

United States Mint

FY 2014

Capital Investment Plan

The United States Mint is a non-appropriated manufacturing bureau whose primary mission is to produce coinage to effectively enable commerce. Its capital investment requirements are predominantly for manufacturing-type equipment. Capital investments, along with the Mint's operating expenses, are paid out of its PEF. The aggregate amount of new liabilities and obligations incurred during the budget fiscal year for capital investments in circulating coinage operations and protective service conforms to a legislative limitation for these capital projects. As such, the United States Mint's long-range planning process is designed to address its capital needs while maintaining spending within legislative limitations.

The United States Mint's manufacturing capital investment projects focus on manufacturing improvements such as development of new coin designs, automation of packaging lines, and facilities safety and improvements.

In addition, the United States Mint's capital investments also encompass a robust IT portfolio that focuses on the optimization of formal governance structures to manage IT investments and programs in an effort to emphasize reductions in system redundancy and to modernize the IT system infrastructure. Enterprise architecture reviews ensure alignment of IT investments to bureau strategic plans and strategic enterprise direction of Treasury. IT investments are closely monitored for cost, schedule and performance to ensure expected results and benefits are achieved.

## **Major IT Investment Summary**

### **Order Management System II (OMS II)**

This investment represents the replacement of the Mint's numismatic retail sales system which is supported by the Integrated Retail Information System (IRIS). This replacement will integrate internal and external systems that provide financial and inventory control, and payment processing functions.

**1. The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**

- a. The FY 2014 estimated cost for this investment is \$27,053,900.
- b. The estimated life cycle costs are under development.

**2. The projected useful life of the asset:**

This project is a service based contract and with upfront terms projected for 5 years, projected until FY 2019

**3. Timeframe for the "operations and maintenance" phases of the investment for FY 2014:**

Operations and Maintenance (O&M) – start FY 2015. No O&M applied in FY 2014.

**4. The anticipated benefit(s) of the investment:**

Provide a new state of the art numismatic retail sales system that supports business transactions in a more productive, reliable and secure manner.

**5. How performance will be measured and evaluated:**

Set of service level metrics for quality of services provided to internal and external users.

**6. Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

United States Mint Order Management System II activities continues to meet its cost, time and performance goals for FY 2013 therefore, no remediation strategies are needed.

### **IT Infrastructure End User Systems and Support (ITI EUSS)**

This investment represents the United States Mint's end user hardware (desktop, laptop, handheld devices), peripherals (local and shared printers), and software (operating systems, office automation suites, messaging and groupware), and help desks.

**1. The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**

- a. The FY 2014 estimated cost for this investment is \$14,667,641.
- b. The estimated life cycle cost is \$103 million.

**2. The projected useful life of the asset:**

The projected useful life of the asset is 11 years, projected until FY 2024.

**3. Timeframe for the “operations and maintenance” phases of the investment for FY 2014:**

FY 2014 Operations and Maintenance (O&M) (start- 10/1/2013; end- 9/30/2014)

**4. The anticipated benefit(s) of the investment:**

Providing end user support is critical to the operation of the IT services function of the United States Mint.

**5. How performance will be measured and evaluated:**

- a. Comparison to standard monthly performance
- b. Set of service level metrics for quality of service provided to end users.

**6. Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

Although the investment has been performing according to standard, the United States Mint has adopted process automation tools and procedures to improve performance and efficiency. The tools were implemented in FY 2012.

**IT Infrastructure and Servers Services and Support (ITI MSSS)**

This investment represents the United States Mint’s system servers, including hardware and software operations, licenses, maintenance, back-up, continuity of operations, disaster recovery, virtualization, and data center consolidation.

**1. The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**

- a. The FY 2014 estimated cost for this investment is \$10,434,390.
- b. The estimated life cycle cost is \$134 million.

**2. The projected useful life of the asset:**

The projected useful life of the asset is 10 years, projected until FY 2023.

