 2002. Of note, the POM-04 total requirements submitted in early 2002 for FY 2004 for the Family Housing function were at \$1,198M. In execution in FY 2003, the Family Housing Management obligations represented 11.8% of the total FH,N obligations. These equate to “overhead” costs for managing the program and these percentages are low compared to other CNI programs.

The Family Housing program maintained an overall score of Capability Level 2 throughout FY 2002. In FY 2003, the performance was reported at a Capability Level 2 with an overall score of 7.61 out of 10. This performance exceeded the expectations for FY 2003. The Capability Level 2 performance was achieved with 70.7% of the funding submitted as the FY 2003 requirement for the Family Housing function. In summary, the Capability Level 2 performance for Family Housing equated to the following:

- Met mission requirements;
- Dwellings and supporting neighborhood infrastructure show some signs of neglect.
- Reduced staffing in the housing office begins to affect the quality of customer service measured by decreased customer satisfaction.
- Some required maintenance is deferred.
- A shortfall of available leases for families creates a hardship for some families.

- Some needed overseas leases go unfunded.
- Appliances are typically older.
- Vacancy rates exceed 10%.
- Local move funding is scarce.

Management: The Management sub-function for Family Housing was not detailed in the PR-03 BAM submission and was also not addressed as a separate element in the POM-04 BAM submission. Management was considered a part of the overall Operations requirement for Family Housing. Of note, for FY 2003 this sub-function showed a total of \$83.642M in total direct IMAP FH,N obligations. This represented 11.8% of the total for FH,N obligations in FY 2003. Thus, the Management (or overhead) portion of the Family Housing function is not high in comparison to many other SIM functions.



Services: The Services sub-function was also not detailed in either the PR-03 or the POM-04 BAM submissions. It was included as a part of the overall Operations requirement for Family Housing. For FY 2003, Services had recorded FH,N obligations of \$54.461M.

Furnishings: The Furnishings sub-function represented a small portion of the overall FH,N obligations in FY 2003. Furnishings were included as a portion of the Operations requirement submitted in the PR-03 BAM for FY 2003, but not detailed as a separate sub-function. For FY 2003, Furnishings had recorded FH,N obligations of \$19.054M.

PPV: The PPV portion of the Family Housing was detailed extensively in the PR-03 BAM submission and again in POM-04. The PR-03 submission assumed a mix of MILCON and PPV for future Family Housing improvements. The PR-03 BAM included seed money for PPV in the amount of \$49M in FY 2004 and another \$63M in FY 2007.

The FY 2004 seed costs help to eliminate an inadequate home backlog of \$196M. For FY 2003, PPV had recorded FH,N obligations of \$10.539M.

In POM-04, the OPNAV N46 BAM submission showed the impact of privatization on the BAH program funded by MP,N and the related transfer of O&M,N funds due to decreased maintenance requirements. For FY 2004, the BAH requirement due to PPV was set at \$69.663M, with the FH,N transfer to MP,N at \$53.737M.

Miscellaneous: This sub-function addressed reimbursements and had an overall FY 2003 FH,N obligation total of \$678K.

Utilities: The Utilities sub-function is second only to the Maintenance sub-function in terms of FY 2003 obligations. The total direct FH,N obligations for Utilities were \$137.476M or 19.7% of the total FY 2003 FH,N obligations. FH Utilities requirements were included under Operations in PR-03 and POM-04.

Maintenance: The Maintenance sub-function was shown as maintenance and repair in the PR-03 BAM submission. The total requirement for FY 2003 was stated as \$351.599M. For FY 2004, the POM-04 BAM submission saw the Maintenance sub-function requirement grow to \$354.286M. The FY 2003 total direct IMAP FH,N obligations for the Maintenance sub-function were \$281.081M or 79.5% of the stated requirement. This total represented 40% of the total FY 2003 FH,N obligations.

