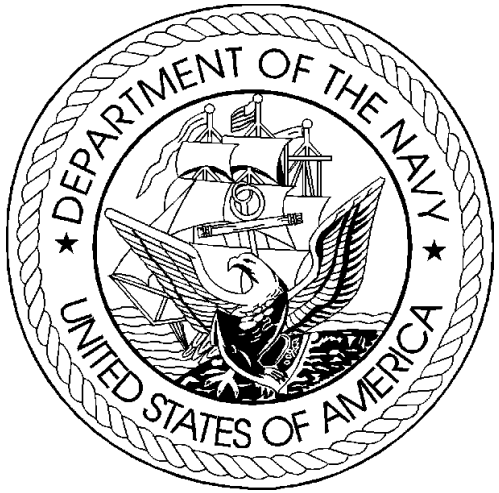
DEPARTMENT OF THE NAVY
FY 1998/1999 BIENNIAL BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES

NATIONAL DEFENSE SEALIFT FUND

February 1997

THIS PAGE LEFT INTENTIONALLY BLANK

National Defense Sealift Fund
Program and Financing (in Thousands of dollars)

Identification Code 17-4557-0-4-051		1996 actual	1997 est.	1998 est.	1999 est
	Program by activities:				
01.0101	Strategic sealift acquisition	788,178	1,152,408	812,910	322,400
01.0301	Strategic sealift O&M	744,064	741,400	741,400	741,400
01.0501	Ready Reserve Force	277,700	265,800	302,045	276,090
01.0701	National Defense Features			70,094	84,991
01.0901	Research and Development	18,862	8,452	6,377	6,513
10.0001	Total	1,826,804	2,168,060	1,932,826	1,431,394
	Financing:				
	Offsetting collections from:				
11.0001	Federal Funds(-)	-741,679	-741,400	-741,400	-741,400
	Unobligated balance available, start of year:				
21.9001	Unobligated balance, SOY: Fund balance	-511,697	-450,793	-450,793	-450,793
	Unobligated balance available, end of year:				
24.9001	Unobligated balance, EOY: Fund balance	450,793	450,793	450,793	450,793
39.0001	Budget authority	1,024,220	1,426,660	1,191,426	689,994
	Budget authority:				
40.0001	Appropriation	1,024,220	1,428,002	1,191,426	689,994
40.7501	Reduction pursuant to P.L. 104-208 (-), 8136		-1,342		
43.0001	Appropriation (adjusted)	1,024,220	1,426,660	1,191,426	689,994
	Relation of obligations to outlays:				
71.0001	Obligations incurred	1,085,125	1,426,660	1,191,426	689,994
72.1001	Orders on Hand, SOY	-1,569,513	-2,081,109	-881,109	-881,109
72.9001	Obligated balance, start of year:Obligated balance, start of year, fun	3,323,949	3,476,388	2,748,257	3,147,589
74.1001	Orders on Hand, EOY	2,081,109	881,109	881,109	881,109
74.9001	Obligated balance, end of year:Obligated balance, end of year, fund	-3,476,388	-2,748,257	-3,147,589	-2,912,005
90.0001	Outlays (net)	1,444,282	954,791	792,094	925,578

National Defense Sealift Fund
Object Classification (in Thousands of dollars)

Identification code	17-4557-0-4-051	1996 actual	1997 est.	1998 est.	1999 est.
	Reimbursable Obligations:				
	Purchases goods/services (inter/intra) Fed accounts				
225.301	Purchase of goods/services from other Fed agencies	359,000	350,800	302,045	276,090
225.303	Purchases from revolving funds	744,064	741,400	741,400	741,400
231.001	Equipment	723,740	1,075,860	889,381	413,904
299.001	Total Reimbursable obligations	1,826,804	2,168,060	1,932,826	1,431,394
999.901	Total obligations	1,826,804	2,168,060	1,932,826	1,431,394

NATIONAL DEFENSE SEALIFT FUND

The request of $1,191.4 million in FY 1998 is for the construction/conversion, acquisition, operations and maintenance, and the related R&D of sealift assets which will be utilized for prepositioning, surge and Ready Reserve Force (RRF) requirements established by the DoD Mobility Requirements Study (MRS) and the MRS Bottom Up Review Update (BURU). The importance of substantial enhancements to our strategic mobility was first identified in the 1991 MRS and validated in the FY 1995 MRS BURU. Based upon ship configurations, a total of 19 prepositioning/surge ships will be required to satisfy the MRS BURU requirements. To date, contracts for the conversion of five Large Medium Speed Roll-on Roll-off (LMSR) ships and the new construction of ten LMSRs have been awarded. The additional FY 1997 LMSR added by Congress, will award later this fiscal year. Of the remaining three LMSRs to be procured, two will be awarded next year under the existing FY 1998 options with the remaining one (non-option) LMSR planned to be awarded in FY 1999. Efforts are also currently underway to award up to three Maritime Prepositioning Force Enhancement (MPF(E) Ship for the Marine Corps with funds appropriated in FY 1995 and FY 1997.

The NDSF budget request also includes $6.4 million in FY 1998 for the continuation of research and development efforts for the Strategic Sealift Technology Development Program. Furthermore, $302.0 million is budgeted in FY 1998 for cost associated with maintenance of the National Defense Reserve Fleet, which includes the Ready Reserve Fleet. In addition, starting in FY 1998, $70.1 million is budgeted for cost associated with the maintenance and alterations of Department of Defense (DoD) Mobilization Assets, such as Fast Sealift Ships (FSS), Large Medium Speed Roll-on/Roll-off (LMSR) vessels, Fleet Hospital ships (T-AH) and Aviation Logistic Ships (T-AVB).

The NDSF funds the operation, maintenance, and support (O&S) of current strategic sealift assets. These operations, other than RRF vessels, are funded on a reimbursable basis to the Fund. The individual Defense components order these services from the NDSF via a funded Economy Act order. The NDSF purchases these O&S services by issuing reimbursable orders to the Navy Working Capital Fund (NWCF), formerly known as the Defense Business Operations Fund (DBOF). Lastly, NDSF funds the procurement, installation, and maintenance of National Defense Features (NDF) on privately owned and operated, U.S. built, U.S. flagged, and U.S. crewed commercial ships. The NDF program provides funding to shipbuilders such that specific features can be built into or added to current sealift and commercial ships to make them more capable of supporting the military in a contingency.

SUMMARY FINANCIAL DATA **Feb-1997**

The following exhibits provide summary financial management information and supporting data.

(QTY / TOA $ Millions)

NDSF	**PY & FY 1995**	**FY 1996**	**FY 1997**	**FY 1998**	**FY 1999**	**FY 2000**	**FY 2001**	**FY 2002**	**FY2003**	**Total Program**
Ship Acquisition:	**3408.7**	**596.1**	**1,152.4**	**812.9**	**322.4**					**22/6,292.5**
- LMSR	(11/3298.7)	(2/581.5)	(3/877.7)	(2/581.3)	(1/322.4)					(19/5932.5)
- Cost Growth				(131.5)						
- Adv Procurement				(70.0)						
- PY Completion		(14.6)	(24.7)	(30.1)						
- MPFE	(1/110.0)		(2/250.0)							(3/360.0)
DoD Mobilization Assets(1)		**70.1**		**85.0**	**106.5**	**128.0**	**139.3**	**138.8**	**667.7**	
- FSS Maint				(48.4)	(57.3)	(58.7)	(59.8)	(61.1)	(62.5)	
- LMSR Maint				(0.0)	(1.8)	(19.2)	(42.2)	(52.9)	(50.6)	
- DOD Mob. Alts				(2.6)	(5.1)	(7.5)	(3.4)	(3.2)	(3.2)	
- T-AVB Maint				(5.6)	(6.1)	(6.3)	(7.5)	(6.7)	(6.8)	
- T-AH Maint				(13.5)	(14.8)	(14.8)	(15.1)	(15.4)	(15.8)	
Sealift R&D	**2.0**	**19.1**	**8.5**	**6.4**	**6.5**	**6.7**	**6.8**	**7.0**	**7.1**	**70.1**
NDRF / RRF O&M	**43.0**	**309.0**	**265.8**	**302.0**	**276.1**	**255.8**	**269.2**	**266.2**	**275.1**	**2,262.2**
NDF		**50.0**								**50.0**
LSV(2)		**50.0**								**50.0**
Users O&M:(3)										
Total	**3,453.7**	**1,024.2**	**1,426.7**	**1,191.4**	**690.0**	**369.0**	**404.0**	**412.5**	**421.0**	**9,392.5**

(1) Prior to FY 1998 was DoD Mobilizations Assets were funded in O&M,N

(2) Design and Construction of a Large Scale Vehicle for testing Advanced Submarine Technologies (per Sect. 132 of P.L. 104-132)

(3) Funded on a reimbursable basis. Customer funding is appropriated in user Service O&M accounts

NATIONAL DEFENSE SEALIFT FUND
REVENUE AND EXPENSES
(Dollars in Millions)

