



**TESTIMONY OF  
VICE ADMIRAL JOHN P. CURRIER  
DEPUTY COMMANDANT FOR MISSION SUPPORT  
ON THE  
“COAST GUARD ACQUISITION PROGRAM”**

**BEFORE THE  
HOUSE TRANSPORTATION AND INFRASTRUCTURE  
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

**MAY 16, 2012**

**INTRODUCTION**

Good morning Mr. Chairman and distinguished members of the Subcommittee. It is an honor to appear before you today to provide an update on the U.S. Coast Guard's efforts to recapitalize our aging legacy fleet of cutters, small boats, and aircraft. The Coast Guard's ability to save lives, interdict drug and alien smugglers, and protect our ports, waterways, and natural resources depends on providing our highly trained people with a modern, reliable fleet of vessels and aircraft equipped with effective command, control and communications systems. On behalf of the men and women of the Coast Guard, I want to thank you for your continuing support of our ongoing acquisition efforts and our Service.

We are committed to sound stewardship of the taxpayers' investment in the Coast Guard and to the efficient management of our acquisition program. We are working to strike the optimal balance between current operations and investment in future capability to sustain the Coast Guard's ability to execute our missions, and address the most pressing operational requirements. Our continuing improvements in the acquisition process reflect our commitment to the smart, responsible investment of taxpayer resources.

We have shifted to fixed-price contracts, where appropriate, for most of our major acquisition projects due to the maturation of our acquisition processes and to better allocate programmatic risk between the government and contractor. We are also concentrating on acquiring market-proven designs and technologies and leveraging collaborative efforts with industry and other government agencies to seek commonality and interoperability where it makes best sense. The Service has also enhanced its oversight of contractor activities to hold them fully accountable for providing quality products and services on cost and on schedule. These improvements have resulted in the establishment of stable, repeatable processes and requirements and have enabled the Coast Guard to award the production contract for the fifth National Security Cutter (NSC) for nearly the same price as the fourth NSC, and to achieve a price for Long Lead Time Materials for the sixth NSC less than the cost of the same materials for the fifth cutter. We also recently delivered our newest surface asset, the Fast Response Cutter, to the operational fleet.

The Coast Guard is well aware of the challenges associated with carrying out a comprehensive recapitalization program in the current and projected fiscal environment; however, the need to replace our aged cutter fleet is more urgent than ever.

Demand for our services continues, and our ability to continue providing them requires dependable assets and systems. This is why we continue to make informed adjustments amongst acquisition projects and within our budget as a whole to advance our highest priorities. The Coast Guard remains committed to achieving a force structure that will assure the future viability and effectiveness of our Service. We are also working closely with other components of the Department of Homeland Security (DHS) to ensure our plans address the most pressing acquisition needs, particularly in the current fiscal climate.

The nation expects the Coast Guard to be true to our motto – *Semper Paratus* – “Always Ready” – to ensure our nation’s maritime safety, security, and stewardship. They also expect us to respond promptly and effectively to disasters and other major incidents such as the Haitian Earthquake, the BP Deepwater Horizon Oil Spill, and Hurricane Irene. In order for our Coast Guard men and women to perform these missions, we must have the tools to do the job. The array of assets being delivered through our acquisition programs provides the necessary capabilities to support mission success across the entire scope of the Coast Guard’s area of responsibility.

## **COAST GUARD ACQUISITIONS – WHERE WE ARE TODAY**

For the past six years, the Acquisition Directorate has served as the systems integrator for all of our acquisition programs, and, in July, the Coast Guard will celebrate the fifth anniversary of the establishment of a consolidated Acquisition Directorate. During that time, we have strengthened our processes and governance, identified gaps and inefficiencies in management and oversight, built and maintained a highly capable and trained acquisition workforce, while making the requisite changes to both the foundation of our acquisition enterprise and the processes we use to govern each step in an asset lifecycle.

In alignment with requirements and recommendations made by Congress, the Administration, and the Government Accountability Office, we are instituting reforms that lower risk and cost. As individual projects have matured, so too has our ability to more precisely estimate costs for individual assets. Furthermore, our shift to fixed-price contracts as projects mature has further improved our ability to accurately estimate costs and assess out-year resource requirements.

The Coast Guard is committed to the continued improvement of our acquisition processes and program management. A detailed update on the status of our major acquisition projects follows.