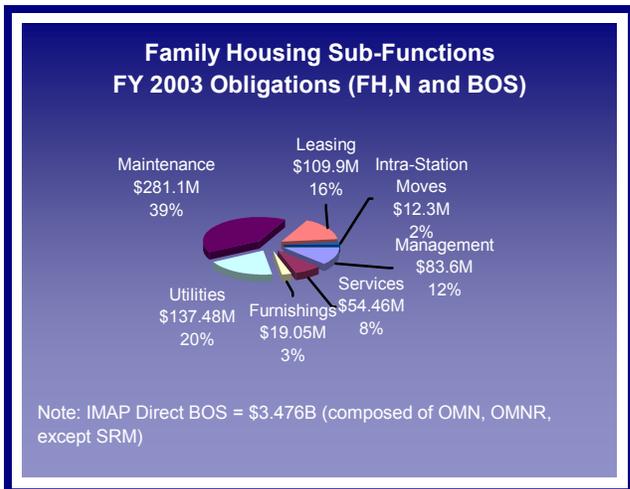
Leasing: The Leasing sub-function was addressed in some detail in the PR-03 BAM submission. The total requirement for FY 2003 was set at \$147.407M. Overall, in FY 2003, the FH,N obligations for the Leasing sub-function were \$109.89M or 68% of the stated requirement. The NAVEUR portion of the Leasing sub-function obligations was significant at \$63.449M or 63% of the Navy's total for Leasing. For FY 2004, the POM-04 BAM submission details requirement at \$122.515M.

Family Housing BOS Direct Funding Obligations from IMAP		
	FY 2002 Obligations	FY 2003 Obligations
Intra-Station Moves (Non FH,N)	\$13.117M	\$12.305M
TOTAL Family Housing	\$13.117M	\$12.305M

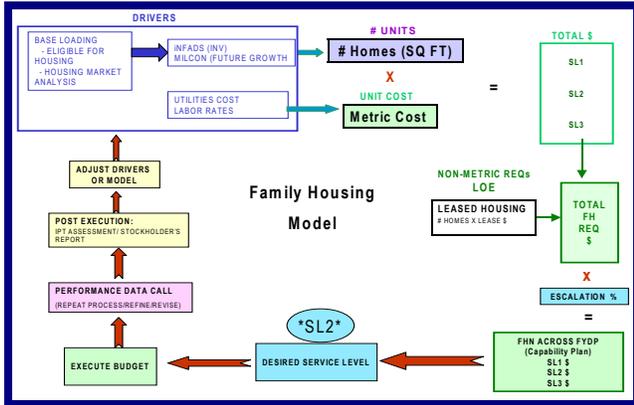
Intra-Station Moves (Non FH,N): The Intra-Station Moves (Non FH,N) are the O&M,N/O&M,NR BOS funds used for moves within the housing area. For FY 2003, the requirements for this sub-function were not addressed in the PR-03 BAM submission. They were covered in the POM-04 BAM and showed a requirement for FY 2004 of \$28.529M. The FY 2003 total direct IMAP BOS obligations were set at \$12.305M, slightly less than in FY 2002. In FY 2004, Navy is moving to eliminate any funding for this sub-function.

Family Housing Funding (FH,N)		
FY 2003	FY2003	FY 2003
Full Mission Requirement from IMCs	OPNAV N46 BAM Requirement	NC 1002 Obligations
\$1,058M	\$985.5M	\$696.821M

Family Housing Overall Performance By Region		
Region	FY 2003 Performance: Score	FY 2003 Performance Capability Level
Northeast	6.85	CL 3
Mid-Atlantic	7.91	CL 2
Southeast	7.92	CL 2
Northwest	7.66	CL 2
Southwest	7.42	CL 2
Hawaii	7.07	CL 2
Japan	7.56	CL 2
Korea	9.46	CL 1
Guam	5.07	CL 3
Europe	7.48	CL 2
Southwest Asia	9.62	CL 1
Overall Performance	7.61	CL 2

