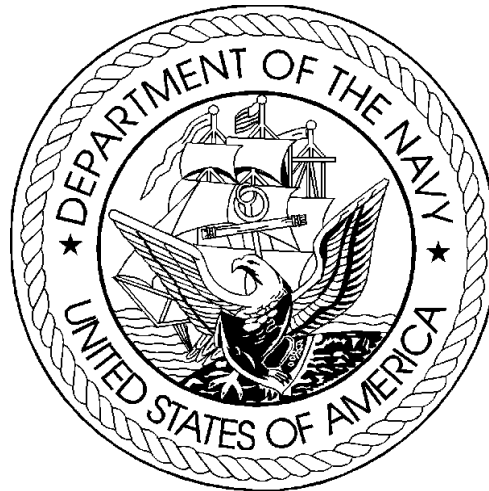


DEPARTMENT OF THE NAVY
FY 1999 AMENDED BUDGET ESTIMATES



JUSTIFICATION OF ESTIMATES
FEBRUARY 1998

NATIONAL DEFENSE SEALIFT FUND

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

Identification code	17-4557-0-4-051	1997 actual	1998 est.	1999 est.

Program by activities:				
09.0101	Strategic sealift acquisition	928,895	676,672	75,800
09.0201	Strategic sealift O&M	710,715	637,600	690,100
09.0301	Ready Reserve Force	454,061	317,045	284,200
09.0401	National Defense Features	7,636	70,094	51,296
09.0501	Research & Development	10,221	6,377	6,870
		-----	-----	-----
10.0001	Total obligations	2,111,528	1,707,788	1,108,266

Financing:				
Offsetting collections from:				
11.0001	Federal funds(-)	-710,715	-637,600	-690,100
17.0001	Recovery of prior year obligations	-17,977		
Unobligated balance available, start of year:				
21.9801	Unobligated balance, SOY: Fund balance	-450,793	-460,095	-460,055
Unobligated balance available, end of year:				
24.9801	Unobligated balance, EOY: Fund balance	460,095	460,055	460,055
		-----	-----	-----
39.0001	Budget authority	1,392,138	1,070,148	418,166

Budget authority:				
40.0001	Appropriation	1,401,460	1,074,948	418,166
41.0001	Transferred to other accounts (-)	-9,322	-4,800	
		-----	-----	-----
43.0001	Appropriation (adjusted)	1,392,138	1,070,148	418,166

Relation of obligations to outlays:				
71.0001	Obligations incurred	1,400,813	1,070,188	418,166
72.1001	Orders on hand, SOY	-2,081,109	-1,809,640	-1,800,000
72.9801	Obligated balance, start of year:Obligated bad balance	3,476,388	4,002,788	4,140,239
74.1001	Orders on hand, EOY	1,809,640	1,800,000	1,800,000
74.9801	Obligated balance, end of year:Obligated balalance	-4,002,788	-4,140,239	-3,612,326
78.0001	Adjustments in unexpired accounts	-17,977		
		-----	-----	-----
90.0001	Outlays (net)	584,966	923,097	946,079

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

Identification code	17-4557-0-4-051	1997 actual	1998 est.	1999 est.

	Reimbursable obligations:			
225.101	Advisory and assistance services	7,079	6,540	5,995
225.201	Other services with the private sector	343,721	364,236	354,709
225.303	Purchases goods/services (inter/intra) Fed accounts			
225.303	Purchases from revolving funds	710,715	637,600	690,100
231.001	Equipment	1,050,013	699,412	57,462
		-----	-----	-----
299.001	Total Reimbursable obligations	2,111,528	1,707,788	1,108,266
		-----	-----	-----
999.901	Total obligations	2,111,528	1,707,788	1,108,266

NATIONAL DEFENSE SEALIFT FUND

The request of \$418.2 million in FY 1999 is for the completion of construction, 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 thirteen LMSRs have been awarded. Funding for the final LMSR is budgeted in the FY 1999 Shipbuilding and Conversion, Navy (SC,N) Appropriation. Construction efforts are also currently underway on three Maritime Prepositioning Force Enhancement (MPF(E)) Ships for the Marine Corps.

