

# SAC NEWSLETTER

A monthly newsletter brought to you by The Strategic Affairs Committee of the PSDSRA



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## Top stories in this newsletter (Helpful Hint: click the pictures to be taken to the articles/links)



**Navy Risks Blowback in Bid to Scrap \$5 Billion of Troubled Ships**



**Navy Cost Estimates on Shipyard Modernization 'Wildly Off,' GAO Tells Congress**



**Applying Leading Practices and Transparent Reporting Could Help Reduce Risks Posed by Nearly \$1.8B Maintenance Backlog**



**U.S. Navy Sets Up New Unmanned-Vessel Division in San Diego**



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## Navy Risks Blowback in Bid to Scrap \$5 Billion of Troubled Ships



US Navy Photo

"The US Navy wants to scrap nine of 16 Littoral Combat Ships built by Lockheed Martin Corp. well short of their projected service lives in order to save a projected \$4.3 billion in upgrades and maintenance over coming years.

While the ships were built to spend 25 years at sea, many of those on the water are in the infancy of their naval careers. That includes the USS St. Louis, now in its third year of service life; the USS Billings and USS Indianapolis, in their fourth years; and the USS Sioux City and USS Wichita, in their fifth, according to a Navy information paper for Congress obtained by Bloomberg News.

The vessels are seen as less capable than the "Independence-class" vessels built by Lockheed shipbuilding rival Austal Ltd. That's in part because they were hobbled by a latent propulsion system gear defect caused by a subcontractor that requires removal and replacement.

What Navy leaders originally touted as a 55-vessel fleet of littoral ships costing \$220 million apiece has dwindled to a currently planned 35 costing on average \$478 million each. The proposed retirement would reduce the overall fleet of LCS — designed to operate in shallow coastal waters — to 26.

The LCS retirements are among 24 vessels, including cruisers and dock landing craft, proposed for de-commissioning to help save a total of about \$7 billion. That includes eight vessels already operating beyond their expected service life. The decommissioning would contribute to a reduction of the Navy's total fleet from 298 deployable ships to 280 by 2027, even as the Biden administration is under pressure to boost shipbuilding to counter China.

While some lawmakers will back the move, others will see it as the latest symbol of wasted defense dollars in an era when the White House is seeking \$773 billion for the Pentagon in fiscal 2023."

## Navy Cost Estimates on Shipyard Modernization 'Wildly Off,' GAO Tells Congress



US Navy Photo

"The Navy's cost estimates for modernizing dry docks in its four public shipyards 'have been wildly off point,' Diana Maurer, the director of defense capabilities in the General Accountability Office, testified on Tuesday.

She was referring to GAO's latest report on the Navy's Shipyard Infrastructure Optimization Plan released this week and a 2017 report on the condition of the public yards' layout, facilities and workforce. The 2017 report led the service to develop a 20-year optimization plan.

"The \$21 billion [total expense over 20 years] was unrealistically low," she added. The Navy's figures underestimated replacement cost of aged utilities and the rate of inflation. "The realities of the shipyards have not significantly changed since 2019," she told the Senate Armed Services Seapower and Readiness and Management subcommittees. She compared physically moving about the public shipyards to "driving the streets of Old Boston."

Maurer added that the dry dock costs also weren't factored into the costs of what would be needed for Gerald Ford-class carriers and modernized Virginia-class submarines now entering the fleet. The four public yards and Newport News Shipbuilding and Electric Boat do the major overhauls for the Navy's nuclear vessels.

A positive sign, Maurer said, was the Navy has continued to invest more than 6 percent to improve yard architecture and has adopted several metrics to better address issues delaying carrier and submarines' return to the fleet."

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## Applying Leading Practices and Transparent Reporting Could Help Reduce Risks Posed by Nearly \$1.8 Billion Maintenance Backlog



US Navy/Mass Communication Specialist 2nd Class P. Burghart

"In the past decade, surface ships have accounted for nearly all of the Navy's deferred depot maintenance backlog. Aircraft carriers have experienced minimal increases in backlog, and maintenance is rarely deferred for submarines. At GAO's request, the Navy developed an estimate of its maintenance backlog that totaled nearly \$1.8 billion, comprising nearly \$1.7 billion for surface ships and nearly \$100 million for carriers. The surface ship maintenance backlog included \$1.2 billion for deferred maintenance on ships the Navy proposed to decommission early in its fiscal year 2022 budget request. The accumulated maintenance backlog contributed to the Navy decisions to decommission nine ships, according to officials, which will result in the loss of 34 years of ship service life (see figure). Early decommissioning leads to a smaller fleet and could hinder efforts to meet operational and presence requirements.