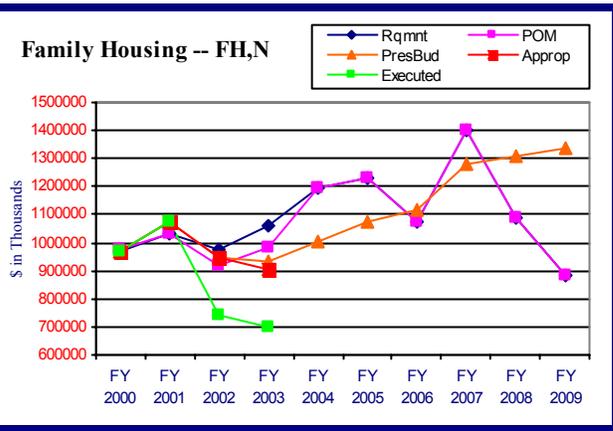


During FY 2003, the OPNAV N46 staff completed the initial Verification and Validation Process submission to OPNAV N8 on the Base Operating Support Performance and Pricing Models. The overview of the model for the Family Housing function is shown below. Note that Service Levels were changed to Capability Levels in FY 2004.



Family Housing:

- Funded at C-2 readiness rating.
- Performed at Capability Level 2 in FY 2003, meeting expectations, equaling FY 2002.
- Implemented the Family Housing FA with 3 IMCs responsible for FH in FY 2003.
- Seamless shift to one Claimant (CNI) in FY 2004 with integrated Housing staff.
- Continued toward FY 2007 goal for Inadequate Home Elimination.
- Leveraged heavily on PPV for the future of Family Housing.



Bachelor Quarters Operations

Scope of Program

Within the Core Business Area of Housing, the Bachelor Quarters function includes all sub-functions and activities that provide either permanent or transient shelter to eligible personnel.

Bachelor Quarters Operations	
➤	Contract Berthing
➤	Permanent Party
➤	PPV
➤	Students
➤	Transient

Contract Berthing: The Contract Berthing sub-function includes the costs of contracted billeting services for drilling reservists that cannot be accommodated by installation facilities.

Permanent Party: The Permanent Party sub-function includes all labor, equipment and supplies needed to provide billeting to those individuals permanently assigned to the installation and who are entitled to reside in the Bachelor Quarters as their primary residence while so assigned.

PPV: The PPV (Public/Private Venture) sub-function covers labor and support costs from outside the Bachelor Housing organization providing support for initiating, developing, executing, and overseeing Public/Private Venture (PPV) initiatives. It includes efforts such as staffing notifications and approvals, Requests for Qualifications (RFQ), Requests for Proposals (RFP), selection boards, negotiation and implementation of partnership agreements, and oversight of active PPVs by personnel in government organizations outside of Bachelor Housing. The PPV sub-function is new for this year.

Students: This sub-function includes all labor, equipment and supplies needed to provide billeting to those individuals assigned to the installation, or a component thereof, for the purpose of receiving initial recruit training, and/or follow-on basic pipeline skills training or instruction (e.g., 'A' School).

Transient: The Transient sub-function addresses all labor, equipment and supplies needed to provide billeting of a temporary nature to those individuals assigned to the installation on a temporary duty (TAD, TDY or TEMDUINS) basis (not permanently assigned and not considered a Student per the above definitions). It also includes operational costs associated with those individuals entitled to avail themselves of temporary lodging at the Bachelor Quarters, based on their position or status.



themselves of temporary lodging at the Bachelor Quarters, based on their position or status.

