

From: Commander, Navy Region Great America, Regional N9

To: Region and Installation NAF Program Directors

Date: 7 March 20XX

Subj: FYXX Regional NAF Budget Call

Greetings All,

I wanted to spend a few minutes providing you some guidance for the FYXX NAF budget so that as you develop your installation plans we are working from the same page. The basic premise of CNIC expecting Installations to be breakeven Net P/L will remain intact. However, I fully support as previously discussed, an aggressive recapitalization plan that improves facilities for our Sailors and their families. As such, if recapitalization results in your fund falling below the breakeven point then you will need to articulate that in your budget. That does not translate into an open checkbook and hanging our hats on the depreciation expense as the only reason for the financial performance. The new projects that you identify in your restricted cash tab will be what I look at to see the impact and the cash flow.

Additionally, we have been given a large, 5%, unexpected bogey in the O&MN MW SIC for the next FY, that's the bad news ... the good news is that the Cat C utility expenses (with the exception of Golf), will migrate to the UT SIC in the coming year. Golf program managers will need to budget conservatively for all golf utilities. I will get clarification on what, if any, golf utilities will be paid by UT. This shift in utility cost "owners" will offset the reduction to the MW control. You will see the utility offset number with the preliminary control as well as the % change. I am in discussion with CNIC about this 5% reduction issue and will keep you posted. This will be dynamic through the budget process but as of now these are our numbers and you need to plan accordingly. Use the attached phasing plan to reflect your execution plan.

Here is a list of budget guides:

1. The CNIC FYXX Budget Call will be posted on the CNIC Gateway and MWR website in late April.
2. Attain a minimum of 5% profit as a percentage of revenue in Category C activities inclusive of depreciation.
3. Historical averages for Benefits in relation to total Salaries (FLEX, RPT and RFT) have been 17% of total Salary expense. Some installations may be higher or lower. This includes A/L, S/L, Employers Share of FICA and Bonuses/ Incentives. Allocated Employee Benefits/Insurance Costs has averaged 12.6% of total Salary & Benefits, this includes 401K admin fees and employer match,

Employers cost of Life Insurance, Health and Disability Insurance, Post Retirement costs, CSRS/FERS Contribution, TSP Employers Contribution, Unemployment and Workers Comp.

4. Inflation factor estimated to be 2.1%

5. Fitness and Deployed Forces programs need to be funded at the CPL 2 then the remainder of the Core programs at CPL 3 prior to funding Non-Core (Auto Skills and Outdoor Recreation) with UFM. Ensure you are meeting program standards when funding CORE programs. Maximize use of UFM cost centers in all authorized activities so that we can identify throughout the fiscal year all UFM expenses in the event we get additional funding to support programs as the year progresses.

6. Expect to obtain the official NEX dividend information in April. Talk to your local NEX GM to get working numbers prior to the official numbers being released. I have had some discussion with a couple NEX Mgrs and they have some very early numbers.

7. Expect a 1.5% fee increase to the CYP fees. CYP budgets will be coordinated closely with CNIC this year as the CYP budget worksheet program is currently underway. The region business office has been talking to all of your CYP Mgrs, and will serve as your contact point for the CYP budgets. The GA Region CYP Program Manager will be meeting with the CYP RAB in early April. Take note, the CYP management standards web tool will drive the budgets for CYP. As a reminder, you need to apply the 7% overhead (OH) cost charged to CYP as in previous years unless you received a waiver.

8. NGIS Managers will be required to use the CNIC-developed budget model to prepare their budgets. The Excel worksheets and instructions will again be provided in the CNIC Budget Call. You may use last year's guidance to get a head start in developing your budgets. Feel free to contact the CNIC NGIS Program Manager or the regional business office if you need assistance.

9. The four installations scheduled for an air show in the coming year will be postponed until the following FY due to funding reductions and a shortened appearance schedule with the Blue Angels. You may, at the CO's discretion, consider hosting community-wide special events as a substitute.

10. A Budget Narrative is required; with detailed program-specific information for all activities. There will be no requirement for the Quad Chart this year as the narrative format has been extremely useful in answering data calls based on your input to this requirement.

11. I would also like you to submit your organizational chart down to the activity level. I would like you to identify by name if encumbered the activity manager in your organization chart with the number of FT/Flex employees at that activity. Additionally, please capture all of your Overhead positions by name in the org chart.

12. Complete the Market Basket Survey for fees & charges (same as last year). This is the second year of the three-year survey as promulgated last year. For installations where CNIC recently conducted the survey, feel free to download the data that they obtained and/or update it yourself accordingly.

13. Submit a prioritized list of capital expenditure requests for each Program. Identify 4-6 high priority, high pay-off items necessary for your Program. Using the prioritization tool and its ranking criteria will ensure we get the most "bang for our buck".

14. CO signed budget is due at CNRGA NLT 1 May. Budget meeting with all CNRGA MWR, CYP and NGIS Directors only, will be 19-23 May at Naval Base Port Readiness. You will be required to brief details of any below breakeven budgets, otherwise be prepared to brief the executive summary and self sufficiency TABS. If you would like to see other topics included on the agenda please let me know by 15 April. I would like one additional slide to be briefed that highlights your Top 3 Challenges and one thing you would change if you were "King/Queen" for the day.

Feel free to ask questions for clarification purposes. Again, do not include NAF utility costs from your Cat C operations except for the entire Golf Program. Be sure that you brief your commanding officers on the change in utility expenses so they are reminded that this will be a change from previous fiscal years.

THANKS in advance - I expect honest and open brokering at our meeting at Port Readiness. We will have a lot of dialog between now and May on the budgets. I truly understand the pain inflicted with the APF cut, be patient, as I will make a formal presentation regarding our APF controls to the MWR RAB on 9-10 April.

Joe Smucatelli
CNRGA Regional N9