The NDSF budget request also includes \$6.9 million in FY 1999 for the continuation of research and development efforts for the Strategic Sealift Technology Development Program. Furthermore, \$260.0 million is budgeted in FY 1999 for cost associated with maintenance of the National Defense Reserve Fleet, which includes the Ready Reserve Fleet. In addition, \$51.3 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, and Fleet Hospital ships (T-AH).

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-1998

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

NDSF	(QTY / TOA \$ Millions)								Total
	PY & FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY2003	
<u>Program</u>									
Ship Acquisition:	4004.8	1,117.9	681.4	100.0					21/5904.1
- LMSR	(13/3880.2)	(3/843.2)	(2/581.3)						(18/5544.1)
- Cost Growth				(100.0)					
- 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	51.3	86.4	110.1	122.2	122.3	562.4
- FSS Maint			(48.4)	(33.4)	(49.2)	(50.1)	(51.1)	(52.3)	
- LMSR Maint			(0.0)	(0.0)	(16.6)	(41.2)	(51.6)	(50.2)	
- DOD Mob. Alts			(2.6)	(3.0)	(5.5)	(3.4)	(3.7)	(3.7)	
- T-AVB Maint			(5.6)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	
- T-AH Maint			(13.5)	(14.8)	(15.2)	(15.5)	(15.8)	(16.1)	
Sealift R&D	21.1	8.4	1.6	6.9	7.0	7.2	7.3	7.5	67.0
NDRF / RRF O&M	352.0	265.8	317.0	260.0	243.2	251.7	244.0	251.0	2,184.7
NDF	50.0								50.0
LSV⁽²⁾	50.0								50.0
Users O&M:⁽³⁾									
Total	4,477.9	1,392.1	1,070.1	418.2	336.6	369.0	373.5	380.8	8,818.2

(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)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Revenue:				
Gross Sales:				
Operations	748.3	741.5	637.6	667.2
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	637.6	667.2
Other Income	0.0	0.0	0.0	0.0
Total Income	748.3	741.5	637.6	667.2
Expenses:				
Prepositioning Ships	645.6	630.3	623.1	650.3
Surge Ships	102.7	111.2	14.5	16.9
Total Expenses	748.3	741.5	637.6	667.2
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	637.6	667.2
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)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
1. Orders from DoD Components:				
Navy	487.1	483.2	428.7	406.5
Army	192.0	195.0	142.8	196.6
Air Force	38.1	31.5	33.3	32.3
DLA	31.1	31.8	32.8	31.8
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	637.6	667.2
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	637.6	667.2

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

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Assets:				
Selected Assets:				
Fund Balance with Treasury	1024.2	1392.2	1070.1	418.2
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	1392.2	1070.1	418.2
Liabilities:				
Selected Liabilities:				
Accounts Payable				
Accrued Liabilities	1024.2	1392.2	1070.1	418.2
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	1392.2	1070.1	418.2
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	1392.2	1070.1	418.2

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

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
New Authority:	1024.2	1392.2	1070.1	418.2
New Construction/Conversion	596.1	1117.9	681.4	100.0
DOD Mobilization Assets	0.0	0.0	70.1	51.3
RDT&E	19.1	8.5	1.6	6.9
NDRF Operations and Maintenance	289.0	265.8	317.0	260.0
RRF Acquisitions/NDF	70.0	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	1392.2	1070.1	418.2
New Construction/Conversion	596.1	1117.9	681.4	100.0
DOD Mobilization Assets	0.0	0.0	70.1	51.3
RDT&E	19.1	8.5	1.6	6.9
NDRF Operations and Maintenance	289.0	265.8	317.0	260.0
RRF Acquisitions/NDF	70.0	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	1112.7	899.8	393.2
Unliquidated Obligations, EOY	199.0	279.5	170.4	25.0
Financing of Capital Purchases:	1024.2	1392.2	1070.1	418.2
Direct Appropriation	1024.2	1392.2	1070.1	418.2
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 1998