	FY 1996	FY 1997	FY 1998	FY 1999
Revenue:				
Gross Sales:				
Operations	748.3	741.5	648.2	682.0
Depreciation Except Maj Const	0.0	0.0	0.0	0.0
Major Construction Depreciation	0.0	0.0	0.0	0.0
Total Gross Sales	748.3	741.5	648.2	682.0
Other Income	0.0	0.0	0.0	0.0
Total Income	748.3	741.5	648.2	682.0
Expenses:				
Prepositioning Ships	645.6	630.3	644.4	678.1
Surge Ships	102.7	111.2	3.8	3.8
Total Expenses	748.3	741.5	648.2	681.9
Work in Progress Adjusted	0.0	0.0	0.0	0.0
Comp Work for Activity Reten Adj	0.0	0.0	0.0	0.0
Cost of Goods Sold	748.3	741.5	648.2	681.9
Operating Result	0.0	0.0	0.0	0.0
Net Operating Result	0.0	0.0	0.0	0.0
Transfers Not Affecting NOR/AOR	0.0	0.0	0.0	0.0
Prior Year and Other Adjustments	0.0	0.0	0.0	0.0
Other Inventory Adjustments	0.0	0.0	0.0	0.0
WRM Appropriations	0.0	0.0	0.0	0.0
Net Result	0.0	0.0	0.0	0.0

NATIONAL DEFENSE SEALIFT FUND
REVENUE AND EXPENSES
(Dollars in Millions)

	FY 1996	FY 1997	FY 1998	FY 1999
1. Orders from DoD Components:				
Navy	487.1	483.2	418.1	412.8
Army	192.0	195.0	162.2	199.5
Air Force	38.1	31.5	33.3	35.5
DLA	31.1	31.8	34.1	34.1
2. Other Orders:				
Other Federal Agencies	0.0	0.0	0.0	0.0
Trust Fund	0.0	0.0	0.0	0.0
Non-Federal Agencies	0.0	0.0	0.0	0.0
3. Total Gross Orders	748.3	741.5	647.7	681.9
4. Credits and Allowances:				
Discounts	0.0	0.0	0.0	0.0
Price Reductions	0.0	0.0	0.0	0.0
5. Change to Backlog	0.0	0.0	0.0	0.0
6. Total Gross Sales	748.3	741.5	647.7	681.9

NATIONAL DEFENSE SEALIFT FUND
REVENUE AND EXPENSES
(Dollars in Millions)

	FY 1996	FY 1997	FY 1998	FY 1999
Assets:				
Selected Assets:				
Fund Balance with Treasury	1024.2	1426.7	1191.4	690.0
Reserve for Capital Purchases (memo)				
Accounts Receivable	0.0	0.0	0.0	0.0
Advances Made	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0
Other Assets	0.0	0.0	0.0	0.0
Deferred Capital Property	0.0	0.0	0.0	0.0
Total Assets	1024.2	1426.7	1191.4	690.0
Liabilities:				
Selected Liabilities:				
Accounts Payable				
Accrued Liabilities	1024.2	1426.7	1191.4	690.0
Advances Received	0.0	0.0	0.0	0.0
Unfunded	0.0	0.0	0.0	0.0
Liabilities	0.0	0.0	0.0	0.0
Other Liabilities	0.0	0.0	0.0	0.0
Total Liabilities	1024.2	1426.7	1191.4	690.0
Government Equity:				
Paid-in-Capital				
(Assets Capitalized less Liabilities Assumed)	0.0	0.0	0.0	0.0
Accumulated Operating Results	0.0	0.0	0.0	0.0
Total Government Equity	0.0	0.0	0.0	0.0
Total Liabilities and Equity	1024.2	1426.7	1191.4	690.0

NATIONAL DEFENSE SEALIFT FUND
REVENUE AND EXPENSES
(Dollars in Millions)

	FY 1996	FY 1997	FY 1998	FY 1999
New Authority:	**1024.2**	**1426.7**	**1191.4**	**690.0**
New Construction/Conversion	596.1	1152.4	812.9	322.4
DOD Mobilization Assets	0.0	0.0	70.1	85.0
RDT&E	19.1	8.5	6.4	6.5
NDRF Operations ans Maintenance	309.0	265.8	302.0	276.1
National Defense Features	50.0	0.0	0.0	0.0
Submarine Large Scale Test Vehicle	50.0	0.0	0.0	0.0
Transfer to Other Accounts				
Obligations (Total)	**1024.2**	**1426.7**	**1191.4**	**690.0**
New Construction/Conversion	596.1	1152.4	812.9	322.4
DOD Mobilization Assets	0.0	0.0	70.1	85.0
RDT&E	19.1	8.5	6.4	6.5
NDRF Operations ans Maintenance	309.0	265.8	302.0	276.1
National Defense Features	50.0	0.0	0.0	0.0
Submarine Large Scale Test Vehicle	50.0	0.0	0.0	0.0
Unobligated Balance, End of Year	0.0	0.0	0.0	0.0
Outlays (Total):	825.2	1138.6	988.2	609.4
Unliquidated Obligations, EOY	199.0	288.1	203.2	80.6
Financing of Capital Purchases:	1024.2	1426.7	1191.4	690.0
Direct Appropriation	1024.2	1426.7	1191.4	690.0
Transferred from Other Accounts	0.0	0.0	0.0	0.0
Alliance Contributions	0.0	0.0	0.0	0.0

FY 1998/99 OSD/OMB Budget Submission
National Defense Sealift Fund
FEBRUARY 1997

Supplemental
Exhibits
Index

Pages

THIS PAGE LEFT INTENTIONALLY BLANK

BUDGET ITEM JUSTIFICATION SHEET (P-40)

FY 1998 FMB Budget Estimates ($M)

DATE: 1-Feb-97

APPROPRIATION/BUDGET ACTIVITY: NDSF BA1

Program Year (PY)

P-1 ITEM NOMENCLATURE

Strategic Sealift Conversion & New Construction LMSR

	PRIOR YEARS	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	TO COMPLETE	TOTAL PROGRAM
QUANTITY	11	2	3	2	1	0	0	0	0	0	19
End Cost	3466.3	574.9	867.5	574.4	388.9	0.0	0.0	0.0	0.0	0.0	5872.0
Less Advance Procurement	0.0	0.0	0.0	0.0	(70.0)	0.0	0.0	0.0	0.0	0.0	(70.0)
Plus Post Delivery	33.3	6.6	10.2	6.9	3.5	0.0	0.0	0.0	0.0	0.0	60.5
Total End Cost	3499.6	581.5	877.7	581.3	322.4	0.0	0.0	0.0	0.0	0.0	5862.5
Less Escalation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Full Funding TOA	3499.6	581.5	877.7	581.3	322.4	0.0	0.0	0.0	0.0	0.0	5862.5
Plus Advance Procurement	0.0	0.0	0.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	70.0
PY Program Completion	(200.9)	14.6	24.7	161.6	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)
Total Obligational Authority	3298.7	596.1	902.4	812.9	322.4	0.0	0.0	0.0	0.0	0.0	5932.5
Plus Escalation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	3298.7	596.1	902.4	812.9	322.4	0.0	0.0	0.0	0.0	0.0	5932.5
Unit Cost (Ave. End Cost)	315.1	287.5	289.2	287.2	388.9	0.0	0.0	0.0	0.0	0.0	309.1

MISSION:

To carry Army equipment for afloat propositioning and to transport ARMY/USMC or other services surge equipment to include wheeled/tracked vehicles, helicopters, and cargo from CONUS to contingency areas.

NOTE: NDSF control is currently $5,932.5M. The FY 98 control includes $131.5M for cost growth and is distributed as follows: Conversion share of that increase is $173.3M for cost growth and the New Construction share of that increase is -$41.8M based on the latest escalation indices.