### **National Security Cutter (NSC)**

The Legend-class NSC replaces and improves upon the capabilities of our legacy 378-foot High Endurance Cutter fleet – which was built from 1967 - 1972. The NSC provides the Coast Guard with the necessary capabilities to maintain an extended presence to execute Coast Guard missions in critical offshore environments, including the North and East Pacific Oceans, drug transit zones, and the Arctic.

Our acquisition project has matured to the stage where we are achieving stability in cost and schedule through the experience gained during the construction of the first three hulls.

These factors have led to the Coast Guard successfully meeting 14 consecutive scheduled shipbuilding milestones since July 2010 and the continued improvement in the quality and finish of each asset delivered under this project.

The Coast Guard recently commissioned the third NSC, STRATTON, to join the BERTHOLF (NSC # 1) and WAESCHE (NSC # 2) which have already attained “Ready for Operations” status and have displayed the enhanced capabilities of the vessel during recent patrols in the Eastern Pacific and the Bering Sea. STRATTON was delivered on schedule following notably successful builder and acceptance trials where she received the fewest number of deficiencies of this class from U.S. Navy and Coast Guard evaluators. Fabrication of the HAMILTON (NSC # 4) began last summer with the keel-laying scheduled this August. Fabrication for the JAMES (NSC # 5) also started earlier this month, and a fixed price contract for partial Long Lead Time Materials for NSC # 6 was awarded March 30, 2012. Additionally, the FY 2013 President’s Budget Request includes full funding for NSC # 6.

These NSCs are providing our men and women in the field the requisite capabilities needed to perform the full range of Coast Guard missions in the offshore environment. Last year, BERTHOLF completed its initial patrol off the coast of Alaska, including participation in joint training exercises with Department of Defense forces as part of Operation Northern Edge 2011, joint operations with Army H-60 Blackhawk helicopters, and prosecution of fisheries and law enforcement missions in the Bering Sea. The NSC is equipped with a Sensitive Compartmented Information Facility (SCIF), which is proving integral to Coast Guard operations, providing real-time tactical intelligence and classified information-sharing to entities we collaborate operationally with, and to Coast Guard’s shoreside intelligence centers. During separate patrols in 2011, the BERTHOLF and WAESCHE were responsible for disrupting and seizing an approximate total of 2,200 kilograms of illegal drugs with a street value of approximately \$85 million.

### **Offshore Patrol Cutter (OPC)**

The OPC, combined with the NSC and the Fast Response Cutter (FRC), rounds out the recapitalization of the Service’s major surface cutters. The OPC will typically conduct the majority of its missions beyond 50 nautical miles from shore to meet specific mission demands which require the Service’s unique blend of authorities and capabilities. The OPC will replace and improve the capabilities of our current fleet of 28 Medium Endurance Cutters (WMECs), most of which are between 25 and 40 years old. In March, the Coast Guard released the draft OPC Technical Package and Statement of Work to industry to receive further feedback on the newly released requirements and to provide an update on the results of the industry feedback on the draft System Specification released in 2011. The Coast Guard plans to issue a Request for Proposal later this fiscal year leading to an award of three Preliminary and Contract Design contracts in fiscal year 2013.

The OPC project will comply with the Major Systems Acquisition Manual and DHS acquisition policies. This will ensure the OPC program follows a disciplined pathway based on best practices.

We are employing a very deliberate process to ensure the OPC is not only affordable but also provides the capabilities we need to meet our demanding operational requirements. We are committed to getting the OPC right from the onset of the acquisition process.

### **Fast Response Cutter (FRC)**

The 154-foot Sentinel-class FRC project is providing critically needed assets to close our existing patrol boat gap and replace the aging 110-foot Island-class fleet. The FRCs, which are named after enlisted heroes, offer a far wider range of capabilities over the 110-foot patrol boats they are replacing including increased sea-keeping and better habitability. These enhanced capabilities improve crew effectiveness, communications, and on-scene operational endurance.

The lead FRC, BERNARD C. WEBBER, was delivered to its new homeport of Miami, FL, and was commissioned into service April 14, 2012. Production of FRCs #3-12 are currently underway, with the delivery of FRC # 2 (RICHARD ETHERIDGE) anticipated in the coming days. In February, the Coast Guard exercised a contract option to obtain the Reprocurement Data and Licensing Package necessary to re-compete the FRC production contract in the future. The Coast Guard plans to exercise a fixed-price option for production of additional hulls later this fiscal year following the receipt of the final Operational Assessment report which incorporates the results of a battery of tests that were performed earlier this year on the WEBBER.