Supplemental
Exhibits
Index

Pages

BA 1

Ship Acquisition

10-18

[LMSR New Construction/Conversion program]

[Maritime Preposition Force Enhancement (MPFE) Conversion program]

BA 2

DoD Mobilization Assets

19-23

[FSS Maint, LMSR Maint , Mobilization Alterations ,T-AVB Maint ,T-AH Maint]

BA 4

Research and Development

24-34

[National Defense Sealift Research and Development]

BA 5

Ready Reserve Force

35-36

[Operations and Maintenance of the NDRF to include the RRF]

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EXHIBIT P-27
 FY 1999 Budget Estimates
 February 1998

NATIONAL DEFENSE SEALIFT FUND (NDSF)
 SHIP PRODUCTION SCHEDULE

<u>Ship Type</u>	<u>Shipbuilder</u>	<u>Fiscal Yr Authorized</u>	<u>Contract Award</u>		<u>Start of Construction</u>	<u>Current Delivery Date</u>
TAKR 295	NASSCO	FY93	Jul-93	*	Jun-94	May-96
TAKR 296	Newport News	FY93	Jul-93	*	Oct-93	Aug-96
TAKR 297	NASSCO	FY93	Jul-93	*	May-95	Feb-97
TAKR 298	Newport News	FY93	Jul-93	*	Oct-93	May-97
TAKR 299	NASSCO	FY93	Jul-93	*	Oct-95	Nov-97
TAKR 300	Avondale	FY93	Sep-93	*	Jan-95	May-98
TAKR 301	Avondale	FY94	Sep-94		Oct-95	Dec-98
TAKR 302	Avondale	FY94	Sep-94		Aug-96	May-99
TAKR 303	Avondale	FY96	Dec-95		May-97	Oct-99
TAKR 304	Avondale	FY97	Nov-96		Nov-97	Apr-00
TAKR 305	Avondale	FY98	Nov-97		Apr-98	Oct-00
TAKR 306	Avondale	FY99	Jan-98	**		
TAKR 310	NASSCO	FY93	Sep-93	*	Mar-96	Jun-98
TAKR 311	NASSCO	FY95	Oct-94		Jan-97	Dec-98
TAKR 312	NASSCO	FY95	Oct-94		Aug-97	May-99
TAKR 313	NASSCO	FY96	Jan-96		Mar-98	Dec-99
TAKR 314	NASSCO	FY97	Nov-96		Aug-98	Aug-00
TAKR 315	NASSCO	FY 97	May-97		Apr-99	Jan-01
TAKR 316	NASSCO	FY98	Nov-97		Oct-99	Aug-01

* These were new contracts; all other ships were options to these contracts.

** Option for Advance Procurement only; TAKR 306 funded in SCN appropriation in FY99.

Note: Dates in **bold** are actuals.

