

**EVENT: Hearing; House T&I Subcommittee on Coast Guard & Maritime Transportation**

**DATE and TIME: 18 April 2007; 1400**

**LOCATION: 2165 Rayburn House Office Bldg.**

**SPEAKER: RADM Gary T. Blore**

Good afternoon, Chairman Oberstar and Ranking Member Mica. It is a pleasure to be here today with my colleague Vice Adm. Sullivan.

I would like to thank the Congress and in particular this committee for your oversight of the Integrated Deepwater System. We have adopted many of your committee recommendations as we reform the Deepwater acquisition process.

I believe, the Deepwater program is our best strategy for building a 21<sup>st</sup> Century Coast Guard capable of executing our missions of maritime safety, environmental protection, homeland security, and national defense.

As part of our effort to strengthen the Deepwater program, and with the Commandant's leadership, we have met extensively with Integrated Coast Guard Systems or ICGS, Lockheed Martin and Northrop Grumman. We have had frank discussions with industry about our intentions moving forward. We have strengthened the Coast Guard's acquisition process and revamped our procedures to ensure that the contract expectations of the Coast Guard and the American taxpayer are crystal clear.

This Hearing has focused on mistakes the Coast Guard made in our first Deepwater shipbuilding project. Not a day goes by that I am not fully committed to avoiding a recurrence of this disappointment. Our Coast Guard men and women deserve better, as does the public we serve. You have my assurance that I will take every step necessary to redress insufficiencies in analysis and communication that led to the premature decommissioning of the 123 patrol boats.

However, we must not fall victim to living in the past, which neither recapitalizes the Coast Guard, nor serves the public interest. Instead, we must apply lessons learned to ensure a successful future for Coast Guard acquisitions, homeland security and the American people.

The Coast Guard has options in choosing from whom to acquire our assets, consistent with the Federal Acquisition Regulations. With the Commandant's support, I intend to use robust business case analysis, competition, and best value criteria, in choosing which manufacturer(s) will execute our projects. In many cases, that may continue to be Lockheed Martin and/or Northrop Grumman, and to that end the Commandant and company CEOs recently signed an agreement asserting the Coast Guard would: transition into becoming the Systems Integrator, lead management of all lifecycle logistics, expand the use of the American Bureau of Shipping, accelerate the resolution of remaining National Security Cutter Issues, and where practicable, work directly with the prime vendor. These actions combined with numerous other acquisition and program management reforms will make the Deepwater program of tomorrow fundamentally better than the Deepwater program of today.

This committee has been a catalyst for much of this change. But the fundamental underpinnings of this reform began the day Admiral Allen became Commandant, just under a year ago. His first – very first – new initiative as our Commandant was to direct a consolidation of our acquisition organization. Shortly thereafter, he adopted the Blueprint for Acquisition Reform, which called for a restructuring and prioritization of our agency’s entire acquisition process. We will stand up this new structure beginning July 13<sup>th</sup> and it will take shape fully over the next several months.

For the upcoming Award Term, the Commandant has asked me to focus on more favorable government terms and conditions and on those priority Delivery Task Orders occurring during the first 18-24 months. This allows the recapitalization of the Coast Guard to continue unabated, while acquisition reforms are implemented, at the same time allowing a full spectrum of options for future government purchases.

Today marks the start of my second year in this assignment. Critical to our acquisition is the partnership we have built with our sister service. The Navy is our third party independent assessor of choice – they speak “Coast Guard,” understand us, and have superb engineering and technical expertise to share. For example – 25% of my resident project staff at the Pascagoula Shipyard is on loan from NAVSEA, on a reimbursable agreement. Our daily contact is across dozens of NAVSEA’s Divisions, involving millions of dollars transferred for everything from Navy Type/Navy Owned equipment, to technical review. And now with the elevated role of our Coast

Guard Technical Authority, the relationship with NAVSEA is even more integrated.

In conclusion: A properly equipped Coast Guard is critical to our nation, and reforming the Deepwater acquisition is critical to a 21<sup>st</sup> Century Coast Guard. I look forward to working with you to ensure we can accomplish acquisition reform without derailing recapitalization, but while focusing on the acquisition fundamentals of cost control, schedule integrity, and the surpassing of performance expectations.

Thank you, Mr. Chairman, I would be pleased to answer your questions.