Managing the surface fleet's depot maintenance backlog, the Navy met six of the nine leading practices that GAO has previously identified as effective strategies for managing deferred maintenance backlogs. Specifically, it has not established comprehensive performance measures for reducing the backlog; identified the full range of risks posed by a lack of timely investment; or identified the funding needed to address the backlog of deferred depot maintenance. Doing so would help the Navy better manage its surface fleet.

The Navy understated the amount of its ship deferred depot maintenance in its 2021 financial reports by about \$1.6 billion. The Navy reported only about \$181 million in unfunded ship deferred maintenance in its 2021 annual financial report even though estimates it prepared for GAO show a nearly \$1.8 billion backlog. The Navy has not established clear guidance for required information on ship deferred maintenance in financial reports. Having quality information on the costs of deferred maintenance—and the effects on maintenance backlogs—would provide the Navy and Congress with greater transparency about the Navy's efforts to maintain ships and would promote improved operational readiness.

GAO is making nine recommendations to incorporate leading practices for managing deferred maintenance and to improve Navy reporting on the depot maintenance backlog. DOD generally concurred with the recommendations."

Specific recommendations can be found in the article.

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## U.S. Navy Sets Up New Unmanned-Vessel Division in San Diego



(J. Scott Applewhite/AP)

"The U.S. Navy's San Diego-based unit for high-tech vessel testing, Surface Development Squadron One, has created a new division to house its unmanned-vessel operations.

The newly-formed Unmanned Surface Vessel Division 1 will take charge of the squadron's two unmanned vessels, the DARPA-developed Sea Hawk and Sea Hunter, as well as two modified commercial crew boats, the Nomad and Ranger. The latter two vessels were developed by the Pentagon's Strategic Capabilities Office under the Ghost Fleet Overlord program. All four are reportedly headed for the Navy's flagship Rim of the Pacific (RIMPAC) maneuvers, the largest international naval exercise in the world.

USVDIV One will also receive three additional unmanned vessels this year, officials told the San Diego Union Tribune.

The new USVDIV One is the second unit recently set up to test unmanned systems. U.S. 5th Fleet in Bahrain has a similar development team assigned to try out small-scale unmanned boats for patrol duty, including proven designs like the Mantas T-12 and the Saildrone. The tests have been successful enough that 5th Fleet has announced plans to create a force of 100 unmanned vessels, primarily for monitoring the maritime movements of Iran and its proxy forces.

Surface Development Squadron One will retain responsibility for the Zumwalt class of guided missile destroyers, which have yet to deploy overseas. The class' high-tech deck guns lack ammunition, and the Navy is making plans to convert them into platforms for its next generation hypersonic missile, Conventional Prompt Strike. "

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## Quick Link Resources Included for the Benefit of the Members



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## Navy brass put forward climate plan, citing threats to Parris Island, San Diego bases



(Photo by Nathan Hanks/  
Marine Corps)

"Following the lead of the other services and the broader Pentagon, the Navy has published a new climate action strategy that seizes upon the coming years as a time for "decisive action" to quantifiably reduce the service's greenhouse gas emissions by 2030.

"2030 is the marker that we laid down initially because the scientific community and others have said that this is the decade of decisive action and so we're taking that very seriously," Meredith Berger, the service's senior civilian overseeing energy, installations and environment, told reporters on Monday.

The strategy document cites a handful of specific initiatives such as the electrification of ground vehicles, alternative propulsion systems for Navy ships and base infrastructure changes to make them resilient against natural disasters. It also states the service will immediately begin a 90-day sprint to "identify initiatives to make progress towards" the goals outlined in the strategy document.

