



**TESTIMONY OF REAR ADMIRAL RONALD J. RÁBAGO  
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**ON**

**“A REVIEW OF THE CHALLENGES MAINTAINING LEGACY ASSETS POSE TO  
UNITED STATES COAST GUARD MISSION PERFORMANCE”**

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

**SEPTEMBER 14, 2012**

**INTRODUCTION**

Good morning Mr. Chairman, Ranking Member Larsen, 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 address the challenges of maintaining our aging fleet of cutters and aircraft. The Coast Guard's ability to save lives, enforce laws on the high seas, facilitate maritime commerce, and protect our ports, waterways, and natural resources is highly dependent on maintaining a reliable and capable fleet of vessels and aircraft.

On behalf of the men and women of the Coast Guard who pursue mission excellence each day onboard our fleet of cutters, boats, and aircraft, I thank you for your continued advocacy and oversight of our Service. Balancing the acquisition of new assets with the maintenance demands of the existing fleet is a pivotal factor in continued mission success and the Coast Guard's ability to continue to provide truly outstanding value to the American taxpayer. The FY 2013 President's budget strikes the optimal balance between sustaining current operations and investment in future capability. It supports the Coast Guard's FY 2013 priorities to *Responsibly Rebuild the Coast Guard, Preserve Front-line Operations, Strengthen Resource and Operational Stewardship and Prepare for the Future*.

**CHALLENGES OF MAINTAINING AN AGING FLEET**

The recently completed Government Accountability Office (GAO) audit regarding the status of the Coast Guard's vessel fleet provides valuable insight into the many challenges faced by the Service due to our reliance on aging surface assets to execute our missions. The challenges of maintaining such a fleet include technical obsolescence of systems and components, increased incidents of unscheduled maintenance, and increased maintenance demands on cutter crews and support personnel. Additionally, growth in unplanned maintenance due to casualties potentially increases the number of lost scheduled cutter operational days for an asset as it ages and becomes more difficult to support due to relative unavailability of repair parts. I greatly appreciate the Subcommittee's interest in the Coast Guard's continued efforts to address the challenges in maintaining our legacy assets in the current fiscal environment.

## **NEW ACQUISITION ESSENTIAL TO CONTINUED SERVICE READINESS**

As outlined in the Fiscal Year (FY) 2013 President's Budget, the Coast Guard is committed to responsibly rebuilding the Coast Guard and efficiently preserving front-line operations. This strategy is essential to address the condition of our fleet in order to continue to provide exceptional service to our Nation.

Through the support of Congress, the Coast Guard recently made great strides in both surface and air asset recapitalization. Later this month, we will take delivery of the cutter WILLIAM FLORES, the third Fast Response Cutter (FRC) of a planned fleet of 58. This cutter, along with its recently delivered predecessors BERNARD WEBBER and RICHARD ETHERIDGE, are the lead hulls of the new Sentinel class of cutters that will replace the 110' Island Class Patrol Boats, which are reaching the end of their designed service lives. These cutters provide larger and more stable platforms from which to conduct operations, safer small boat launch and recovery in heavy seas, the ability to detect threats at longer range, remotely operated weapons to protect the crew, and the capacity to remain on station at sea for longer periods of time.

The Legend-class National Security Cutter (NSC) replaces and improves upon the capabilities of our 378-foot High Endurance Cutter fleet, which are more than forty years old. 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 expanding ice-free zones of the Arctic. 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 demonstrated enhanced capabilities during recent patrols in the Eastern Pacific and the Bering Sea. Fabrication of HAMILTON (NSC # 4) began last summer with the keel-laying scheduled this August. Fabrication for the JAMES (NSC # 5) is also underway. The FY 2013 President's Budget Request includes full funding for NSC # 6.

A Request for Proposal is planned to be issued prior to the end of FY 2012 that will lead to an award of three Preliminary and Contract Design contracts for the Offshore Patrol Cutter (OPC). This cutter class is intended to replace the Coast Guard's aging fleet of medium endurance cutters, most of which are between 25 and 40 years old.

We have just accepted our 14th HC-144 Ocean Sentry, Maritime Patrol Aircraft (MPA), out of a planned fleet of 36. This turboprop aircraft provides increased medium range surveillance and rescue response in the maritime domain and replaces the HU-25 Falcon jet aircraft, which is at the end of its service life. The HC-144 offers a number of advantages over its predecessor that improve mission performance. These include vastly improved endurance, improved fuel economy, superior cargo capacity via a stern ramp, better low altitude and low speed search capability, and a state-of-the-art mission system pallet which integrates an upgraded radar system, secure communications and an electro optical infrared camera.

## **BALANCING NEW ACQUISITION WITH SUSTAINMENT PRIORITIES**

While acquisition of new assets is an essential part of ensuring the Service's ability to operate in current and future environments, effectively maintaining our existing assets cannot be understated. It is our challenge and duty as careful stewards of taxpayer dollars to effectively balance the needs of today with the needs of tomorrow in order to provide safe and reliable assets to our front line forces.

