

SAC NEWSLETTER



6.27.2022

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

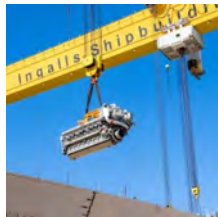
Top stories in this newsletter (Helpful Hint: click the pictures to be taken to the articles/links)



HASC's FY 23 NDAA Authorizes 13 Ships, Establishes Naval Review Committee



Worried about inflation and the defense budget? A continuing resolution could make things worse



Ukraine Conflict Highlights Need for Domestic Defense Manufacturing



The Navy is broken. Congress must launch a commission to find the path forward.



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HASC's FY 23 NDAA Authorizes 13 Ships, Establishes Naval Review Committee



US Navy Photo

"The House Armed Services Committee approved the annual defense policy bill early Thursday that would authorize the Navy to buy a total of 13 ships.

The committee's version of the Fiscal Year 2023 National Defense Authorization Act would also save five Littoral Combat Ships from decommissioning.

During Wednesday's markup the committee approved an amendment from Reps. Elaine Luria (D-Va.) and Jared Golden (D-Maine) that would authorize a \$37 billion increase to the policy bill's topline.

That same amendment also authorizes funds for five more ships – another Arleigh Burke-class destroyer, a second Constellation-class frigate, another T-AO-205 John Lewis-class oiler and two Expeditionary Medical Ships. This is in addition to the eight battleforce ships – two Arleigh Burke-class destroyers, two Virginia-class attack boats, one Constellation-class frigate, one San Antonio-class amphibious transport dock, one T-AO-205 John Lewis-class oiler and one T-ATS 6 Navajo-class towing, salvage and rescue ship – the legislation authorizes to meet the Navy's original FY 2023 request.

Luria's and Golden's amendment also authorizes funds to save five Littoral Combat Ships from decommissioning. The Navy's FY 2023 budget proposal sought to decommission a total of 24 ships, including nine Freedom-class LCSs.

Despite some opposition to the amendment, specifically the effort to save the five LCSs, the panel approved the measure."

Worried about inflation and the defense budget? A continuing resolution could make things worse



(U.S. Air Force Staff Sgt. Brittany A. Chase/DoD)

"Concerns about inflation have dominated the debate around the defense budget request for fiscal 2023. The Department of Defense requested \$773 billion in discretionary funds, roughly 4% more in nominal dollars than the base budget level enacted by Congress for FY22.

But while rising inflation rates threaten DoD's purchasing power, congressional politics around a continuing resolution to start FY23 could exacerbate inflation's impact on the defense budget.

The Biden administration locked in its inflation assumptions in November of last year, projecting that inflation would decline through FY22 from FY21 highs and eventually level out.

But those forecasts have thus far proven more optimistic than realistic. Annual inflation measured by the consumer price index rose from 6.8% in November 2021 to a peak of 8.6% in May 2022, representing the largest annual increase in consumer prices since December 1981.

This high rate of inflation poses a threat to the department's purchasing power. Instead of the real increase in defense spending assumed by DoD, rising prices over 2022 likely means the requested level of funding represents a cut. And the administration's five-year funding projections could mean an even greater loss in purchasing power — potentially over \$300 billion between FY23 and FY27 — should high inflation persist.

If congress fails to reach an agreement to pass a long-term appropriations bill by the start of the fiscal year, Congress at the very least can pass a continuing resolution that raises funding for defense and non-defense programs above FY22 levels by a uniform across-the-board rate, as they have done at times in the past. This would provide a temporary solution that restores some lost buying power in FY23."

Ukraine Conflict Highlights Need for Domestic Defense Manufacturing



Image courtesy Fairbanks
Morse Defense

“Russia’s invasion of Ukraine has revealed the challenges of sustaining conventional military forces far from home against an opponent enjoying the home-field advantage. Moscow’s failure to adequately secure its supply lines reminds us of an important lesson that seems to be forgotten in the post-Cold War era: wars between conventional militaries produce significant attrition and require the industrial capacity to quickly replace and surge new equipment to the frontlines.

American industrial and military leaders once understood this reality. In World War II and the Cold War, the U.S. enjoyed the industrial capacity and supporting workforce to quickly surge ships, aircraft, and armored vehicles to the battlefield and replace our losses in good order. This provided military planners with a cushion should a conflict exceed a few weeks.