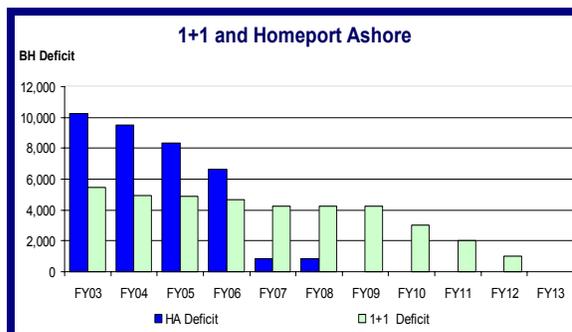
Progress in FY 2003

The Bachelor Housing program is a truly global operation. This Navy function includes 127 activities in 27 different states and 13 foreign areas. The Bachelor Housing IPT has been active over the past several years and has developed Capability Levels, standards and metrics that were briefed to and approved by Navy leadership during FY 2003.

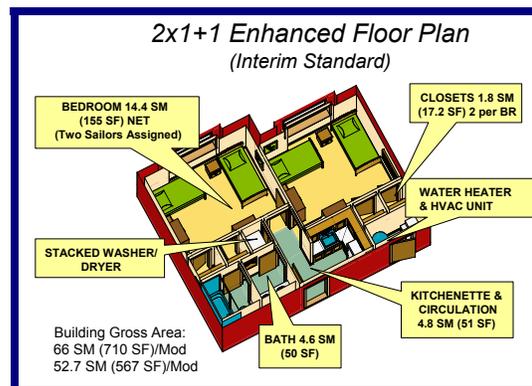
Housing Organizational Assessment: The overall Housing Organizational Assessment (OA) was completed during FY 2003. The impact for the Bachelor Housing program is as follows:

- Reduced IMCs owning BH and VQ Class 1 & 2 property from ten to four.
- Reduced BH and VQ fiscal claimants from ten to four.
- Recommended headquarters and regions consolidate housing management based on the synergy found in the Northwest Region's Community Support organization.
- Reduced BH and VQ civil service billets reduced from 106 to 77.

Homeport Ashore (HA): The Homeport Ashore initiative is designed to bring single Sailors stationed on ships into ashore housing when in homeport. In the past, single Sailors were expected to live onboard their ship when in port. The HA program goal is to bring Sailors off of ships by FY 2008.

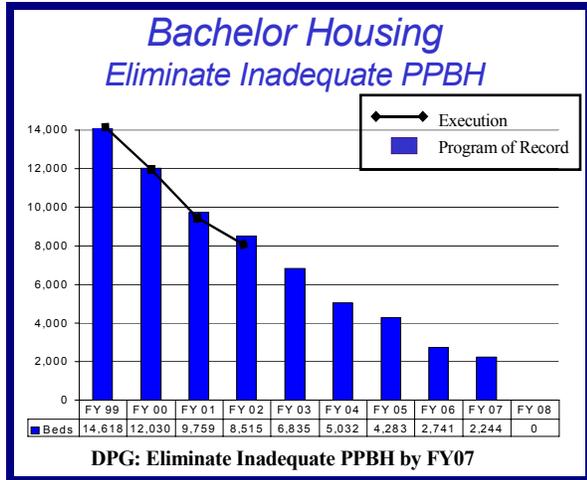


The current program funds the elimination of communal heads by FY 2007, achieves homeport ashore by FY 2008 for 2x1+1 (two sleeping rooms sharing a common area and a bath with two people in each sleeping room), 1+1 for all permanent party personnel by FY 2013, and 1+0 for transient personnel by 2015.



For FY 2003, the Bachelor Quarters Operations assignment policy changed thus reducing the overall New Furnishings requirement by \$15M per year.

Eliminate Inadequate Permanent Party Bachelor Housing (PPBH): The DPG for FY 1999 directed the elimination of inadequate permanent party Bachelor Housing (primarily Bachelor Housing with Central Baths) by FY 2008. This was changed with the DPG for FY 2004 that directed such housing be eliminated by FY 2007. The Navy's MILCON program is covered in Chapter 6 of this report, but it plays a major role in the entire Bachelor Housing program.



