



All Hands Messages

What a Difference a Year Makes

To the Men and Women of the Coast Guard:

Just over a week ago, USCGC BERTHOLF (WMS 750), the first National Security Class (NSC) cutter, got underway for the first time under her own power to complete machinery trials. All indications are that the trials went extremely well and BERTHOLF will meet or exceed our requirements upon commissioning next year. (Rear Adm. Blore, the Assistant Commandant for Acquisition, will issue an ALCOAST shortly that provides greater detail on the results of the machinery trials). Given this milestone in Coast Guard history, I thought this would be a good time to provide an update on the health of our vital Deepwater program.

First, a little history:

About a year ago, the Coast Guard's \$24 billion Deepwater capital acquisition program to replace and modernize virtually our entire fleet of offshore cutters, boats, aircraft, and command and control systems over 25 years, came under intense public scrutiny. The DHS Inspector General, the Government Accountability Office, our Congressional overseers, and others voiced concern with significant challenges we faced in performance, cost and schedule. At the time, we committed to taking strong, decisive action to improve Coast Guard management and oversight of this vital modernization program.

Much of the criticism last year centered around eight 110-foot patrol boats among a fleet of 49 boats kept well beyond their planned service life in a failed attempt to lengthen them to get additional years of service. These efforts did not live up to their promise, and we have since rescinded our acceptance. We will replace the remainder of our 110-foot patrol boats with a new fleet of 58 Fast Response Cutters (FRC), the first of which will begin to enter service in 2010. To speed project completion and increase competition in the market, we took the FRC project outside of the Deepwater contract last year and issued a request for proposals in record time. We are currently reviewing those proposals and look forward to announcing a new contract award this spring. In the interim, we have increased patrol days for some of the remaining patrol boats using the crews of the laid up cutters and are in the process of procuring four additional new 87-foot patrol boats.

Another area of significant concern focused on the fatigue life of our newest Deepwater cutter, the 418-foot National Security Cutter (NSC). In response to these concerns, we worked tirelessly with our own engineers, industry and our Navy counterparts to identify

structural design modifications needed to help ensure a 30-year service life. We also undertook a significant re-structuring of the NSC project contract with industry last year. This has resulted in better conditions and cost control for the government while resolving numerous outstanding contractual issues that existed for more than two years.

We suspended work on our Vertical Unmanned Aerial Vehicle (VUAV) project due to our concerns with the technological maturity of the designs offered. We are studying several alternative technologies and continue to research the best way forward that will meet our surveillance and reconnaissance requirements, possibly in concert with other DHS efforts.

Here's where the program stands today:

Improvements we've made in the Deepwater program outlined above are the direct result of aggressive oversight and management reforms implemented in the past year to put the program back on track. We changed the way we are doing business overall by improving the organizations, policies and processes that govern how we acquire ships, aircraft and equipment. We call this strategy for business transformation our "Blueprint for Acquisition Reform."

In July, we reached another milestone when we stood up the consolidated Acquisition Directorate (CG-9), which is comprised of several legacy acquisition offices, including the Deepwater Program Office. The new directorate manages services and supports a \$27 billion investment portfolio that includes more than 20 major acquisition projects, including the Rescue 21, the Nationwide Automated Identification System (NAIS), and our Response Boat – Medium projects. Our shared vision for the directorate sets a new course for our acquisition community. This will enable us to be more effective in how we apply our resources; in the way we direct our workforce to the highest priorities in contracting and program management; in acquisition workforce professional development; and in our standard acquisition policies & processes.

We are just beginning to see the fruits of our labor as a result of many of the acquisition program changes made in the past year. USCGC BERTHOLF recently completed machinery trials as one step leading to commissioning next year. USCGC WAESCHE (WMSL 751) is thirty percent complete and we will cut steel for the third ship, USCGC HAMILTON (WMSL 752), next year. We also took delivery of three new HC-144 Ocean Sentry maritime patrol aircraft and started construction on five more, upgraded our entire fleet of 95 HH-65C Dolphin helicopters with more powerful engines, and added new sensors and communication systems aboard 35 of our legacy Medium Endurance Cutters in the past year. Our Mission Effectiveness Project to sustain and refurbish our legacy fleet of 110-foot coastal patrol boats and both classes of medium endurance cutters is in on schedule and within budget. I had the opportunity to fly aboard the first MH-60T Jayhawk going through conversion at our Aircraft Repair and Supply Center in Elizabeth City, NC recently and was impressed with its significant improvements in state-of-the-art sensors, navigation and communications. This coming summer, the first of six newly missionized C130J Hercules long range surveillance aircraft will be

operational. Moreover, we are seeing real results in the execution of our vital missions as a result of Deepwater, having removed more cocaine at sea (161 metric tons) than in any other year in our history of drug interdiction and set a new altitude record in the course of an HH-65C rescue in the state of Washington.

Undoubtedly, we will face additional challenges in the future as we struggle with simultaneously maintaining an obsolete fleet of ships and aircraft while we introduce a new fleet of more capable ships and aircraft into service. Yet, I am confident that the Deepwater program is back on course and optimistic that we will prevail in doing both to the best of our ability. Make no mistake about it. Deepwater is underway and making way.

Admiral Thad Allen

[Message originally sent 19 December 2007]