***Equates with the year of contract award and does not distinguish the budget year of all the dollars that fund the acquisition of the ships contracted for that year. For example, ships contracted for in FY93 are funding with dollars from FY93 and prior.**

DD Form 2454, JUL 88

CLASSIFICATION: UNCLASSIFIED

CLASSIFICATION
UNCLASSIFIED

FY1998/99 FMB
BUDGET ESTIMATES
Feb-97

APPROPRIATION: NATIONAL DEFENSE
SEALIFT FUND (NDSF)

WEAPON SYSTEM COST ANALYSIS EXHIBIT (P-5)

BUDGET ACTIVITY: 1

P-1 ITEM NOMENCLATURE:

SUBHEAD: varies: SEALIFT
New Construction and Conversions

	FY 1993		FY 1994		FY 1995		FY 1996		FY 1997		FY 1998		FY 1999*		TOTAL PROGRAM	
ELEMENT OF COST	QTY	TOT COST	QTY	TOT COST	QTY	TOT COST	QTY	TOT COST	QTY	TOT COST	QTY	TOT COST	QTY	TOT COST	QTY	TOT COST
PLAN COSTS	7	0.0	2	0.0	2	0.0	2	0.0	3	0.0	2	0.0	1	0.0	19	0.0
BASIC CONST/CONVERSION		1,974.9		493.8		486.5		474.4		701.7		463.3		348.1		4,942.7
CHANGE ORDERS		155.3		18.3		23.0		16.0		29.7		12.7		9.7		264.7
ELECTRONICS		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0
PROPULSION EQUIPMENT		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0
HM&E		38.6		8.6		9.1		8.2		13.9		7.8		5.0		91.2
OTHER COST		39.1		3.3		10.8		2.0		2.1		2.0		0.7		60.0
ORDNANCE		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0
ESCALATION		70.6		61.1		73.3		74.3		120.1		88.6		25.3		513.3
TOTAL SHIP ESTIMATE		2,278.5		585.1		602.7		574.9		867.5		574.4		388.8		5,871.9
POST DELIVERY		20.6		6.3		6.4		6.6		10.2		6.9		3.6		60.6
NET P-1 LINE ITEM		2,299.1		591.4		609.1		581.5		877.7		581.3		392.4		5,932.5
ADV PROCUREMENT (FY98 for FY99)								0.0		0.0		70.0		(70.0)		0.0
PRIOR YEAR REALIGNMENT		(174.5)		(3.6)		(22.8)		14.6		24.7		161.6		0.0		(0.0)
TOA		2,124.6		587.8		586.3		596.1		902.4		812.9		322.4		5,932.5

NOTE: NDSF control is currently $5,932.5M. The FY 98 control includes $131.5M for cost growth and is distributed as follows: Conversion share of that increase is $173.3M for cost growth and the New Construction share of that increase is -$41.8M based on the latest escalation indices.

*One ship in FY 97 and the FY99 ship will be awarded through limited competition; estimated contract award Jun 97 for the third FY97 ship, with an option for the FY99 ship.

NATIONAL DEFENSE SEALIFT FUND (NDSF)
SHIP PRODUCTION SCHEDULE

Ship Type	Shipbuilder	Fiscal Yr Authorized	Contract Award	Start of Construction	Estimated Delivery Date	Current Delivery Date
TAKR 295	NASSCO	FY93	**Jul-93**	**Jun-94**	**May-96**	**May-96**
TAKR 296	Newport News	FY93	**Jul-93**	**Oct-93**	**Aug-96**	**Aug-96**
TAKR 297	NASSCO	FY93	**Jul-93**	**May-95**	Nov-96	**Jan 97
TAKR 298	Newport News	FY93	**Jul-93**	**Oct-93**	Apr-97	May-97
TAKR 299	NASSCO	FY93	**Jul-93**	**Oct-95**	Sep-97	**Nov 97
TAKR 300	Avondale	FY93	**Sep-93**	**Jan-95**	Jan-98	Jan-98
TAKR 301	Avondale	FY94	**Sep-94**	**Oct-95**	Jul-98	Aug-98
TAKR 302	Avondale	FY94	**Sep-94**	**Sep-96**	Jan-99	Jan-99
TAKR 303	Avondale	FY96	**Dec-95**	Mar-97	Jul-99	Jul-99
TAKR 304	Avondale	FY97	**Nov-96**	Jan-98	Apr-00	Apr-00
TAKR 305	Avondale	FY98	Nov-97	Jan-99	Apr-01	Apr-01
TAKR 310	NASSCO	FY93	**Sep-93**	**Mar-96**	Sep-98	**Oct 98
TAKR 311	NASSCO	FY95	**Oct-94**	**Jan-97**	Apr-99	**May 99
TAKR 312	NASSCO	FY95	**Oct-94**	Aug-97	Sep-99	**Oct 99
TAKR 313	NASSCO	FY96	**Jan-96**	Feb-98	Mar-00	**Apr 00
TAKR 314	NASSCO	FY97	**Nov-96**	Sep-98	Sep-00	**Oct 00
TAKR 315	NASSCO	FY98	Nov-97	Mar-99	Mar-01	**Apr 01
TAKR 99A	TBD*	FY99	Jun-97	Jun-98	Oct-00	Oct-00
TAKR 99B	TBD*	FY99	Nov-98	Jun-99	Sep-01	Sep-01

* TAKR 99A and 99B will be awarded through limited competition with estimated award of Jun 97 for the FY97 ship; contract(s) for Advance Procurement will be assigned to a prime contractor in the same limited competition and awarded in FY 1998 for the FY99 ship.
**NASSCO ships delivery dates may change due to strike impact
Note: Dates in **bold** are actuals.

BUDGET ITEM JUSTIFICATION SHEET
$ IN MILLIONS

Appropriation/Budget Activity: National Defense Sealift Fund; BA #1 Strategic Sealift

Item Nomenclature: Strategic Sealift Conversion

Program Year (PY)	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	TOTAL
Quantity	5	0	0	0	0	0	0	0	0	5

MISSION: To carry Army equipment for afloat prepositioning and to transport ARMY/USMC or other services surge equipment to include wheeled/tracked vehicles, helicopters, and cargo from CONUS to contingency areas

Characteristics:	NASSCO	NNEWS	Production Status:	NASSCO LEAD	NASSCO FOLLOW	NASSCO FOLLOW	NNS LEAD	NNS FOLLOW
Hull	Conversion	Conversion		TAKR 295	TAKR 297	TAKR 299	TAKR 296	TAKR 298
Length Overall	906' 11"	954' 0"	Contract Award	Jul-93	Jul-93	Jul-93	Jul-93	Jul-93
Beam	105'-7-3/4"	105'-9-1/2"	Months to Complete	34	40	50	37	45
displacement	54,298 LT	55,422 LT	Delivery Date	May-96	Jan-97	Nov-97	Aug-96	May-97
Draft	34'6"	35.0'						
Armament	None		Major Electronics:	None				

NOTE: NDSF control is currently $5,932.5M. The FY 98 control includes $131.5M for cost growth and is distributed as follows: Conversion share of that increase is $173.3M for cost growth and the New Construction share of that increase is -$41.8M based on the latest escalation indices.
Program Year (PY) equates with the year of contract award and does not distinguish the budget year of all the dollars that fund the acquisition of the ships contracted for that year. For example, ships contracted for in FY93 are funded with dollars from FY93 and prior.

Program Year (PY)	FY93			FY93		FY93		
($ MILLIONS)	NASSCO LEAD	NASSCO FOLLOW	NASSCO FOLLOW	NEWPORT NEWS LEAD	NEWPORT NEWS FOLLOW	TOTAL LEAD	TOTAL FOLLOW	GRAND TOTAL
1. PLANS	-	-	-	-	-	-	-	-
2. BASIC	264.0	231.9	232.3	264.5	232.0	528.5	696.2	1224.7
3. CHANGE ORDERS	23.5	13.7	13.8	28.2	15.7	51.7	43.2	94.9
4. ELECTRONICS	-	-	-	-	-	-	-	-
5. PROPULSION	-	-	-	-	-	-	-	-
6. HM&E	6.4	2.5	3.1	6.5	3.0	12.9	8.5	21.4
7. OTHER	1.4	1.3	0.8	1.4	0.8	2.8	2.8	5.6
8. ORDNANCE	-	-	-	-	-	-	-	-
9. ESCALATION	-	-	-	-	-	-	-	-
SUBTOTAL WEAPON SYSTEM END COST	295.3	249.4	249.8	300.6	251.5	595.9	750.7	1346.6
10. POST DELIVERY	2.5	2.5	2.5	2.5	2.5	5.0	7.5	12.5
TOTAL WEAPON SYSTEM END COST/P-1 LINE ITEM	297.8	251.9	252.3	303.1	254.0	600.9	758.2	1359.1

NOTE: NDSF control is currently $5,932.5M. The FY 98 control includes $131.5M for cost growth and is distributed as follows: Conversion share of that increase is $173.3M for cost growth and the New Construction share of that increase is -$41.8M based on the latest escalation indices.

BUDGET ITEM JUSTIFICATION SHEET
$ IN MILLIONS

Appropriation/Budget Activity: National Defense Sealift Fund; BA #1 Strategic Sealift
Item Nomenclature: Strategic Sealift New Construction

Program Year (PY)	FY93	FY94	FY95	FY96	FY97**	FY98	FY99**	FY00	FY01	FY02	TOTAL
Quantity	2	2	2	2	3	2	1	0	0	0	14

MISSION: To carry Army equipment for afloat prepositioning and to transport ARMY/USMC or other services surge equipment to include wheeled/tracked vehicles, helicopters, and cargo from CONUS to contingency areas

Characteristics:	(CSP/S-24)	Production Status:	**AVONDALE**				**NASSCO**			
Hull	New Construction		**TAKR 300**	**TAKR 301**	**TAKR 302**	**TAKR 303**	**TAKR 310**	**TAKR 311**	**TAKR 312**	**TAKR 313**
Length Overall	950 FT	Contract Award	Sep-93	Sep-94	Sep-94	Dec-95	Sep-93	Oct-94	Oct-94	Jan-96
Beam	105.5 FT	Months to Complete	52	46	52	43	60	42	47	50
Displacement	65,000 LT	Delivery Date	Jan-98	Aug-98	Jan-99	Jul-99	Oct-98	May-99	Oct-99	Apr-00
Draft	35 FT									

Armament: None
Major Electronics: None

NOTE: NDSF control is currently $5,932.5M. The FY 98 control includes $131.5M for cost growth and is distributed as follows: Conversion share of that increase is $173.3M for cost growth and the New Construction share of that increase is -$41.8M based on the latest escalation indices.
Program Year (PY) equates with the year of contract award and does not distinguish the budget year of all the dollars that fund the acquisition of the ships contracted for that year. For example, ships contracted for in FY93 are funded with dollars from FY93 and prior.