PPV for Bachelor Housing: The Public Private Venture (PPV) program for Bachelor Housing is still in the development stage. This effort should have minimal costs with no Capability Levels assigned. Some characteristics of the Navy's Bachelor Housing PPV program are:

- Taking the lead from Family Housing PPV.
- Recognizes the shortage of MILCON funding.
- Private Sector Partner is Majority Partner.
- Navy is Minority Partner with rights.
- Risk is on the Private Sector.
 - Bring Money.
 - Build to private standards.
 - Manage to insure full occupancy.
 - Keep the customer satisfied.

The Navy's Bachelor Housing PPV program includes:

- Pilot Project Locations
 - Hampton Roads, VA
 - San Diego, CA
- Proposed concept: mixture of new and existing Bachelor Housing units
- Convey a portion of the existing BQ units into the PPV program
 - 1+1E construction standard
 - Targeted for E1-E3 Sailors
- Construct market style apartments off base or on separate land
 - Targeted for E4 and above Sailors
 - Tenant rent should reflect economic value of the unit
 - 2 bedroom/2 bath, or similar

Assessment and Performance

Bachelor Quarters Operations BOS Direct Funding Obligations from IMAP		
	FY 2002 Obligations	FY 2003 Obligations
Contract Berthing	\$9.670M	\$9.366M
Permanent Party	\$84.592M	\$91.216M
PPV	\$0	\$0
Students	\$8.494M	\$8.868M
Transient	\$52.451M	\$48.678M
TOTAL Bachelor Quarters Operations	\$155.207M	\$158.128M

The sub-functions within the Bachelor Quarters Operations function were not addressed as separate sub-functions in the PR-03 BAM submission. The PR-03 submission covered the requirements in terms of two components: Bachelor Housing Furnishings and Bachelor Housing Direct Support. The funding in the PR-03 BAM submission was for 100% funding to meet OSD, ASN, and CNO Bachelor Housing Program goals. For the POM-04 BAM and the PR-05 Capabilities Plan, the OPNAV N46 submissions included well articulated details on all of the sub-functions with the exception of the new sub-function of PPV. These submissions also include requirements for New Furnishings and for the Bachelor Housing Program Management Office. These two requirements are non-metric requirements for new construction and renovation furnishings and for the centrally managed Bachelor Housing program.

The overall requirements submitted for FY 2003 for the Bachelor Quarters Operations function were set at \$191M. For FY 2003, the total direct IMAP BOS obligations recorded for the Bachelor Quarters Operations function were \$158.128M or 83% of the submitted requirement. The FY 2003 obligations for this function were just under \$3M more than the obligations in FY 2002. This slight funding increase from FY 2002 to FY 2003 was to accommodate for the increase in requirements in support of the Homeport Ashore Program. Of note, the POM-04 total requirements submitted in early 2002 for FY 2004 for the Bachelor Quarters Operations function were at \$237.847M. The improved submission in January 2003 for the PR-05 Capabilities Plan had the total requirements for the Bachelor Quarters Operations function at \$256.481M for Capability Level 1, at \$192.3M for Capability Level 2, and at \$138.662M for Capability Level 3 for FY 2005. The Bachelor Housing Program Management require-

ments represented 6% of the total requirement at Capability Level 1, 8% at Capability Level 2, and 11.5% at Capability Level 3. These equate to “overhead” costs for managing the program and these percentages are low compared to other CNI programs.

The Bachelor Quarters Operations program maintained an overall score of Capability Level 2 through FY 2002. In FY 2003, the performance was reported at Capability Level 2 with an overall score of 7.87 out of 10. This performance exceeded the expectations for FY 2003. The Capability Level 2 performance was achieved with 83% of the funding submitted as the FY 2003 requirement for the Bachelor Quarters Operations function. Bachelor Quarters Operations function is a customer service organization, and all elements of performance are not a direct line to cost/funding. Performance was measured for check-in times, customer satisfaction surveys, trouble call response time, facility conditions, etc. Not all of the Bachelor Housing program is funded by QO, however, items such as facility condition and routine maintenance are a reflection of overall performance and are measured in the data call. In summary the Capability Level 2 performance equated to the following highlights:

- Bachelor Housing met most mission elements.
- Facilities were well operated, attractive, comfortable and adequately maintained.
- Case goods were less than 7 years old;
- Soft goods were less than 4 years old.