To maintain operational capacity until delivery of FRCs and OPCs, the Coast Guard embarked on a Mission Effectiveness Project (MEP) for its 110' patrol boats and 270' and 210' medium endurance cutters. This Acquisition, Construction, and Improvements funded program was designed to cost effectively provide selected equipment upgrades and enhancements to increase cutter reliability, address technical obsolescence, improve mission effectiveness, and reduce future maintenance costs. The last 210' cutter completed MEP in FY 2010 and the final 110' patrol boat completed its MEP in July 2012. MEP on the 270' cutters is scheduled to be complete in FY 2014. MEP has resulted in significantly improved reliability of several systems installed onboard the medium endurance cutter and patrol boat fleet.

Numerous cutter classes are at or beyond their designed service lives. Others are reaching their mid-life period and require major system recapitalization to mitigate technical obsolescence issues that can drive maintenance costs up and operational availability down. For those surface assets at or beyond service life and with no replacement programs on the immediate horizon, Service Life Extension Projects (SLEPs) are considered to mitigate operational gaps, such as the 140' Icebreaking Tugs funded in the FY 2012 enacted budget. For others, major mid-life availabilities are intended to optimize mission readiness and stewardship of funds over the remaining lifecycle of the assets.

The In Service Vessel Sustainment (ISVS) program in the Coast Guard's Capital Investment Plan, started in FY 2012, is the mechanism to address these needs within the surface fleet. The Coast Guard's Naval Engineering program administers a rigorous process of periodically evaluating the materiel condition of service assets. This process, known as a Ship Structure and Machinery Evaluation Board (SSMEB), provides a detailed evaluation of a cutter or boat class and its estimated remaining service life.

Output from SSMEBs and lessons learned during MEP in recent years informed the first major project to be managed under the ISVS umbrella, the 140' Icebreaking Tug SLEP. Funding for preliminary engineering work was made available in FY 2011 and design for this project is well underway. The project funding appropriated in FY 2012 specifically funds completion of detailed design work, materials purchasing and initial production for the first 140' Ice Breaking Tug (WTGB) Service Life Extension Project (SLEP). The entire fleet of nine 140' WTGBs are planned to undergo SLEPs with the first vessel scheduled to start in late FY14. . A major mid-life availability project is also planned for the 225' sea-going buoy tenders, with funding appropriated for engineering design work beginning in FY 2012. A 270' medium endurance cutter SSMEB is ongoing with a follow-on Sustainment Conference scheduled for September 2012 and will be a basis for determining future sustainment projects. Likewise an SSMEB for the 210' cutters will be completed in FY 2013. Using the information obtained from these post-MEP SSMEBs, the Coast Guard will formulate a plan to maximize the operational lives and mission effectiveness of these cutters until the OPCs are delivered.

## **POSITIVE EFFECTS OF MODERNIZED STRUCTURE AND PROCESSES**

As part of a service-wide modernization and restructuring effort, the Coast Guard created the Surface Forces Logistics Center (SFLC) in 2009. This new command consolidated functions that were previously executed among three commands: Maintenance and Logistics Command (MLC) Atlantic, MLC Pacific, and the Engineering Logistics Center. Additionally, the Coast Guard Yard in Baltimore was aligned under the SFLC's command structure. This reorganization has allowed the Coast Guard maintenance community to manage all surface assets under a single enterprise and make several positive changes in surface fleet maintenance planning and execution.

Elimination of the two MLCs enabled the creation of a single point of accountability for the management of maintenance pertaining to any asset class. This organizational structure uses Product Line Management and derives its benefit from the standard processes and procedures associated with a single set of management priorities across multiple classes of cutters and boats. Additionally, each Product Line Manager now has responsibility for funding all routine maintenance, unplanned maintenance, system upgrades, and spare parts. Convergence of maintenance and supply funding, coupled with fleet-wide metrics, enables each Product Line Manager and the SFLC Commander to best address the maintenance priorities of operational commanders within his/her base of resources.

Product Lines and the Coast Guard Yard are both under the SFLC command umbrella to streamline decisions regarding the use of organic labor and facilities versus commercial services, thus achieving best value for the Service in the execution of both planned and unplanned depot level maintenance. Additionally, the Coast Guard recently unified 21 different industrial sites into a National Industrial Enterprise organization. This effort will improve the planning of industrial projects and management of industrial resources enabling efficiency through standard practices, processes, and management plans and will aid in the efficient mobilization of capabilities to deliver mission support services during contingency operations or major targeted maintenance activities.

## **CONCLUSION**

The Coast Guard works to execute its missions with distinction. It is critical that we provide our service members with the safest, most reliable assets to carry out those functions.

Recent years have provided a challenging operational environment as a result of both planned and contingency operations. The structure of the Coast Guard engineering and logistics community continuously evolves to meet the maintenance needs of an aging fleet. Through a vigilantly administered acquisition plan, a carefully prioritized maintenance strategy, the dedicated work of Coast Guard service members and civilian employees, and the continued support of Congress, the Coast Guard is positioned to meet the significant challenges of maintaining its fleet into the next decade.

Thank you for the opportunity to testify before you today. I look forward to answering your questions.