*One ship in FY 97 and the FY99 ship will be awarded through limited competition; estimated contract award Jun 97 for the third FY97 ship, with an option for the FY99 ship.

CLASSIFICATION:
UNCLASSIFIED

P-5 EXHIBIT
FY 1998 Budget Estimates
1-Feb-97

PROGRAM COST BREAKDOWN

APPROPRIATION: NATIONAL DEFENSE SEALIFT FUND

BUDGET ACTIVITY: BA-1 **P-1 ITEM NOMENCLATURE: NEW CONSTRUCTION PROGRAM**
STRATEGIC SEALIFT-NEW CONSTRUCTION PROGRAM

Program Year (PY)	**FY93**	**FY94**	**FY95**	**FY96**	**FY97**	**FY98**	**FY99**	**FY00**	**FY01**	**FY02**	**TOTAL PROGRAM**
QUANTITY	2	2	2	2	3	2	2	-	-	-	15
($ MILLIONS)											
1. PLANS	-	-	-	-	-	-	-	-	-	-	-
2. BASIC	613.8	493.7	487.2	473.3	726.4	533.3	278.1	-	-	-	3605.8
3. CHANGE ORDERS	53.1	20.9	14.2	20.3	29.7	19.7	9.7	-	-	-	167.6
4. ELECTRONICS	-	-	-	-	-	-	-	-	-	-	-
5. PROPULSION					-	-	-	-	-	-	-
6. HM&E	23.0	5.4	6.6	8.8	13.9	8.8	5.0	-	-	-	71.5
7. OTHER	15.3	1.4	1.4	1.4	2.1	1.4	0.7	-	-	-	23.7
8. ORDNANCE	-	-	-	-	-	-	-	-	-	-	-
9. ESCALATION	52.2	60.1	70.5	85.7	120.1	111.3	25.3	-	-	-	525.2
SUBTOTAL WEAPON SYSTEM END COST	757.4	581.5	579.9	589.5	892.2	674.5	318.8	-	-	-	4393.8
10. POST DELIVERY	8.1	6.3	6.4	6.6	10.2	6.9	3.6	-	-	-	48.1
TOTAL WEAPON SYSTEM END COST/P-1 LINE ITEM	765.5	587.8	586.3	596.1	902.4	681.4	322.4	-	-	-	4441.9

NOTE: NDSF control is currently $5,932.5M. The FY 98 control includes $131.5M for cost growth and is distributed as follows: Conversion share of that increase is $173.3M for cost growth and the New Construction share of that increase is -$41.8M based on the latest escalation indices.

WEAPON SYSTEM ADVANCE PROCUREMENT EXHIBIT (P-10)
(PROCUREMENT OF ADVANCE DESIGN AND MATERIAL)

(TOA, Dollars in Thousands)

Budget Year for Fiscal Year Program: FY98 for FY99

Date: Feb 97

Weapon System Type (Model/Series No.)	First System Award Date	First System Completion Date	Interval between System Completion
TAKR 99B	Nov-98 (Ship Award Date)	Sep-01 (Delevery of TAKR 99B)	35 months

Advance Procurement/Advance funding Items	Quantity	Date Contract Award Planned/Required	Delivery Date of First Equipment Required	Production Lead Time in Months (Adm/Prod) - Total	Unit Cost	Total Cost
FY98 FOR FY99					70,000	70,000
1. Main Diesel Engines	4	Oct-97	Mar-00	30	7,500	30,000
2. Hydraulic Power Mod Assembly	2	Oct-97	Mar-00	30	5,000	10,000
3. Propulsion Clutch	4	Oct-97	Mar-00	30	2,000	8,000
4. A/C Humidification System	1	Mar-98	Mar-00	24	7,500	7,500
5. Reduction Gear	2	Oct-97	Mar-00	30	3,000	6,000
6. Controllable Pitch Propellers	2	Oct-97	Mar-00	30	2,000	4,000
7. Main Control Console	1	Oct-97	Mar-00	30	2,000	2,000
8. Ship Control Console	1	Oct-97	Mar-00	30	1,500	1,500
9. Ship Phone System	1	Oct-97	Mar-00	24	1,000	1,000

Narrative Description

Advance Procurement funding is required in order to allow the FY99 ship to start construction and be delivered by the end of FY 2001 which supports the Milestone II approved delivery schedule and responds to the requirements established by the Joint Chiefs of Staff (JCS).

The Contractor Furnished Equipments (CFE) listed represent the best candidates for A/P funding due to their extremely long production leadtimes.

Due to the CFE nature of the A/P equipments, award dates and cost represent best estimates and are subject to change by the Prime Contractor.

NDSF
Feb 1997
BA-1

Exhibit P-40
FY 1998/1999 Budget Estimate Submission

Maritime Preposition Force Enhancement (MPFE) Program
($M)

MPFE	PY&FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Total Program
	110.0	0.0	250.0	0.0	0.0	0.0	0.0	0.0	0.0	360.0

Justification:

The Maritme Preposition Force Enhancement (MPFE) Program has been established as a result of Congressional adds in both FY 1995 and FY 1997. A total of $360 million has been added for the conversion of up to three ships. The addition of these ships to the Prepositioned Sealift Force will provide new capability to the MPF squadrons to include; expeditionary airfields, Navy Construction Battalions, Joint Task Force/Marine Force Headquarters Augment packages, Fleet Hospitals, as well as additional sustainment and restoration of equipment and supplies lost from existing MPF ships due to material sizing growth. The prepositioning of additional equipment with the existing MPF ship squadrons will significantly enhance the warfighting capabilitites available to the Theater Commander in Chief (CINC), and will reduce both airlift and surge sealift requirements from the Continental United States.

THIS PAGE LEFT INTENTIONALLY BLANK

NDSF
Feb 1997
BA-2
BLI #0210

Exhibit P-40
FY 1998/1999 Budget NDSF Submission
Fast Sealift Ship (FSS)
($M)

FSS	**FY 1996**	**FY 1997**	**FY 1998**	**FY 1999**	**FY 2000**	**FY 2001**	**FY 2002**	**FY 2003**
Crew Costs	16.81	16.88	17.02	17.09				
Maintenance & Repair	14.11	24.34	29.26	28.65				
Layberth	6.56	5.72	5.52	4.89				
Other	29.87	35.55	(3.39)	6.64				
Total FSS	**67.35**	**82.49**	**48.41**	**57.27**	**58.70**	**59.81**	**61.13**	**62.47**

Justification:

Eight FSS are maintained in a 4-day Reduced Operating Status (ROS-4) as recommended by the OSD published Mobility Requirements Study (MRS) and the MRS Bottom-Up Review Update (MRS BURU). These ships provide the initial surge sealift capacity required transport the lead combat forces from CONUS to a given area of operations and satisfy time critical warfighting requirements. The criteria for each readiness status was also specified in the MRS (i.e. Outporting, Sea/Dock Trials, Maintenance). ROS-4 ships have a cadre crew assigned, outported at a layberth, and undergo annual sea trials, periodic dock trials, and required periodic regulatory drydockings/inspections.

Note:

Crew costs include wages & salaries.
Maintenance & Repair costs include daily maintenance and regulatory inspections, drydockings, and overhauls.
Layberth Costs include berth lease, utilities, tugs, pilots, and inport fuel.
Other costs include ADP support, supplies, subsistence, spare parts, consumables, and DBOF charges.

THIS PAGE LEFT INTENTIONALLY BLANK

NDSF
Feb 1997
BA-2
BLI #0220

Exhibit P-40
FY 1998/1999 Budget NDSF Submission
Large Medium Speed Roll-On/Roll-Off (LMSR)
($M)

LMSR	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Crew Costs	0.00	0.00	0.00	0.43				
Maintenance & Repair	0.00	0.00	0.00	0.78				
Layberth	0.00	0.00	0.00	0.29				
Other	0.00	0.00	0.00	0.26				
Total LMSR	**0.00**	**0.00**	**0.00**	**1.75**	**19.22**	**42.16**	**52.89**	**50.56**

Justification:

Eleven LMSRs will be maintained in a 4-day Reduced Operating Status (ROS-4) as recommended by the OSD published Mobility Requirements Study (MRS) and the MRS Bottom-Up Review Update (MRS BURU). These ships provide the initial surge sealift capacity required to transport the lead combat forces from CONUS to a given area of operations and satisfy time critical warfighting requirements. The criteria for each readiness status was also specified in the MRS (i.e. Outporting, Sea/Dock Trials, Maintenance). ROS-4 ships have a cadre crew assigned, outported at a layberth, and undergo annual sea trials, periodic dock trials, and required periodic regulatory drydockings/inspections. Cost data incrementally increases as ships are delivered to the fleet and undergo an initial post delivery crew familarization/warranty maintenance period. All 11 surge LMSRs will be delivered by end of FY 2001.