Contract Berthing: The Contract Berthing sub-function was not addressed as a separate line item in the PR-03 BAM submission in February 2001. There is no approved macro metric for this sub-function. Contract Berthing is required when government owned Bachelor Quarters assets are unavailable to meet program berthing needs. This requirement primarily supports drilling reservists. The overall reported FY 2003 direct IMAP BOS obligations were \$9.366M or slightly less than the \$9.67M reported for FY 2002.

For the POM-04 BAM submission, the OPNAV N46 staff prepared a more detailed assessment that included Contract Berthing. This requirement for FY 2004 was set at \$372K – using only Special Interest Item (SII) code “QO” specific funding. For PR-05, the Capabilities Plan submission in January

2003 included a requirement for the Contract Berthing sub-function at \$10.1M for Capability Levels 1, 2, and 3. This reflected a change in that in prior years Contract Berthing had been funded by “OB” money not by “QO” funding.

The FY 2003 performance in the Contract Berthing sub-function was not measured.

Permanent Party: The Permanent Party sub-function was likewise not detailed in the PR-03 BAM submission. The approved macro metric is cost per unit multiplied by the number of “month-stays”. The number of spaces required per month is based on actual and programmed inventory. The FY 2003 total direct IMAP BOS obligations were recorded at \$91.216M or over \$6.6M more than in FY 2002 at \$84.592M. In total, the Permanent Party obligations accounted for over 57% of the total for the Bachelor Quarters Operations function.



With the improved metrics in place for POM-04, the FY 2004 requirements for the Permanent Party sub-function were submitted at \$104.643M. The requirements submitted in January 2003 as part of PR-05 showed the Permanent Part sub-function at \$93.795M for Capability Level 1, \$79.929M for Capability Level 2, and \$61.860M for Capability Level 3 for FY 2005. The Bachelor Quarters Operations program supports 66,100 permanent party personnel in FY 2004. This compares to the PR-03 reported scope for the permanent party personnel of 75,000.

The overall FY 2003 performance for the Permanent Party sub-function across the Navy was recorded as a solid Capability Level 2 with a score of 8.04 out of 10.

PPV: The PPV sub-function is new. No funds were shown as obligated in FY 2002 or FY 2003 under this sub-function. Performance was also not measured. As the Bachelors Quarters PPV is a new

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program, it was also not addressed in either the POM-04 or the PR-05 submissions.

Students: The Students sub-function was not covered as a separate line item in the PR-03 BAM submission. The approved macro metric for this sub-function is cost per unit multiplied by the number of “day-stays”. The number of spaces required per day is based on actual and programmed inventory. The cost per day to operate Student quarters and Recruit quarters differs primarily due to the increased furnishings to support students and common area cleaning costs now provided in Student quarters, but not in Recruit quarters. This sub-function addresses the requirements for both Students and for Recruits. The FY 2003 total direct IMAP BOS obligations were recorded at \$8.868M or virtually the same as in FY 2002 at \$8.494M.

For the POM-04 BAM submission, the OPNAV N46 staff prepared a more detailed assessment that included both the requirements for Student berthing and for Recruit berthing. The requirement for FY 2004 for Students was set at \$18.905M and for Recruits at \$8.567M – using only Special Interest Item (SII) code “QO” specific funding. For PR-05, the Capabilities Plan submission in January 2003 included a requirement for the Student berthing sub-function at \$26.051M for Capability Levels 1, at \$19.917M for Capability Level 2, and at \$18.59M for Capability Level 3. The PR-05 requirements for the Recruits berthing were set at \$9.402M for Capability Level 1, at \$8.760M for Capability Level 2, and at \$8.351M for Capability Level 3. The Bachelor Quarters Operations program supports 17,300 students and 16,000 recruits in FY 2004. This compares to the PR-03 reported scope for the student personnel of 21,400 and for the recruits of 11,500.