### **Cutter Boats**

We are in the process of acquiring two classes of cutter boats to operate aboard and in conjunction with the NSCs. Each NSC will be equipped with one Long Range Interceptor II (LRI-II) and two Over the Horizon IV (OTH-IV) boats. The Coast Guard is currently evaluating industry responses to the LRI-II Request for Proposal released in September 2011. A contract award is planned for later this fiscal year. We also have awarded four Indefinite Delivery, Indefinite Quantity contracts for the production of OTH-IV test boats and are in the process of reviewing results from tests conducted as part of a “boat-off” this spring. A down-select decision of the final OTH-IV design will be made later this year leading to follow-on production. While designed for operations from the NSC, our cutter boats are planned for interoperability among our surface assets, providing commonality and life-cycle cost benefits.

### **Mission Effectiveness Project**

Under the Mission Effectiveness Project (MEP), 210-foot and 270-foot WMECs as well as 110-foot Island-class patrol boats are undergoing extended refurbishment at the Coast Guard Yard in Curtis Bay, MD. The MEP is designed to maintain and enhance legacy Coast Guard cutters until they are scheduled to be replaced with recapitalized assets. The MEP provides selected equipment upgrades and enhancements to sustain performance and stabilize future maintenance costs. The 14th and final 210-foot WMEC completed MEP availability in September 2010. Ten of 19 270-foot WMEC availabilities have also been completed. Additionally, 16 of the 17 110-foot, Island class patrol boats have been completed under MEP, and the last patrol boat is scheduled to depart the Yard by the end of the fiscal year.

## **HC-144A Maritime Patrol Aircraft**

The HC-144A Maritime Patrol Aircraft (MPA) is an effective and efficient complement to the Coast Guard fleet of heavy-lift, long-range surveillance (LRS) HC-130 series aircraft. Its high-efficiency turbo prop design provides crews more endurance to remain on scene to prosecute missions with an endurance nearly three times that of its predecessor, the HU-25 Falcon. MPAs are equipped with a Mission Systems Pallet (MSP) that provides new command-and-control, surveillance and intelligence technologies to enhance maritime domain awareness. The HC-144A is a multi-mission aircraft that will perform maritime patrol, law enforcement, search and rescue, disaster response, and cargo and personnel transport. MPAs are currently standing the watch at two air stations; a third air station will be fully operational by next year. We are also making major infrastructure improvements, including the construction of a new hangar at Air Station Cape Cod, to support future operation of the HC-144A.

The MPA has provided critical support to a number of recent interdictions, including the identification and tracking of a self-propelled, semi-submersible in March as part of the HC-144A's first deployment in support of Joint Interagency Task Force - South (JIATF-S) operations. The MPA was able to provide location information to the USCGCs DECISIVE and PEA ISLAND which, with the assistance of the Honduran Navy, were able to interdict the vessel and take multiple suspects into custody. This follows numerous other cases where the HC-144As increased endurance has allowed aircrews to maintain contact with suspicious vessels until they could be interdicted by Coast Guard surface assets. The HC-144A was also instrumental in clean up operations and wildlife evacuations during the BP Deepwater Horizon oil spill.

In April, the Coast Guard exercised a contract option for procurement of two additional HC-144As to EADS-North America, with 17 ordered and 13 delivered to date. This award was made under the second of four annual options available in the current contract; the two remaining options will provide the Coast Guard the opportunity to acquire up to four additional aircraft. The Coast Guard has already accepted two MPAs under the base contract, each on cost and several months ahead of schedule.

## **Long Range Surveillance Aircraft**

Our Long Range Surveillance (LRS) aircraft fleet currently consists of six HC-130J and twenty-three HC-130H Hercules models.

The HC-130J is based on the robust and long-serving C-130 airframe design but with advanced engines, propellers, avionics and cargo-handling equipment and is the model currently in production. The Coast Guard-unique HC-130J is configured for our mission set through a nine-month refit to install a suite of sensor and communications systems. This is the first C-130 aircraft in the world to feature a 360-degree, belly-mounted surface search radar giving our operators more than one chance to see a person in the water—a capability that can truly mean the difference between life and death. We are working with our Air Force and Navy partners to acquire and missionize three additional HC-130J aircraft using funding appropriated in fiscal years 2010 and 2012. We are simultaneously revising our base and support plans for these aircraft to make best use of their advanced capabilities when they are delivered.