Note:
Crew costs include wages & salaries.
Maintenance & Repair costs include daily maintenance and regulatory inspections, drydockings, and overhauls.
Layberth Costs include berth lease, utilities, tugs, pilots, and inport fuel.
Other costs include ADP support, supplies, subsistence, spare parts, consumables, and DBOF charges.

THIS PAGE LEFT INTENTIONALLY BLANK

NDSF
Feb 1997
BA-2
BLI #0230

Exhibit P-40
FY 1998/1999 Budget NDSF Submission
DoD Mobilization Alterations
($M)

Modernization	**FY 1996**	**FY 1997**	**FY 1998**	**FY 1999**	**FY 2000**	**FY 2001**	**FY 2002**	**FY 2003**
USMC Aviation Support Ship (T-AVB)	0.0	0.8	1.0	1.5				
Hospital Ship (T-AH)	1.0	0.0	0.0	2.5				
Maritime Prepositioning Ship (MPS)	0.0	0.0	0.6	0.0				
Offshore Petroleum Discharge System Ships (OPDS)	0.6	0.7	1.0	1.1				
Total Modernization	**1.6**	**1.5**	**2.6**	**5.1**	**7.5**	**3.4**	**3.2**	**3.2**

Justification:

Fleet modernization is required to replace obsolete equipment and respond to emergent fleet requirements. Requirements are prioritized annually and fiscal resources allocated to complete most important safety and operational requirements as soon as resources become available. The FY-95/6 and FY-99 T-AH funds will convert an empty hold to allow storage of supplies enabling the ship to be self sufficient for up to 30 days. The FY-97-99 T-AVB funds will upgrade ship electrical system to correct potential safety hazards and allow ship to operate all embarked maintenance vans. FY-98 MPS funds will install additional anchors to safely allow efficient fuel offload across the beach. OPDS upgrades are being performed on two ships to make them self sufficient, correct safety deficiencies, and allow replacement of two aging, less capable pre-positioned OPDS ships in FY-99/00.

THIS PAGE LEFT INTENTIONALLY BLANK

NDSF
Feb 1997
BA-2
BLI #0240

Exhibit P-40
FY 1998/1999 Budget NDSF Submission
Aviation Support Ships (T-AVB)
($M)

T-AVB	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Crew Costs	2.47	2.52	2.58	2.64				
Maintenance & Repair	2.78	1.52	1.72	2.07				
Layberth	0.96	0.98	1.00	1.03				
Other	0.31	0.32	0.33	0.33				
Total T-AVB	**6.52**	**5.34**	**5.63**	**6.07**	**6.4**	**7.5**	**6.7**	**6.8**

Justification:

Two T-AVBs are maintained in a 5-day Reduced Operating Status (ROS-5) as required by the Mobility Requirements Study (VOL II/APP 14) and CINC OPLANS. These ships provide the critical initial intermediate level aviation maintenance capability to support USMC warfighting operations and Operations Other Than War . T-AVB ships have a cadre crew assigned, are outported at a layberth, and undergo annual sea trials, periodic dock trials, and required periodic regulatory drydockings/inspections.

Notes:

Crew costs include wages & salaries.
Maintenance & Repair costs include daily maintenance and regulatory inspections, drydockings, and overhauls.
Layberth Costs include berth lease, utilities, tugs, pilots, and inport fuel.
Other costs include ADP support, supplies, subsistence, spare parts, and consumables.

THIS PAGE LEFT INTENTIONALLY BLANK

NDSF
Feb-97
BA-2
BLI #0250

Exhibit P-40
FY 1998/1999 Budget NDSF Submission
Hospital Ships (T-AH)
($M)

T-AH	FY 1996*	FY 1997*	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Crew Costs	4.04	3.54	3.58	3.71				
Maintenance & Repair	7.26	7.00	5.12	4.34				
Layberth	3.17	2.56	2.74	2.75				
Other	3.87	(0.02)	2.04	4.04				
Total T-AH	**18.34**	**13.08**	**13.48**	**14.84**	**14.8**	**15.1**	**15.4**	**15.8**

* T-AH's were not directly funded via NDSF in FY 1996 and FY 1997.

Justification:

Two T-AHs are maintained in a 5-day Reduced Operating Status (ROS-5) as required by the Mobility Requirements Study (VOL II/APP 14) and CINC OPLANS. These ships provide the critical initial surge field hospital capability to support warfighting, humanitarian, and Operations Other Than War. T-AH ships have a cadre crew assigned, are outported at a layberth, and undergo annual sea trials, periodic dock trials, and required periodic regulatory drydockings/inspections.

Notes:
Crew costs include wages & salaries.
Maintenance & Repair costs include daily maintenance and regulatory inspections, drydockings, and overhauls.
Layberth Costs include berth lease, utilities, tugs, pilots, and inport fuel.
Other costs include ADP support, supplies, subsistence, spare parts, consumables, and DBOF profit/loss

THIS PAGE LEFT INTENTIONALLY BLANK

FY 1998 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET DATE: Feb 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: 0408042N PROJECT NUMBER: 090000
PROGRAM ELEMENT TITLE: NATIONAL DEFENSE SEALIFT FUND PROJECT TITLE: Research and Development

U) COST (Dollars in thousands)

PROJECT NUMBER & TITLE	FY 1996 ESTIMATE	FY 1997 ESTIMATE	FY 1998 ESTIMATE	FY 1999 ESTIMATE	FY 2000 ESTIMATE	FY 2001 ESTIMATE	FY 2002 ESTIMATE	FY 2003 ESTIMATE	TO COMPLETE	TOTAL PROGRAM
090000 - NDSF Research and Development, Strategic Sealift	19,110	8,452	6,377	6,513	6,656	6,810	6,960	7,109	CONT.	CONT.

A. (U) MISSION DESCRI PTION AND BUDGET ITEM JUSTIFICATION: The Strategic Sealift Research and Development Program is a continuation of the Fast Sealift Technology Development Program established by Congress in FY 1990. The program goal is to develop new concepts and technologies which can be applied to future sealift ships and merchant ships to enhance their operational capability and efficiency, while simultaneously reducing the life cycle cost, particularly acquisition cost, of ships capable of performing the sealift mission.

The technologies/developments addressed by the total program include total ship concepts, alternatives for achieving convertibility of lift on/lift off cargo ships to roll on/roll off cargo ships and vice versa, improvements in ship production and design for production methods, better hydrodynamics, improved ship propulsion/auxiliary machinery, equipment to increase cargo loading and unloading rates (including merchant ship replenishment), manning reduction concepts, improved structural configurations and materials, and Logistics-Over-The-Shore (LOTS) improvements. The far-term efforts will also enhance Joint Service LOTS operations to satisfy CINC requirements. This program heavily involves U.S. industry, particularly shipyards, and includes participation by the USCG and MARAD to assure that the potential benefits of these technologies, to commercial ship design and shipbuilding, are realized. Three primary focus areas are (1) mid-term sealift improvements (post 2000), (2) far-term improvements (2010-2020) and (3) merchant ship naval augmentation program (MSNAP).

Mid-term improvements are envisioned to be incorporated into new construction vessels acquired to meet the requirement for recapitalization of the Ready Reserve Force (RRF) established by the Mobility Requirements Study (MRS) of 23 January 1992.

FY 1998 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET DATE: Feb 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: 0408042N PROJECT NUMBER: 090000
PROGRAM ELEMENT TITLE: NATIONAL DEFENSE SEALIFT FUND PROJECT TITLE: Research and Development

Far-term improvements are intended for the 2010-2020 time frame, when most sealift assets will be due for replacement (Fast Sealift Ships (FSS), Maritime Pre-Positioned Ships (MPS), T-AH, and T-AVB). This program addresses advanced ship concepts and development of a sea state three (3) Joint Logistics Over The Shore (JLOTS) capability.

MSNAP enables civilian manned merchant ships to perform tasks in support of the Strategic Sealift Mission. This program develops prototype systems from service approved and commercially available components. The elements of the program are to provide new militarily useful capabilities, improve ship performance envelopes and increase crew efficiency through mechanization. These elements are necessary because merchant ships were designed to fill a narrow commercial need with the greatest feasible economy. Their crew sizes are small, machinery installations austere and cargo handling facilities oriented toward offload in a developed port. This R&D program produced the Auxiliary Crane Ship (T-ACS), Seashed Systems, Modular Cargo (MCDS) and Fuel (MFDS) Delivery Systems, Vertical Replenishment (VERTREP) deck, Container Ship Strikeup System, Portable Berthing, Head and Shower Modules, Lighter on Deck Stowage Facility and several other Sealift Enhancement Features. Most Ready Reserve Force (RRF) ships have been improved by the program.