But like everything else in the Pentagon, plans can fall by the wayside when the political winds change. During the Obama administration, the Navy touted a green initiative dubbed the "Great Green Fleet," which focused on enabling warships to use alternative sources of energy. The initiative gained some traction under Navy Secretary Ray Mabus, but Republican skepticism meant the project was mostly sidelined under the Trump administration.

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### About the SAC:

The Strategic Affairs Committee's charter is to monitor current events and news relevant to the Ship Repair Industry and provide the Association's board of directors with items of interest that may affect the industry and / or the membership. The information includes but is not limited to current events, geopolitical information, budget news, political information and upcoming legislation.



The PSDSRA's Facebook page is regularly updated with news, which is focused on, timely and relevant information of value to our members in the Maritime Industry. To view, like, and/or follow the PSDSRA's page, click the Facebook logo.

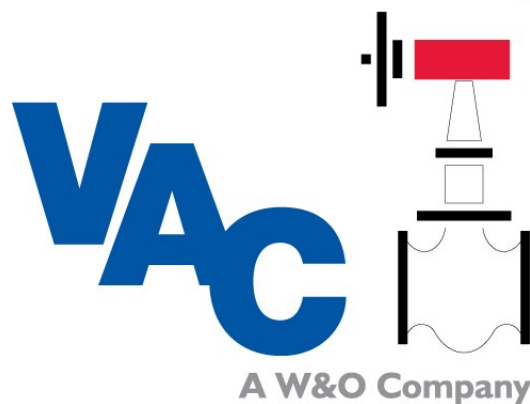
The SAC meets on the 3rd Tuesday of every month.

To join the Committee - Email [KWilkinson@delphinus.com](mailto:KWilkinson@delphinus.com) and you'll be added to the committee distributions and meeting invitations.

Current Active Committee Members include: Kyle Wilkinson, Derry Pence, Terry Buis, Marcel Becker, Kyle Clapp, Kelvan Hall, Michael Curtain, Michael Bice, Ed Zajonc, Morgan Miller, Lorenzo Ramirez, Patrick Mooney, Ross Shook, Desiree Waldon, David Widener, Chris Hill, Dan Cummins, Michael Gonzales, Dante Sitta, Charnel Kirkpatrick, and Michelle Walker.

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# Members Featured



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### Prepared By:

Kyle Wilkinson — SAC Committee Chair

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# VALVE AUTOMATION AND CONTROLS



When choosing a supplier of automation equipment, many factors should be considered such as, experience in the marine construction environment, knowledge of marine components and ship's systems, manufacturer relationship and support and ability to effectively integrate equipment from several vendors into a high-quality package at a competitive installed cost. Valve Automation and Controls (VAC) has a long history of partnership on projects of this type. These include successful installations of both digital and controlled automated valve networks, bilge and ballast valve systems, cargo and fuel system valves, and more. Over the course of 25 years, we have provided thousands of automated valves, including approximately 6,000 digitally controlled EIM actuators operating on US ships sailing today.

VAC's goal in every instance is to supply products and systems that add value in terms of installed cost to the builder and maximum value to the vessel operator over the life of the vessel. Our valve/actuator packages have a demonstrated track record of reliable trouble-free service and reduced maintenance and certification costs.

As a division of W&O, the largest marine distributor in the US, we also have an extensive product offering of pipe, valves & fittings. Our Engineered Systems group ensures that equipment is delivered on time, and locally based technicians provide commissioning support and work directly with you to ensure an efficient start-up and long-term reliability. W&O's nationwide network of facilities means support locally during installation and service wherever the ship is located after.

## ***Our Qualifications:***

### **Experience**

- Established marine and industrial distribution business
- Existing alliances with major valve, actuation, controls and piping component manufacturers
- Technical and Service support for Marine Process piping components
- Field Service Technicians experienced in assisting shipyards and operators with upgrades and repairs

### **Inventory/Logistics Support**

- Large local inventory
- Largest marine distributor of EIM Valve Actuation products
- Ability to respond quickly to changing requirements

### **Local Service Location**

- VAC within minutes of San Diego waterfront
- Leveraged purchasing power
- Field service for all products

### **Quality**

- Established, comprehensive quality program
- Local quality plan and results measurement
- Core measures of local and corporate activities



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