The United States has confronted a very different reality after 9/11. Our manufacturing capacity and workforce have shrunk dramatically in the past two decades. American dependency on overseas components for critical military equipment is on the rise. And the Middle Eastern counterinsurgencies that defined 21st-century warfare have not required the type of surge capacity indicative of conventional, peer-to-peer conflict.

To protect the American people and our national interests, the U.S. must have the industrial capacity to endure prolonged conflict and ensure ultimate victory. Congress and the Executive Branch must provide defense spending that is stable, transparent, and adequate for the entire defense industrial base, not just the largest contractors so that the United States can ultimately prevail in any future conflict, no matter the length or difficulty. ”

The Navy is broken. Congress must launch a commission to find the path forward.



(US Navy/Michael Joseph
Flesch)

“Beset by failed modernization efforts, a looming series of financial bills and a series of scandals that have thinned its top ranks, the US Navy has seen better days — just as the Pentagon’s pivot to the Pacific thrusts the Navy to the military’s forefront. In this new call to action, John Ferrari of American Enterprise Institute says Congress must quickly create a National Commission on the Navy’s future, find a path forward, and commit to it.

In 1980, US Army Chief of Staff General Edward Meyer famously testified to Congress that the Army had become “hollow,” the result of too much structure and not enough people, along with outdated equipment, low morale, and untrained soldiers. After decades of tireless efforts in Vietnam, the social upheavals of the 1970s, and the decreased buying power of rampant inflation, Meyer’s “hollow” force was not simply descriptive: it was a plea for help to the political leadership of the country.

Chief of Naval Operations Adm. Mike Gilday’s testimony before Congress last month about the 2023 budget and posture of the US Navy should have echoed Meyer’s past sentiments. Instead, Gilday sounded more like Meyer’s predecessor, Gen. Bernard Rogers, whose testimony in 1977 gave little to no indication that a mere two years later the Army leadership would publicly admit the Army was in serious trouble.

Given the string of scathing GAO reports, crashes that now include the nuclear submarine fleet, and large-scale leadership lapses, there are plenty of warning signs that the Navy is on a path to being just as broken as the Army of 1980 — perhaps worse. Gilday’s warning cannot yield the same “wait a few more years” result. While it took the Army nearly five years to recover from its post-Vietnam hollowness, the Navy is a much more difficult challenge that might take more than a decade to fix. But fix it we must.

Simply put, the Navy cannot fix itself. Policymakers simply cannot wait for another 1979-Army-like testimony that resembles the decades-old Life-Alert commercials that made famous the line “Help, I’ve fallen, and I can’t get up!” It is time for the Hill to take action.

The Congress has recently chartered several commissions that have solved seemingly intractable problems and, more importantly, built consensus around solutions. Specifically, the national commissions associated with the Air Force and Army, and more recently on defense budgeting reform have proven effective — yet another reason why the Navy needs a prioritized focus over the other two branches of the military. What is needed now is a bipartisan solution that the White House, the Congress, industry, and leads in the Department of Defense — including the Navy and Combatant Commanders — all agree to.”

Quick Link Resources Included for the Benefit of the Members



Contact Monica at
mpot@sandiegosh
iprepair.com to
advertise open
positions on the
PSDSRA Website



Information on
CMMC 2.0



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NOTES FROM THE PRESIDENT

WRITTEN BY: DERRY PENCE



Congressmen Levin, Issa, and Peters have issued a Joint Proclamation acknowledging the effort put forth by the Ship Repair and Shipbuilding industry personnel during COVID. Copies of this proclamation have been forwarded to all member companies. Congratulations to everyone who ensured the ships that were put into our care were in the best material condition so they could perform their assigned missions.

We continue to monitor the actions being taken by the APCD with regards to welding and the establishment of permits for welding. We will keep you advised on any workshops that the APCD conducts that could impact our industry. You are also encouraged to attend meetings of the AB 617 Steering Committee. Their meetings are both in-person and virtual.

The Navy has a number of initiatives that they are pursuing and all of them are focused on reducing lost operational days for the ships. While there has been an improvement in reducing the lost operational days, there is still a lot to do. ASNE is sponsoring the Fleet Maintenance and Modernization Symposium (FMMS) to be held in Virginia Beach from September 20, 2022 until September 22, 2022. On September 22nd, the Navy's senior maintenance leadership will meet with industry. The format will include an INDP and Small Business Session. Details will be shared as they become available.