FY 1998 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET DATE: Feb 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: 0408042N PROJECT NUMBER: 090000
PROGRAM ELEMENT TITLE: NATIONAL DEFENSE SEALIFT FUND PROJECT TITLE: Research and Development

(U) PROGRAM ACCOMPLISHMENTS AND PLANS:

1. (U) FY 1996 ACCOMPLISHMENTS:

- (U) ($350K) Completed design development of selected cargo convertibility system. Provided integration support for this system into final Mid-Term Sealift Ship(MTSS)/Future Technology Variant (FTV) baseline design.
- (U) ($6,415K) Delivered engine room arrangement analysis and 3-D computer-aided design (CAD) models of low and medium speed diesel engine room alternatives. Completed final set of new "global" maritime shipbuilding standards. Completed CAD-based production engineering tools demonstrator.
- (U) ($855K) Completed Generic Build Strategy development.
- (U) ($1,060K) Completed testing of bulb and stern alternatives and refined propeller design. Deli vered final cavitation and vibration study report. Obtained foreign model test data.
- (U) ($500K) Continued development of systems to increase cargo delivery rate through improvements to cargo handling equipment. Delivered final design development report for LMSR sideport ramp. Continued analysis of MTSS/FTV load and unload times.
- (U) ($300K) Completed development effort for advanced manning concepts. Delivered Console and Workstation Design Concepts Report. Completed final estimate of required manning for MTSS/FTV.
- (U) ($1,900K) Continued effort to develop improved structural configurations for sealift ships. Continued advanced double hull producibility and cost study. Delivered Advanced Double Hull Corrosion Control Report. Delivered Interim Advanced Double Hull Strength Report. Continued design of hull structure for MTSS/FTV.

- (U) ($1,100K) Continued development of selected composite structural items for sealift ships. Continuing final drawings for composite deckhouse and initiate contract for fabrication. Completed electromagnetic environment assessment effort.

- (U) ($670K) Continued LASCOR producibility and cost impact study. Fabricated prototype LASCOR hatch cover/movable deck panels for testing.

- (U) ($1,250K) Continued efforts to improve sealift ship cost analysis capability. Delivered final report on shipyard overhead costs. Delivered interim life cycle cost analysis for MTSS/FTV design baseline. Developed specification for PODAC cost model.

- (U) ($440K) Continued investigations of improved sealift ship concepts. Continued design of MTSS/FTV (FTV Mk 2). Continued MTSS technology impact assessment efforts. Hosted “Commercial Ships for Military Use” Conference.

- (U) ($2,270K) Continued industry and government development of far-term sealift ship concepts and technologies. Continued industry and government developments of LOTS system concepts and technologies which address joint service JLOTS system deficiencies identified during the OSD sponsored JLOTS III test series. Initiated design and fabrication of lighter trainer demonstrator.

- (U) ($100K) Completed evaluation of Crane Enhanced Containership system.

- (U) ($308K) Continued developmen t and demonstration of systems to transport LCAC on SEABEE and LASH ships.

- (U) ($620K) Initiated development of hardware for improved motion compensation/sea state 3 capability for sealift support ship crane/cargo handling systems.

- (U) ($340K) Initiated development of reduced powering requirement for sealift support ships.
- (U) ($356K) Continued development of the Advanced Bulk Liquid Transfer System (previously known as Advanced Assault Fuel System) to replace the aging Amphibious Assault Bulk Fuel System.
- (U) ($51K) Performed evaluation/demonstration of synthetic line for modular delivery systems ..
- (U) ($225K) Developed the OPDS (Offshore Petroleum Discharge System) Monitoring System to improve and sim plify OPDS operations.

2. (U) FY 1997 PLAN:

- (U) ($200K) Provide integration support for cargo convertibility system into final MTSS/FTV baseline design.
- (U) ($1,723K) Complete documentation of Engine Room Arrangement Model (ERAM) effort. Deliver CAD-based production engineering tools software.
- (U) ($180K) Complete documentation of hydrodynamic improvement efforts.
- (U) ($310K) Complete development of systems to increase cargo delivery rate through improvements to cargo handling equipment. Complete final analysis of Mid-term Sealift MTSS/FTV load and unload times.
- (U) ($100K) Complete documentation of advanced manning efforts.
- (U) ($615K) Complete effort to develop improved structural configurations for sealift ships. Complete advanced double hull producibility and cost study. Deliver Final Advanced Double Hull Strength Report. Complete final structural design for MTSS/FTV.

- (U) ($514K) Deliver and test prototype composite deckhouse structure. Deliver final assessment of composite deckhouse effort.

- (U) ($330K) Complete LASCOR producibility and cost impact study. Complete testing of LASCOR hatch cover/movable deck panels.

- (U) ($300K) Complete efforts to improve sealift ship cost analysis capability. Deliver final life cycle cost analysis for MTSS/FTV design baseline.

- U) ($200K) Complete investigations of improved sealift ship concepts. Complete design of Mid Term Sealift Ship/Future Technology Variant (MTSS/FTV). Complete and document MTSS technology impact assessment effort. Assess benefits of introducing sealift ship technologies developed into specific LMSR designs.

- (U) ($1,580K) Continue investigations of improved far-term technology. Integ rate new technologies into total ship concepts and total LOTS systems. Continue design and fabrication and initiate testing of lighter operator trainer.

- (U) ($400K) Initiate development of the OPDS Mobile Terminal (OMT).

- (U) ($1,290K) Continue development and demonstration of improved motion compensation system for sealift support ship crane/cargo handling systems.

- (U) ($175K) Complete development of Advanced Bulk Liquid Transfer System (ABLTS).

- (U) ($175K) Complete LC AC/SEABEE/LASH transport system development.

- (U) ($360K) Initiate Float/Sink (F/S)Breakwater system development.

FY 1998 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET DATE: Feb 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: 0408042N PROJECT NUMBER: 090000
PROGRAM ELEMENT TITLE: NATIONAL DEFENSE SEALIFT FUND PROJECT TITLE: Research and Development

3. (U) FY 1998 PLAN:

. (U) ($50K) Complete functional test of ABLTS.

. (U) ($50K) Initiate developm ent of systems for MERSHIP support of advanced operational concepts.

. (U) ($800K) Continue F/S Breakwater system development/demonstration.

. (U) ($400K) Continue Offshore Mobile Terminal (OMT) development/model testing.

. (U) ($900K) Continue development and demonstration of improved motion compensation/sea state 3 capability for sealift support ship crane/cargo handling systems.

. (U) ($400K) Develop specific ship concepts for heavy-lift sealift ships and other promising sealift ship concepts (e.g., follow-on Maritime Prepositioning Force ships).

. (U) ($400K) Complete fabrication and preliminary testing of advanced lighter simulator.

. (U) ($700K) Model design and testing of a composite causeway section.

. (U) ($300K) Investigate advanced lightweight, high strength materials for improving safety and reducing personnel requirements for cargo rigging systems.

. (U) ($350K) Investigate options for sea state 3 discharge of heavy lift cargo ships for deployment of lighters.

. (U) (2,027) Continue development of JLOTS sea state 3 (SS3) capable causeway systems . This includes investigation of advanced relative motion compensation systems as well as life cycle impact studies and planning for the new sea state 3 capable causeway. Areas to be investigated include SS3 RO/RO Discharge facility, ship/lighter motion control & mooring systems, ELCAS SS3 upgrades, lighter to platform interface.

4. (U) FY 1999 PLAN:

. (U) ($250K) Complete F/S breakwater system development/demonstration.

. (U) ($700K) Conduct OMT subsystem demonstration.

. (U) ($350K) Continue MERSHIP new “opconcept” developments.

. (U) ($966K) Continued Crane/Cargo Handling sea state 3 capability development/demonstration.

. (U) ($500K) Develop specific ship concepts for heavy-lift sealift ships and other promising sealift ship concepts (e.g., follow-on Maritime Prepositioning Force ships).

(U) ($100K) Complete testing of the advanced rough water lighter trainer.

. (U) ($700K) Complete preliminary design of conceptual composite causeway section.

. (U) ($300K) Procure and test advanced lightweight rigging systems.

. (U) ($350K) Design conceptual sea state 3 heavy lift ship lighter discharge methods.

. (U) ($2,297K) Continue JLOTS sea-state 3 causeway systems development including. exploration of relative motion compensation concepts, SS3 RO/RO discharge facility, ship/lighter motion control & mooring systems, ELCAS SS3 upgrades, and lighter to platform interface.

(U) JUSTIFICATION FOR BUDGET ACTIVITY: This program is funded under DEMONSTRATION & VALIDATION because it develops and integrates hardware for experimental test related to specific ship or aircraft applications.