The Coast Guard is also making critical upgrades to the legacy HC-130H fleet. All HC-130Hs have been modified to operate a state-of-the-market Active Electronically Scanned Array (AESA) surface search radar, which has already proven its value in search and rescue missions. Earlier this year, we inducted our first HC-130H into the Air Force's maintenance depot to extend its airframe service-life by replacing life-limiting center wing-boxes and began the process to upgrade the HC-130H's avionics suite to improve interoperability, comply with increasingly stringent global air traffic management requirements, and replace obsolete systems.

### **MH-60 Helicopter Conversion**

Our legacy H-60J helicopters are being upgraded to MH-60Ts for use as medium-range responders for offshore operations, shore-based aviation surveillance and transport. These conversions are being performed organically at our Aviation Logistics Center (ALC). To date, 27 out of 40 in-service MH-60Ts have been delivered with upgraded avionics in the first discrete segment of this project, and 25 aircraft have been converted with enhanced electro-optic/infrared sensor systems (EOIR) which have proved especially useful in locating people in cold surroundings such as water or snow where survival time is fleeting. Five air stations—Air Station Elizabeth City, Air Station San Diego, Air Station Sitka, Air Station Kodiak and Air Station Astoria—are operational with MH-60Ts, and a sixth, Air Station Clearwater, has received its first upgraded airframe. To date, 185 Coast Guard pilots have been fully qualified to operate the MH-60T model.

### **MH-65 Helicopter Conversions**

Our MH-65 multi-mission cutter helicopters perform search and rescue, law enforcement and homeland security missions; this project will extend their service lives through 2027. We have replaced the engines on all 95 original in-service aircraft and also procured seven additional aircraft to conduct the National Capital Region Air Defense mission. Additionally, 98 aircraft have been upgraded to MH-65C models with Airborne Use of Force capability. Since August of 2010, we have been conducting obsolete component modernization as part of the transition to the MH-65D construct. These upgrades are being conducted entirely at the ALC. To date we have delivered 29 modified aircraft, which feature a new dual-digital embedded Global Positioning System /inertial navigation system used by the Department of Defense (DoD) that improves interoperability, mission planning, reliability and reduces aircraft weight resulting in better performance.

### **Unmanned Aircraft Systems (UAS)**

We continue to work with the U.S. Navy and U.S. Customs and Border Protection to leverage cutter and land-based UAS development. We are in the process of demonstrating and evaluating a cutter-based small UAS, ScanEagle that has successfully operated from U.S. Navy assets. We are envisioning that this sUAS will expand the surveillance capabilities of the NSC as we continue to develop a concept of operations to leverage emerging UAS technology for final land-based and cutter-based solutions.

## **C4ISR**

Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) systems are important for interoperability among our many resources and missions. C4ISR equipment and software provide situational awareness, data processing and information exchange tools required to modernize and recapitalize our shore sites, surface and aviation assets. Accomplishments include 42 class-wide system improvements and capability upgrades for surface and aviation assets. The C4ISR project has provided an updated training facility in Petaluma, CA, with a new NSC C4ISR Suite. The project also established a Coast Guard Independent Validation and Verification capability in Moorestown, NJ, for software testing and delivered a new NSC C4ISR design baseline to The Command, Control, and Communications Engineering Center (C3CEN) in Portsmouth, VA, which includes new hardware and hardening against emerging information assurance threats. Finally, the C4ISR project has allowed us to shift to open architecture to sustain interoperability with DHS and the U.S. Navy and to increase information assurance and security.

## **CONCLUSION**

It is of vital importance that we recapitalize the fleet so that the Coast Guard is able to perform the missions that the Nation expects us of now and well into the future. Each day Coast Guardsmen and women get underway on cutters, boats and aircraft and are dependent upon the capability and reliability of these assets to carry out the Service's full range of missions that are vital to our security and our economy.

Our recapitalization program is on the right path – one of continuous improvement. We are routinely fielding new assets, and they are already saving lives, protecting our fish stocks, and keeping dangerous drugs from reaching our shores and streets. The next several years are critical in prudently addressing the Coast Guard's recapitalization priorities.

We are mindful that we will continue to face significant challenges as we work to recapitalize the fleet in our current fiscal environment. Our dedicated and outstanding acquisition professionals have made great strides in identifying and correcting shortfalls in our processes and procedures. They have been greatly assisted by the oversight of this Subcommittee and the Congress, as they continue the work to provide our Coast Guard with the assets it needs to remain always ready.

Thank you for the opportunity to testify before you today and for all you do for men and women of the Coast Guard. I look forward to answering your questions.