**STRATEGIC SEALIFT SHIP
P5 - CONVERSION 5 SHIP BUY
Feb-98**

FY 1999 Budget Estimate

Contract Award Year (\$ THOUSANDS)	FY93			FY93		FY93		GRAND TOTAL
	NASSCO LEAD	NASSCO FOLLOW	NASSCO FOLLOW	NEWPORT NEWS LEAD	NEWPORT NEWS FOLLOW	TOTAL LEAD	TOTAL FOLLOW	
1. PLANS	-	-	-	-	-	-	-	-
2. BASIC	296,457	247,065	241,753	311,500	246,161	607,957	734,978	1,342,935
3. CHANGE ORDERS	35,907	19,867	19,181	27,724	24,561	63,631	63,610	127,240
4. ELECTRONICS	-	-	-	-	-	-	-	-
5. PROPULSION	-	-	-	-	-	-	-	-
6. HM&E	5,088	3,788	3,013	7,149	3,126	12,237	9,927	22,164
7. OTHER	9,235	2,550	2,634	9,728	2,537	18,962	7,722	26,684
8. ORDNANCE	-	-	-	-	-	-	-	-
9. ESCALATION	-	-	-	-	-	-	-	-
SUBTOTAL WEAPON SYSTEM END COST	346,686	273,270	266,581	356,101	276,386	702,787	816,237	1,519,024
10. POST DELIVERY	4,000	2,500	2,500	2,800	1,600	6,800	6,600	13,400
TOTAL WEAPON SYSTEM END COST	350,686	275,770	269,081	358,901	277,986	709,587	822,837	1,532,424

Sep 97 NDSF Conversion Allocation	347,216	280,646	273,955	354,947	275,659	702,164	830,261	1,532,424
<u>Adjustments</u>								
Government Liability & Basic	3,172	(3,332)	(4,777)	0	0	3,172	(8,110)	(4,938)
Change Orders	288	(875)	277	3,176	3,028	3,464	2,430	5,894
HM&E	(25)	(539)	(299)	70	(519)	45	(1,356)	(1,311)
Other	35	(130)	(76)	608	(183)	642	(388)	254
Escalation	0	0	0	0	0	0	0	0
Post Delivery	0	0	0	100	0	100	0	100
Feb 98 NDSF Conversion Allocation	350,686	275,770	269,081	358,901	277,986	709,587	822,837	1,532,424

NOTE: Program year of ship does not equate to the fiscal year (FY) funding.

UNCLASSIFIED
CLASSIFICATION

P-8A Exhibit
FY 1999 Budget Estimate
February 1998

NATIONAL DEFENSE SEALIFT FUND
Analysis of Ship Cost Estimates - Major Equipment
(Dollars in Thousands)