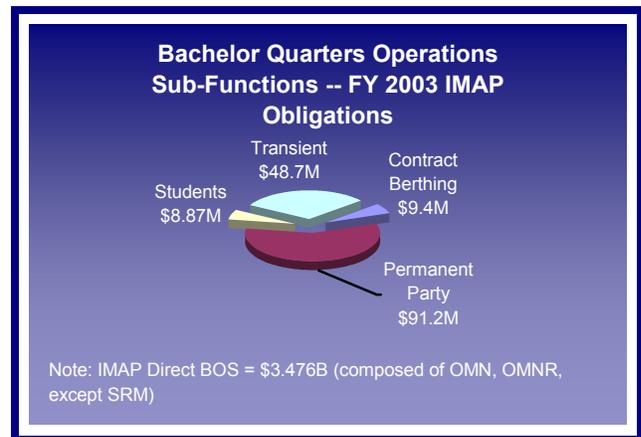
The overall FY 2003 performance for the Student sub-function across the Navy was recorded as a Capability Level 2 with a score of 7.41 out of 10.

Transient: The Transient sub-function was also not described in the PR-03 submission. The macro metric for the Transient sub-function is the cost per unit multiplied by the number of “night-stays.” The number of night stays is based on both actual and

anticipated inventory. For FY 2003, the total direct IMAP BOS obligations were reported at \$48.678M. This total was over \$3.7M less than the FY 2002 obligations. In total, the Transient sub-function obligations accounted for nearly 31% of the total for the Bachelor Quarters Operations function.

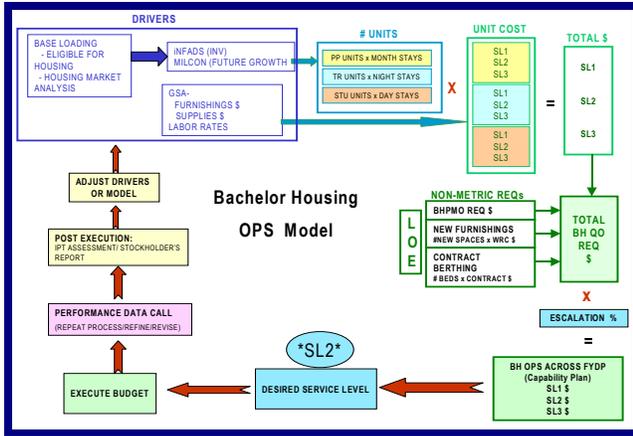
With the improved metrics in place for POM-04, the FY 2004 requirements for the Transient sub-function were submitted at \$56.236M. The requirements submitted in January 2003 as part of PR-05 showed the Transient sub-function at \$82.412M for Capability Level 1, \$47.995M for Capability Level 2, and \$13.578M for Capability Level 3 for FY 2005. The Bachelor Quarters Operations program supports 30,000 transients in FY 2004. This compares to the PR-03 reported scope for the transient personnel of 25,400.

Bachelor Quarters Operations Funding			
FY 2003	FY2003	FY 2003	FY 2003
Full Mission Requirement from IMCs	OPNAV N46 BAM Requirement	Special Interest Item for “QO” Pres. Budget	IMAP Obligations
\$203M	\$191M	\$169.959M	\$158.128M



During FY 2003, the OPNAV N46 staff completed the initial Verification and Validation Process submission to OPNAV N8 on the Base Operating Support Performance and Pricing Models. The overview of the model for the Bachelor Housing function is shown below. Note that Service Levels were changed to Capability Levels in FY 2004.