**3. Timeframe for the “operations and maintenance” phases of the investment for FY 2014:**

FY 2014 Operations and Maintenance (O&M) (start- 10/1/2013; end- 9/30/2014)

**4. The anticipated benefit(s) of the investment:**

Provides the IT platform from which mission-critical software applications are supported.

**5. How performance will be measured and evaluated:**

- a. Comparison to standard monthly performance
- b. Set of service level metrics to measure the quality of service provided to both external and internal customers

**6. Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

The investment has been performing according to standard; and the Mint continues to refine its systems and services to further improve and enhance the quality and efficiency of the services provided by this investment.

### **IT Infrastructure Telecommunications (ITI TSS)**

This investment represents the United States Mint's data networks and telecommunications hardware and software operations, licenses, maintenance, back-up, continuity of operations, and disaster recovery. Network (TNet) for data and Enterprise Voice Networks (EVN) for voice traffic.

**1. The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**

- a. The FY 2014 estimated cost for this investment is \$6,135,407.
- b. The estimated life cycle cost is \$64 million

**2. The projected useful life of the asset:**

The projected useful life of the asset is 11 years, projected until FY 2024.

**3. Timeframe for the “operations and maintenance” phases of the investment for FY 2014:**

FY 2014 Operations and Maintenance (O&M) (start- 10/1/2013; end- 9/30/2014)

**4. The anticipated benefit(s) of the investment:**

- a. Provides telecommunication support for the United States Mint HQ and field facilities
- b. Enables a collaborative work environment

**5. How performance will be measured and evaluated:**

- a. Comparison to standard monthly performance
- b. Set of service level metrics to measure the quality of service provided to customers

**6. Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

Although the investment has been performing according to standard, the United States Mint has invested in a telecommunications strategy that includes Voice over Internet Protocol (VOIP), to improve and enhance the quality and efficiency of the services provided by the IT Department.

### **Mint Retail Sales System (RSS)**

The United States Mint's Retail Sales System (RSS), formerly the e-Business Solution Project (eSP), was developed to secure services through electronic government (E-Government) to meet the numismatic demand and the United States Mint's business requirements. The primary functions of the system are order processing, inventory management, accounting and merchandising. RSS was designed with commercial off-the-shelf (COTS) software to create a system that supports the Mint's core mission as well as federal E-Government initiatives.

- 1. The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**
  - a. The FY 2014 estimated cost for this investment is \$11,456,750.
  - b. The estimated life cycle cost is \$98million
  - c. This investment is expected to be replaced in FY 2014.
- 2. The projected useful life of the asset:**

The projected useful life of the asset is 2 years, projected until the end of FY 2014.
- 3. Timeframe for the “operations and maintenance” phases of the investment for FY 2014:**

FY 2014 Operations and Maintenance (O&M) (start- 10/1/2013; end- 9/30/2014)
- 4. The anticipated benefit(s) of the investment:**

This investment is critical to the Sales and Marketing operations for the United States Mint. It records the collection of revenue for the products the Mint produces and sells.
- 5. How performance will be measured and evaluated:**
  - a. Comparison to standard monthly performance
  - b. Set of service level metrics to measure the quality of service provided to both external and internal customers
- 6. Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

Although the investment has been performing according to established performance metrics, the current system is scheduled for retirement at the end of FY14. The United States Mint plans to invest in a new Order Management System that will achieve better and more cost effective results over the life of the new investment. The new system is expected to be implemented by the end of FY 2014.

## **Major Non-IT Investment Summary**

The United States Mint's non-IT capital investment strategy includes several broad investment categories with more specific projects in each category.

The United States Mint places the highest priority on capital investments that ensure employee safety, as well as compliance with environmental and regulatory standards. For example, the United States Mint developed a multi-year plan based on a detailed facilities assessment. The assessment was designed to identify deficiencies in infrastructure needs within the four plant sites. Items identified with a rating of 80 percent or higher deficiency rate were ranked highest priority. Included in this assessment are projects such as life safety improvements, roof replacement, electrical system upgrades and HVAC replacements.