**Ship Type: Strategic Sealift
Conversion Program**

**FY93 & Prior
TOTAL COST**

HM&E

A. HM&E Test & Instrumentation

4,230

B. HM&E Engineering Services

7,143

C. SUPSHIP Material/Services

10,792

Total HM&E

22,164

CLASSIFICATION:
UNCLASSIFIED

P-5 EXHIBIT
FY 1999 Budget Estimate
February 1998

PROGRAM COST BREAKDOWN

APPROPRIATION: NATIONAL DEFENSE SEALIFT FUND

BUDGET ACTIVITY: BA-1
STRATEGIC SEALIFT-NEW CONSTRUCTION PROGRAM

P-1 ITEM NOMENCLATURE: NEW CONSTRUCTION PROGRAM

Contract Award Year	FY93 & Prior	FY94	FY95	FY96	FY97	FY98	FY99 **	FY00	FY01	FY02	TOTAL PROGRAM
QUANTITY	2	2	2	2	3	2	-	-	-	-	13
(\$ THOUSANDS)											
1. PLANS	-	-	-	-	-	-	-	-	-	-	-
2. BASIC	608,006	478,482	471,468	463,358	719,295	464,852	35,000	-	-	-	3,240,460
3. CHANGE ORDERS	44,735	23,390	33,298	23,676	34,746	22,587	-	-	-	-	182,433
4. ELECTRONICS	-	-	-	-	-	-	-	-	-	-	-
5. PROPULSION	-	-	-	-	-	-	-	-	-	-	-
6. HM&E	23,021	10,600	10,600	10,400	15,600	10,400	-	-	-	-	80,621
7. OTHER	28,938	7,200	11,570	6,200	10,320	7,760	-	-	-	-	71,988
8. ORDNANCE	-	-	-	-	-	-	-	-	-	-	-
9. ESCALATION	64,199	54,687	55,359	59,918	79,856	76,128	-	-	-	-	390,147
SUBTOTAL	768,900	574,360	582,294	563,551	859,818	581,727	35,000	-	-	-	3,965,650
10. POST DELIVERY	8,080	7,000	7,000	7,000	10,500	7,000	-	-	-	-	46,580
Feb 1998 NDSF New Construction Allocation	776,980	581,360	589,294	570,551	870,318	588,727	35,000	-	-	-	4,012,230
FY98 funds for FY97 & FY99 hulls	-	-	-	-	(35,000)	70,000	(35,000)	-	-	-	0
Total	776,980	581,360	589,294	570,551	835,318	658,727	0	-	-	-	4,012,230
Sep 97 NDSF New Construction Allocation	770,075	572,075	614,179	580,364	881,264	590,119	0	-	-	-	4,008,076
Adjustment for Conversion Cost Growth	(27,300)	(25,900)	(10,800)	(22,900)	(13,100)		100,000				0
FY 99 payback to New Construction *	27,300	25,900	10,800	22,900	13,100		(100,000)				0
Adjustments for Completion of prior year ships						30,100					0
FY 98 payback to New Construction						(30,100)					0
Adjustments											
Government Liability & Basic	2,380	5,752	(24,457)	(9,091)	(44,668)	70,000	0	-	-	-	(85)
Change Orders	0	1,431	7,118	2,210	3,921	1,710	0	-	-	-	16,390
HM&E	0	0	0	0	0	0	0	-	-	-	0
Other	5,538	0	0	100	0	0	0	-	-	-	5,638
Escalation	(1,014)	2,102	(7,545)	(3,032)	(5,199)	(3,102)	0	-	-	-	(17,790)
Post Delivery	-	0	0	0	0	0	0	-	-	-	0
Total	776,980	581,360	589,294	570,551	835,318	658,727	0	-	-	-	4,012,230
FY98 funds for FY97 & FY99 hulls					35,000	(70,000)	35,000				0
Feb 1998 NDSF New Construction Allocation	776,980	581,360	589,294	570,551	870,318	588,727	35,000	-	-	-	4,012,230

Note: \$4,012.2M reflects funding for 13 New Construction ships and one ship set of CSE and Advanced Procurement for the 14th New Construction ship.
 \$70M Advanced Procurement provided by Congress allocated as \$35M Advanced Procurement for FY99 ship and \$35M Compensation for DON FY97 Reprogramming.
 * \$100M appropriated in FY99 allocated as payback to New Construction ships authorized in FY 1997 and prior.
 ** The balance of funding for the 14th New Construction ship, \$251.4M, is funded by the FY99 SCN portion of the procurement account.

NOTE: Program year of ships does not equate to the fiscal year (FY) funding.