FY 1998 RDT&E,N BUDGET ITEM JUSTIFIC ATION SHEET DATE: Feb 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: 0408042N PROJECT NUMBER: 090000
PROGRAM ELEMENT TITLE: NATIONAL DEFENSE SEALIFT FUND PROJECT TITLE: Research and Development

B. (U) PROGRAM CHANGE SUMMARY:

($000)

	FY 1996	FY 1997	FY 1998	FY 1999
(U) FY 1997 President's Budget:	19,110	8,452	5,966	6,920
(U) Adjustments from FY 1997 PRESBUDG:	0	0	+411	-407
(U) FY 1998/1999 PRESBUDG Submit:	19,110	8,452	6,377	6,513

(U) CHANGE SUMMARY EXPLANATION:

(U) Funding: FY 99 funds were reduced and FY 98 funds were increased to improve the overall funding profile.
(U) Schedule: Not applicable.
(U) Technical: Not applicable.

C. (U) OTHER PROGRAM FUNDING SUMMARY: Not applicable.

FY 1998 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET DATE: Feb 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: 0408042N PROJECT NUMBER: 090000
PROGRAM ELEMENT TITLE: NATIONAL DEFENSE SEALIFT FUND PROJECT TITLE: Research and Development

D. (U) SCHEDULE PROFILE:
Program and Engineering Milestones:

FY 1996	FY 1997	FY 1998	FY 1999	To Complete
Slow speed engine room arrang. analysis complete 4/96				NDSF R&D is a Continuing Program
Medium speed engine room arrange. 9/96				
Design devel of convertible cargo system complete 9/96	Life cycle costs analysis completed 8/97			
Mid Term Sealift Ship/Future Tech Variant (MK 2) Completed 9/96	Final Mid Term Sealift Ship/ Future tech Variant Completed 6/97			
Develop initial motion compensation crane (MOCOMP) concepts 9/96	Continue MOCOMP designs/evaluations	Demonstrate MOCOMP system	Demonstrate MOCOMP system	Design higher sea state systems
Assessment of LOTS total system concepts compl 8/96				
Future ship concept design/cost anal. 9/96	Future ship military/ technology assessment 9/97	Future ship alternative concepts		
Adv. Lighter Simul. Math Model complete 9/96	Adv. Lighter Simul. utilization plan complete 9/97	Adv. Lighter Simul. fab. complete 6/98	Adv. Lighter Simul. tests complete 9/99	
FY 1996	FY 1997	FY 1998	FY 1999	To Complete
		Comp. c/w model tests complete	Comp c/w prelim. design	Final design, fabrication, and

		9/98	complete 7/99	test of preliminary composite causeway section.
			Lightweight rigging tests complete 9/99	
		Conceptual. SS3 ship/lighter interface, SS3 ELCAS, & SS3 RRDF designs complete 6/98	SS3 mooring concept model test complete, SS3 ELCAS & RRDF prelim. designs complete, 9/99	SS3 mooring system fab. & test; SS3 ELCAS system design, fab, & test
Complete CEC evaluation 9/96				
	Tests of hull and deckhouse structural models complete 8/97			
	Complete LCAC/LASH/SEABEE transport system development 8/97	Complete functional test of ABLTS, 7/98	Complete F/S breakwater development.	NDSF R&D is a Continuing Program.

T&E Milestones: Not Applicable
Contract Milestones: Not Applicable

FY 1998 RDT&E,N PROGRAM ELEMENT/PROJECT COST BREAKDOWN DATE: Feb 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: 0408042N PROJECT NUMBER: 090000
PROGRAM ELEMENT TITLE: National Defense Sealift Fund PROJECT TITLE: Research and Development

A. (U) PROJECT COST BREAKDOWN: ($ in thousands)

Project Cost Categories	FY 1996	FY 1997	FY 1998	FY 1999
a. LO to RO Convertibility	350	200		
b. Producibility RDT&E	6,415	1,220		
c. Design for Production	855	503		
d. Hydrodynamic Improvements	1,060	180		
e. RO/RO Throughput Improvements	500	310		
f. Advanced Manning	300	100		
g. Structural Configuration	1,900	615		
h. Composite Structures	1,100	514		
i. LASCOR Structures	670	330		
j. Cost Analysis	1,250	300		
k. Ship Concepts	440	200	400	500
l. Far Term Technology	2270	1,580	3,777	3,747
m. Merchant Ship Naval Aug.	2,000	2,400	2,200	2,266
Total	19,110	8,452	6,377	6,513

FY 1998 RDT&E,N PROGRAM ELEMENT/PROJECT COST BREAKDOWN DATE: Feb 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: 0408042N PROJECT NUMBER: 090000
PROGRAM ELEMENT TITLE: National Defense Sealift Fund PROJECT TITLE: Research and Development

B. (U) BUDGET ACQUISITION HISTORY AND PLANNING INFORMATION ($ in thousands)

PERFORMING ORGANIZATIONS

Contractor/ Government Performing Activity	Contract Method/ Fund Type Vehicle	Award/ Oblig Date	Perform Activity EAC	Project Office EAC	Total FY 1995 & Prior	FY 1996 Budget	FY 1997 Budget	FY 1998 Budget	FY 1999 Budget	To Total Complete	Program
Product Development											
Designers and Planners, Inc (D&P) Arlington,VA	C/CPFF	1989		3,657	2,320	982	0	0	0	0	3,657
Designers and Planners, Inc (D&P) Arlington, VA	C/CPFF	9/93		12,843	6,285	5,335	1,018	0	0	0	12,843
Other Contractors		Various	Cont.	Cont.	5,759	4,905	3,629	4,317	4,468	Cont.	Cont.
NSWC/Carderock Div. WR			Various	Cont.	13,253	6,588	2,955	865	840	Cont.	Cont.
NSWC/Dahlgren Div.,CSS		WR	Various	Cont.	Cont.	400	630	570	655	Cont.	Cont.
Other Government		WR	Various	Cont.	861	900	220	625	550	Cont.	Cont.
Total Project					28,478	19,110	8,452	6,377	6,513		

Support and Management - Not applicable.
Test and Evaluation - Not applicable.

GOVERNMENT FURNISHED PROPERTY - Not applicable.

THIS PAGE LEFT INTENTIONALLY BLANK

Exhibit P-40
FY 1998/1999 Budget NDSF Submission
Ready Reserve Fleet (RRF)
($M)

NDSF
Feb-97
BA-5
BLI #0500

RRF	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
O&M	266.2	243.5	282.9	249.8				
Other								
NDRF/Facilities	9.8	9.8	9.3	9.4				
Special Maintenance/ Supply Programs*	8.0	7.5	7.9	7.4				
Maine Schoolship	5.0	5.0						
Ro/Ro Improvements	20.0	0.0	1.9	9.5				
Total RRF	**309.0**	**265.8**	**302.0**	**276.1**	**255.8**	**269.2**	**266.2**	**275.2**

* = Special Maintenance/Supply programs including an inventory/validation system implementation, Logistics Support, and spare parts.

Justification:

The RRF budget is based upon the conclusions of the OSD published Mobility Requirements Study (MRS) and the MRS Bottom-Up Review Update (MRS BURU). These studies specified a required readiness status for the RRF ships. This status allows the ships to activate in time to deliver cargo to a given area of operations and satisfy time critical warfighting requirements. The criteria for each readiness status was also specified in the MRS (i.e. Outporting, Sea/Dock Trials, Maintenance). These criteria determine the appropriate funding required for a given readiness level. Additional ships are maintained to provide tanker and troop ship support required for OPLAN and contingency execution. Current Strategic Sealift assets are insufficient to meet OPLAN/MRC requirements. This necessitates maintaining a higher level of readiness within the RRF until the new LMSRs are added to the surge fleet.