At the June meeting of the Environmental Committee, we received a presentation from NASSCO on Rule 1210 Updates and Expected Impacts to Ship Repair. Rule 1210 addresses actions that must be taken if your company is found to impact the risk that people will contract cancer. Activities that can contribute to the cancer risk are welding, painting, and blasting. Everyone is encouraged to review Rule 1210 and determine if you are impacted by the updated Rule. We continue to monitor the AB617 Steering Committee and the implementation of the action plans included in the Community Emissions Reduction Program (CERP).

At the June Safety Committee Meeting, we received a presentation from CALOSHA on heat illness. You can find the presentation on the CALOSHA website. Fire safety remains a focus of the Safety Committee. The Navy has released a draft of the new 8010 Manual. Comments have been submitted by all of the Ship Repair Associations to CNRMC. We are still waiting for the final version of the 8010 Manual so that discussions can be held on what will be imported into the NAVSEA Standard Item. The Safety Committee is working with Fed OSHA to create an alliance that will create a better working relationship.

The Security Committee, working with Naval Base San Diego and SWRMC, have agreed that issuing DBIDS credentials to subcontractors for a year is feasible. For a subcontractor to obtain year long credentials will require the cooperation of the prime contractor (sponsor) that is used by the subcontractor. We will be issuing a notice to the members describing how the process will work. We have identified other potential changes that could help streamline the process but these can not be resolved at the local level and we are pushing these issues up to CNIC through CNRMC. On the CMMC front, CMMC 2.0 is expected to be launched in mid-2023. At that time companies must be prepared to be audited by a third party. We will continue to identify opportunities to gain more information about CMMC 2.0 but you are encouraged to become compliant with the Interim Rule: develop your SSP; perform a self-assessment using the controls identified in NIST 800-171; uploading your assessment data to SPRS; and developing a POA&M to complete the required action for the controls where you have not achieved full compliance. If you have any questions please reach out and we will do our best to get the answers.

The Workforce Development Committee has partnered with the East County Adult Education Center (ECAEC) to develop an introductory course for the maritime industry. The ECAEC is working on finalizing the curriculum for a two-week course that they will offer in August. In addition, they are working on offering additional training opportunities beyond the initial two weeks. We will be issuing a notice on this training and opportunities for you to present to the class in addition to be able to hire the students.

The Strategic Affairs Committee (SAC) continues to produce the Monthly Newsletter for our members. As you see in this addition, information about the Navy, what is happening in Congress is being presented. We continue to look for opportunities to get our industry in front of the decision makers at all levels. It is our goal to provide information on candidates for office at all levels who could impact our industry, standby for the information. If you have any issues that you believe that the Association should address, please feel free to contact members of the SAC.

As always, it is an honor and pleasure to work with you for the benefit of our industry. If there is an issue that needs to be addressed, please contact me. Furthering the interests of all our members is our goal.

Navy Could Transfer Decommissioned Littoral Combat Ships to Allies, Says CNO



US Navy Photos

"The Navy could transfer the Freedom-class Littoral Combat Ships it plans to decommission to other countries, Chief of Naval Operations Adm. Mike Gilday told lawmakers today.

Testifying before the Senate Appropriations Committee defense subcommittee, Gilday suggested the panel assess the possibility of transferring the ships to countries in South America, where the LCS could perform counter-drug operations.

Other countries have received U.S. Navy ships once they've left service. For example, the U.S. Navy transferred multiple Oliver Hazard Perry-class frigates to other nations, including Turkey, Bahrain, Poland and Pakistan.

The Navy is seeking to decommission nine Freedom-class LCSs as part of its Fiscal Year 2023 budget proposal, but the plan has received criticism from lawmakers, as none of the ships have reached their expected service lives.

Gilday on Thursday argued to Congress that the Navy wants to decommission the ships because they would not fare well in a potential conflict against China, which Pentagon officials describe as the "pacing threat" for the military.

"Unfortunately the Littoral Combat Ships that we have, while the mechanical issues were a factor, a bigger factor was the lack of sufficient warfighting capability against a peer competitor in China. A key factor in the determination was the anti-submarine warfare package that was being developed for the Freedom-class hull that just were ineffective. And so we refused to put an additional dollar against that system that wouldn't match the Chinese undersea threat. That was a primary driver, sir, in leading us to determine that those ships relative to others, just didn't bring the warfighting value to the fight," Gilday said."

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 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, and Dan Cummins.

Members Featured



Prepared By:

Kyle Wilkinson—SAC Committee Chair

With contributions from: Derry Pence (President, San Diego Ship Repair Association)

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