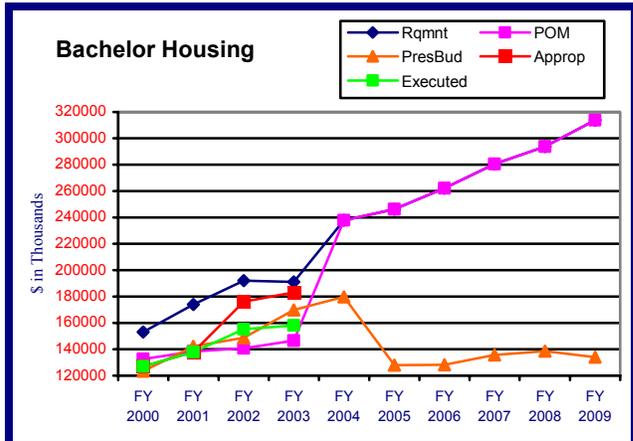
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Bachelor Quarters Overall Performance By Sub-Function		
	FY 2003 Performance: Score	FY 2003 Performance: Capability Level
Contract Berthing	N/A	N/A
Permanent Party	8.04	CL 2
PPV	N/A	N/A
Students	7.41	CL 2
Transient	8.17	CL 2
Overall Performance	7.87	CL 2

Bachelor Quarters Overall Performance By Region		
Region	FY 2003 Performance: Score	FY 2003 Performance: Capability Level
Northeast	7.61	CL 2
NDW	7.94	CL 2
Mid-Atlantic	8.10	CL 2
Southeast	7.91	CL 2
Northwest	7.95	CL 2
Southwest	8.01	CL 2
Midwest	7.47	CL 2
Gulf Coast	8.19	CL 2
South	8.39	CL 2
Hawaii	8.87	CL 2
Japan	8.20	CL 2
Korea	8.22	CL 2
Guam	7.06	CL 2
Europe	7.87	CL 2
Southwest Asia	8.71	CL 2
Overall Performance	7.87	CL 2

- Bachelor Quarters Operations:**
- Funded at C-2 readiness rating.
 - Performed at a Capability Level 2 again in FY 2003, matching FY 2002 performance.
 - Capability Level 2 achieved with only 83% of stated requirement for funding.
 - Obligations remained relatively constant.
 - Continued to progress toward Homeport Ashore goal by FY 2008.
 - On track to meet goal for the elimination of inadequate permanent party Bachelor Housing (primarily Bachelor Housing with Central Baths) by FY 2007.
 - Completed overall Housing Organizational Assessment; stood up an integrated CNI Bachelor Housing organization within the Housing Directorate.
 - Commenced Bachelor Housing PPV.
 - Met most mission elements with well-operated, attractive facilities, comfortable and adequately maintained.
 - Provided housing for a total of 133,300 permanent party personnel, students and recruits, and transient personnel.



Hangar: #31.4 million, 700 jobs

The vice president of the primary contractor for the new \$31.4 million hangar at the Brunswick Naval Air Station said as many as 700 jobs could be created. Most of the subcontracted work would be going to local and state companies.

Naval Base Ventura County Wins SECNAV Energy Conservation Award

For the second consecutive year, Naval Base Ventura County has been named as winner of a SECNAV Energy Conservation Award. In many cases, energy conservation is achieved by retrofitting equipment, such as lighting and ventilation systems.

Energy Saving Bulbs Cut Electric Bill

All of the BEQ/BOQ buildings in Pearl Harbor received some of the 10,000 energy saving bulbs that the Navy purchased. The bulbs will save energy and money, cutting the yearly electrical bill by 75 percent.

NEW BEQ OPENS DOORS TO SAILORS

Two hundred and eight Sailors have a new place to live with the opening of Oklahoma Hall, Pearl Harbor's newest bachelor enlisted quarters (BEQ). Each room at the BEQ, built at a cost of more than \$13 million, includes a bathroom, a kitchenette, air conditioning, solid-oak furniture, carpeting, two telephone jacks, two TV armoires with televisions included and personal mailboxes with daily delivery. Each

floor has its own lanai and laundry. The first floor houses a recreation area with a large screen-high definition TV, pool table and full kitchen."