The United States Mint has begun to incorporate sustainability into the bureau's operations and culture, per Executive Order 13514 and the Department of the Treasury's Strategic Sustainability Performance Plan. Accomplishing the United States Mint's mission and achieving the President's and the Treasury Department's sustainability goals are important objectives because coin production involves intensive use of natural resources. Sustainability projects that reduce the United States Mint's energy, water and material use during coin production should reduce costs. These sustainability projects have the added social benefits of reducing air pollution, water pollution, solid waste, and greenhouse gas emissions.

Overall, the United States Mint's strategy provides a foundation for identifying and prioritizing investments needed to achieve the bureau's goals for building safety and improvements, manufacturing process efficiencies improvements and sound environmental management. This strategy fosters a collaborative approach to making the best use of available funding and provides for the most efficient and effective use of limited capital resources.

Lastly, the United States Mint also invests in security technology to safeguard its facilities, employees and other assets. These capital projects aid in meeting the protection needs and to ensure the Mint's mission and strategic goals are accomplished in the most optimal manner possible.

### **Mint Manufacturing Facilities Safety and Environmental**

The facilities safety and environmental capital projects are based on the priority set by the United States Mint to ensure employee safety in accordance to the standards set by the Occupational Safety and Health Administration (OSHA). Projects in the manufacturing facilities include the seismic upgrades project in San Francisco and the roof drain and sewer lines replacements in Philadelphia.

**1. The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**

The FY 2014 estimated cost for this investment is \$4,700,000

**2. The projected useful life of the asset:**

There are multiple projects included in this activity with multiple useful lives that range from 10 to 20 years.

**3. Timeframe for the “operations and maintenance” phases of the investment for FY 2014:**

FY 2014 Operations and Maintenance (O&M) (start- 10/1/2013; end- 9/30/2014)

**4. The anticipated benefit(s) of the investment:**

- a. Improved workplace safety standards
- b. Enhanced integrity of the manufacturing facilities
- c. Enhanced working environment for employees

**5. How performance will be measured and evaluated:**

- a. Number of employee work related incidents
- b. Facility integrity as identified by overall safety and sustainability reviews

**6. Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

United States Mint Manufacturing Facilities Safety and Environmental activities continues to meet its cost, time and performance goals for FY 2013 therefore, no remediation strategies are needed.

### **Mint Manufacturing Facilities Improvement**

The United States Mint operates four production facilities in Denver, CO; West Point, NY; San Francisco, CA; and Philadelphia, PA; along with the Bullion Depository at Fort Knox. These facilities are the hub for the production of coins and metals necessary for the Mint to adequately operate its circulating and numismatic programs. The manufacturing facilities improvement capital projects focus on improving the sustainability of the facilities for continuity of the production process at each of the production sites and the bullion depository. These capital projects aim to make the necessary acquisitions, improvements or upgrades to the facilities.

**1. The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**

The FY 2014 estimated cost for this investment is \$7,452,770



**2. The projected useful life of the asset:**

There are multiple projects included in this activity with multiple useful lives that range from 10 to 20 years.

**3. Timeframe for the “operations and maintenance” phases of the investment for FY 2014:**

FY 2014 Operations and Maintenance (O&M) (start- 10/1/2013; end- 9/30/2014)

**4. The anticipated benefit(s) of the investment:**

- a. Continuity of the production process at all facilities
- b. Increased stewardship of federal funds
- c. Adequate production of products for the circulating and numismatic programs

**5. How performance will be measured and evaluated:**

- a. Facility integrity as identified in overall safety and sustainability reviews
- b. Number of cost saving measures identified during the acquisition process

**6. Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

Mint Manufacturing Facilities Improvement activities continues to meet its cost, time and performance goals for FY 2013 therefore, no remediation strategies are needed.

**Mint Manufacturing Equipment Improvement and Replacement**

The manufacturing equipment improvement and replacement capital projects focus on improving and acquiring the necessary equipment at each of the United States Mint's four production facilities and the Bullion Depository at Fort Knox. These capital projects aim to improve or replace either outdated or damaged vital equipment that is used during the coin production process. These projects include the replacement of circulating presses, automation of the encapsulation process used during the packaging process, and the integration of new robotic loop technology.