FY 1999/1999 Budget Estimate Submission
Ready Reserve Force (RRF)

RRF Composition

RRF Ship Types	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
RO/RO								
ROS-4	24	28	31	31	21	21	21	21
ROS-5					6	6	6	6
RRF-10					4	4	4	4
RRF-20								
RRF-30								
PREPO	7	3						
Total	31	31	31	31	31	31	31	31
Breakbulk								
ROS-4								
ROS-5	10	10	10	10	10	10	10	10
RRF-10	21	21	21	21				
RRF-20	4	4	4	4	4	4	4	4
RRF-30					21	21	0	0
Total	35	35	35	35	35	35	14	14
T-ACS								
ROS-4					5	5	5	5
ROS-5	8	9	9	9	4	4	4	4
RRF-10								
RRF-20								
RRF-30								
PREPO	1	1	1	1	1	1	1	1
Total	9	10	10	10	10	10	10	10
LASH								
ROS-4								
ROS-5								
RRF-10	4	4	4	4	4	4	4	4
RRF-20								
RRF-30								
Total	4	4	4	4	4	4	4	4
SEABEE								
ROS-4								
ROS-5	2	2	2	2	2	2	2	2
RRF-10	1	1	1	1	1	1	1	1
RRF-20								
RRF-30								
Total	3	3	3	3	3	3	3	3
Tanker								
ROS-4								
ROS-5	2	2	2	2	2	2	2	2
RRF-10	1	1	1	1	1	1	1	1
RRF-20	5	5	5	5	5	5	5	5
RRF-30								
PREPO	2	2	2	2	2	2	2	2
Total	10	10	10	10	10	10	10	10
Troop Ships								
ROS-4								
ROS-5								
RRF-10	2	2	2	2	2	2	2	2
RRF-20								
RRF-30								
Total	2	2	2	2	2	2	2	2
Total	94	95	95	95	95	95	74	74
	94	95	95	95	95	95	74	74
New Acquisitions*				4	1			
Retirements						21**		

** = 21 Breakbulk Ships are due to retire in FY 2001

Exhibit P-5
FY 1998/1999 Budget Estimate Submission

Ready Reserve Force (RRF)

RRF O&M	FY 1996	FY 1997	FY 1998	FY 1999
RO/RO				
ROS-4	92.4	88.7	108.2	108.4
ROS-5				
RRF-10				
Total	92.4	89.7	108.2	108.4
Breakbulk				
ROS-4				
ROS-5	31.2	37.4	33.5	31.0
RRF-10	55.2	39.8	61.0	40.3
RRF-20	7.1	6.9	8.3	7.3
RRF-30				
Total	93.5	84.1	102.8	78.5
T-ACS				
ROS-4				
ROS-5	26.4	31.5	32.0	29.9
RRF-10				
RRF-30	7.4			
Total	33.8	32.5	32.0	29.9
LASH				
ROS-4				
ROS-5				
RRF-10	8.9	9	7.3	8.6
Total	8.9	9	7.3	8.6
SEABEE				
ROS-4				
ROS-5	11.5	7.2	6.9	6.4
RRF-10	5.2	1.7	2.5	1.6
Total	16.7	8.9	9.3	8.0
Tanker				
ROS-4				
ROS-5	10.4	6.2	7.3	6.0
RRF-10	5.5	8.2	12.2	7.4
RRF-20	5	4.9	3.7	3.1
Total	20.9	19.3	23.2	16.5
Total O&M	266.2	243.5	282.9	249.8

THIS PAGE LEFT INTENTIONALLY BLANK

Exhibit P-40
FY 1998/1999 Budget Estimate Submission

National Defense Features
($M)

NDF	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Justification:

The National Defense Features (NDF) program will provide funds for the installation and maintenance of critical defense features on privately owned and operated, U.S. built, U.S. flagged merchant vessels. NDF are features built into or added to commercial vessels to make them more capable of supporting the military in a contingency. Examples of this would be; enhancing a vessel's ability to carry military equipment or ammunition or to enhance a vessel's characteristics such as speed, range, or deck strength. Vessel construction cost, except for the cost of NDF, will be borne by commercial interest who will contract directly with a U.S. Shipyard for conversion or construction of the ship.

THIS PAGE LEFT INTENTIONALLY BLANK

FY 1998/FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET DATE: February 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT:
PROGRAM ELEMENT TITLE:

(U) COST: (Dollars in Thousands)

PROJECT NUMBER & TITLE	FY 1996 ACTUAL	FY 1997 ACTUAL	FY 1998 ESTIMATE	FY 1999 ESTIMATE	FY 2000 ESTIMATE	FY 2001 ESTIMATE	FY 2002 ESTIMATE	FY 2003 ESTIMATE	TO COMPLETE	TOTAL PROGRAM
Large Scale Vehicle	50,000	0	0	0	0	0	0	0	0	50,000

(U) MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION: This project will design and procure an unmanned, autonomous, self propelled Large Scale Vehicle (LSV) designed for rapid reconfiguration, from which a broad range of new submarine technologies can be demonstrated. These technologies will be applicable to the New Attack submarine and some technologies may be applicable to all submarines. The vehicle will be a 1/4 to 1/3 scale model of an attack submarine, propelled by a battery powered direct drive motor, full instrumentation to provide scientific data (accelerometers, hydrophones, etc.) and vehicle performance data (course, speed, depth, pitch, roll, etc.), and capable of powered operations at speeds greater than 25 knots and depths that might exceed 800 feet. It will perform a wide range of preprogrammed maneuvers and produce dependable, repeatable research results. Finally, the vehicle will be designed for multi-mission testing designed to support submarine hydrodynamic and hydro-acoustic studies in support of the New Attack Submarine. Although these funds are developmental in nature , they represent a fully funded LSV design and construction effort and as such will expend over a two to three year period of time, vice a one year period as does most R&D.

(U) PROGRAM ACCOMPLISHMENTS AND PLANS:

1. (U) FY 1996 ACCOMPLISHMENTS:

- (U) ($2,000) Development of vehicle concept and performance specifications.
- (U) ($7,000) Begin vehicle detailed design. Order long lead time material (LLTM).
- (U) ($14,000) Complete vehicle detailed design. Begin vehicle construction.
- (U) ($15,000) Continue vehicle construction.
- (U) ($12,000) Complete vehicle construct ion. Test and demonstrate vehicle performance.

2. (U) FY 1997 ACCOMPLISHMENTS:
- Not applicable.

FY 1998/FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET DATE: February 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: PROJECT NUMBER:
PROGRAM ELEMENT TITLE: PROJECT TITLE:

3. (U) FY 1998 PLAN:

- Not applicable.

4. (U) FY 1999 PLAN:

- Not applicable.

B. (U) PROGRAM CHANGE SUMMAR Y:

	FY 1996	FY 1997	FY 1998	FY 1999
(U) FY 1997 President's Budget:	0	0	0	0
(U) Adjustments from FY 1997 PRESBUDG:	+50,000	0	0	0
(U) FY 1998/1999 PRESBUDG Submit:	50,000	0	0	0

(U) CHANGE SUMMARY EXPLANATION:

(U) Funding: Congress fenced $50M within the National Sealift Defense Funds to support construction of a new Large Scale Vehicle.

(U) Schedule: Not applicable.

(U) Technical: Not applicable.

C. (U) OTHER PROGRAM FUNDING SUMMARY: Not applicable.

(U) RELATED RDT &E:

(U) PE 0101224N (SSBN Security & Survivability Program)
(U) PE 0603561N (Advanced Submarine System Development)
(U) PE 0603569E (DARPA Advanced Submarine Technology Program)
(U) PE 0603792N (Advanced Technology Transition)
(U) PE 0604558N (New Design SSN Development)

FY 1998/FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET DATE: February 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: PROJECT NUMBER:
PROGRAM ELEMENT TITLE: PROJECT TITLE:

D. (U) SCHEDULE PROFILE:

	FY 1996	FY 1997	FY 1998	FY 1999
Program Milestones			Order LLTM	Commence construction
Engineering Milestones		Dev performance specifications		Complete detailed design
T&E Milestones				
Contract Milestones		AP Approval Issue CBD Announcement Release RFP	Contract Award	

FY 1998/FY 1999 RDT&E,N PROGRAM ELEMENT/PROJECT COST BREAKDOWN DATE: February 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: PROJECT NUMBER:
PROGRAM ELEMENT TITLE: PROJECT TITLE:

A. (U) PROJECT COST BREAKDOWN: ($ in thousands)

PROJECT COST CATEGORIES	FY 1996	FY 1997	FY 1998	FY 1999
a. Design	8,000	0	0	0
b. Construction	42,000			
TOTAL	50,000	0	0	0

FY 1998/FY 1999 RDT&E,N PROGRAM ELEMENT/PROJECT COST BREAKDOWN DATE: February 1997

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: PROJECT NUMBER:
PROGRAM ELEMENT TITLE: PROJECT TITLE:

B. (U) BUDGET ACQUISITION HISTORY AND PLANNING INFORMATION ($ in thousands)

PERFORMING ORGANIZATIONS

Contractor/ Government Performing Activity	Contract Method/ Fund Type Vehicle	Award/ Oblig Date	Perform Activity EAC	Project Office EAC	Total FY 1995 & Prior	FY 1996 Budget	FY 1997 Budget	FY 1998 Budget	FY 1999 Budget	To Complete	Total Program
Product Development											
TBD	TBD	TBD	TBD	42,000	0	42,000	0	0	0	0	42,000
Misc	Var	Var	8,000	8,000	0	8,000	0	0	0	0	8,000
Support and Management											
Misc					0	0	0	0	0	0	0
Test and Evaluation											
Misc					0	0	0	0	0	0	0

GOVERNMENT FURNISHED PROPERTY: Not applicable.

	Total FY 1995 & Prior	FY 1996 Budget	FY 1997 Budget	FY 1998 Budget	FY 1999 Budget	To Complete	Total Program
Subtotal Product Development	0	50,000	0	0	0	0	50,00
Subtotal Support and Management	0	0	0	0	0	0	
Subtotal Test and Evaluation	0	0	0	0	0	0	
Total Project	0	50,000	0	0	0	0	50,00