**1. The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**

The FY 2014 estimated cost for this investment is \$8,550,000

**2. The projected useful life of the asset:**

There are multiple projects included in this activity with multiple useful lives that range from 10 to 20 years.

**3. Timeframe for the “operations and maintenance” phases of the investment for FY 2014:**

FY 2014 Operations and Maintenance (O&M) (start- 10/1/2013; end- 9/30/2014)

**4. The anticipated benefit(s) of the investment:**

- a. Continuity of the production process at all facilities

- b. Increased cost savings and efficiencies
  - c. Adequate production of products for the circulating and numismatic programs
- 5. **How performance will be measured and evaluated:**
  - a. Number of production interruptions as related to equipment breakdowns
  - b. Number of cost saving measures identified during the acquisition process
  - c. Meeting the United States Mint's strategic goals for coin production
- 6. **Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

Mint Manufacturing Equipment Improvement and Replacement activities continues to meet its cost, time and performance goals for FY 2013 therefore, no remediation strategies are needed.

### **Mint Protection Facilities Improvement**

The protection facilities improvement projects focus on enhancing the security measures by replacing and providing the necessary improvements and upgrades to equipment located at each of the United States Mint's four production facilities and the Bullion Depository at Fort Knox. Projects that are included in this effort include the upgrades to the concrete barrier cabling system, implementation of an automated screening process, and installation of new security perimeter fencing.

- 1. **The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**

The FY 2014 estimated cost for this investment is \$4,690,000
- 2. **The projected useful life of the asset:**

There are multiple projects included in this activity with multiple useful lives that range from 10 to 20 years.
- 3. **Timeframe for the "operations and maintenance" phases of the investment for FY 2014:**

FY 2014 Operations and Maintenance (O&M) (start- 10/1/2013; end- 9/30/2014)
- 4. **The anticipated benefit(s) of the investment:**
  - 1. Enhanced protection of the production facilities
  - 2. Increased integrity of equipment at each facility
  - 3. Continuity of protection services
- 5. **How performance will be measured and evaluated:**
  - a. Ability for protection staff to perform duties without facility impediment
  - b. Level of protection provided for each production facilities
  - c. Meets mandated standards
- 6. **Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

Mint Protection Facilities Improvement and Replacement activities continues to meet its cost, time and performance goals for FY 2013 therefore, no remediation strategies are needed.

### **Mint Protection Equipment Improvement and Replacement**

The protection equipment improvement and replacement projects focus on providing security personnel the necessary equipment needed to provide protective services as directed. These capital projects focus on replacing items such as communication radios, handheld radiation monitors, and other peripheral equipment for protection personnel at each of the United States Mint's four production facilities and the Bullion Depository at Fort Knox. These capital projects will aid in meeting the protection needs and to ensure a more secured Mint.

**1. The immediate (base + FY 2014 request) cost as well as the full life cycle cost of the asset:**

The FY 2014 estimated cost for this investment is \$800,000

**2. The projected useful life of the asset:**

There are multiple projects included in this activity with multiple useful lives that range from five to ten years.

**3. Timeframe for the “operations and maintenance” phases of the investment for FY 2014:**

FY 2014 Operations and Maintenance (O&M) (start- 10/1/2013; end- 9/30/2014)

**4. The anticipated benefit(s) of the investment:**

- a. Enhanced protection of the production facilities
- b. Increased integrity of equipment at each facility
- c. Continuity of protection services

**5. How performance will be measured and evaluated:**

- a. Ability for protection staff to perform duties with appropriate equipment
- b. Level of protection provided for each production facilities
- c. Meets mandated standards

**6. Remediation strategies for investments which are not meeting the stated cost, time and performance goals:**

- a. Mint Protection Equipment Improvement and Replacement activities continues to meet its cost, time and performance goals for FY 2013 therefore, no remediation strategies are needed.