CLASSIFICATION:
UNCLASSIFIED

P-5 EXHIBIT
FY 1999 Budget Estimate
February 1998

PROGRAM COST BREAKDOWN

APPROPRIATION: NATIONAL DEFENSE SEALIFT FUND

BUDGET ACTIVITY: BA-1
STRATEGIC SEALIFT-NEW CONSTRUCTION PROGRAM

P-1 ITEM NOMENCLATURE: NEW CONSTRUCTION PROGRAM

Contract Award Year	FY93 & Prior	FY94	FY95	FY96	FY97	FY98	FY99 *	FY00	FY01	FY02	TOTAL PROGRAM
AVONDALE SHIP QUANTITY	1	2	0	1	1	1		-	-	-	6
(\$ THOUSANDS)											
1. PLANS	-	-	-	-	-	-	-	-	-	-	-
2. BASIC	305,369	478,482	-	238,282	236,685	236,043	35,000	-	-	-	1,529,862
3. CHANGE ORDERS	21,737	23,390	-	11,014	10,974	10,888	-	-	-	-	78,004
4. ELECTRONICS	-	-	-	-	-	-	-	-	-	-	-
5. PROPULSION	-	-	-	-	-	-	-	-	-	-	-
6. HM&E	13,921	10,600	-	5,200	5,200	5,200	-	-	-	-	40,121
7. OTHER	18,314	7,200	-	3,070	3,180	3,900	-	-	-	-	35,664
8. ORDNANCE	-	-	-	-	-	-	-	-	-	-	-
9. ESCALATION	31,291	54,687	-	30,384	33,084	36,390	-	-	-	-	185,836
SUBTOTAL	390,633	574,360	-	287,951	289,123	292,421	35,000	-	-	-	1,869,487
10. POST DELIVERY	4,040	7,000	-	3,500	3,500	3,500	-	-	-	-	21,540
Feb 1998 NDSF New Construction Allocation	394,673	581,360	-	291,451	292,623	295,921	35,000	-	-	-	1,891,027
FY98 funds for FY97 & FY99 hulls	-	-	-	-	0	35,000	(35,000)	-	-	-	0
Total	394,673	581,360	-	291,451	292,623	330,921	0	-	-	-	1,891,027
Sep 1997 NDSF New Construction Allocation	383,218	572,075	-	288,414	292,700	298,040	0	-	-	-	1,834,447
<i>Adjustments</i>											
Government Liability & Basic	6,333	5,752	-	2,168	(283)	35,000	0	-	-	-	48,971
Change Orders	0	1,431	-	0	0	0	0	-	-	-	1,431
HM&E	0	0	-	0	0	0	0	-	-	-	0
Other	2,914	0	-	100	0	0	0	-	-	-	3,014
Escalation	2,207	2,102	-	768	206	(2,119)	0	-	-	-	3,164
Post Delivery	0	0	-	0	0	0	0	-	-	-	0
Total	394,673	581,360	-	291,451	292,623	330,921	0	-	-	-	1,891,027
Advanced Procurement						(35,000)	35,000				0
Feb 1998 NDSF New Construction Allocation	394,673	581,360	-	291,451	292,623	295,921	35,000	-	-	-	1,891,027

NOTE: Program year of ship does not equate to the fiscal year (FY) funding.

* The balance of funding for TAKR 306, \$251.4M, is funded by the FY99 SCN portion of the procurement account.

CLASSIFICATION:
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P-5 EXHIBIT
FY 1999 Budget Estimate
February 1998

PROGRAM COST BREAKDOWN

APPROPRIATION: NATIONAL DEFENSE SEALIFT FUND

BUDGET ACTIVITY: BA-1
STRATEGIC SEALIFT-NEW CONSTRUCTION PROGRAM

P-1 ITEM NOMENCLATURE: NEW CONSTRUCTION PROGRAM

Contract Award Year	FY93 & Prior	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	TOTAL PROGRAM
NASSCO SHIP QUANTITY	1	0	2	1	2	1	-	-	-	-	7
(\$ THOUSANDS)											
1. PLANS	-	-	-	-	-	-	-	-	-	-	-
2. BASIC	302,636	-	471,468	225,075	482,610	228,809	-	-	-	-	1,710,599
3. CHANGE ORDERS	22,998	-	33,298	12,662	23,772	11,699	-	-	-	-	104,429
4. ELECTRONICS	-	-	-	-	0	-	-	-	-	-	-
5. PROPULSION	-	-	-	-	-	-	-	-	-	-	-
6. HM&E	9,100	-	10,600	5,200	10,400	5,200	-	-	-	-	40,500
7. OTHER	10,624	-	11,570	3,130	7,140	3,860	-	-	-	-	36,324
8. ORDNANCE	-	-	-	-	-	-	-	-	-	-	-
9. ESCALATION	32,908	-	55,359	29,534	46,772	39,738	-	-	-	-	204,311
SUBTOTAL	378,267	-	582,294	275,601	570,695	289,306	-	-	-	-	2,096,163
10. POST DELIVERY	4,040	-	7,000	3,500	7,000	3,500	-	-	-	-	25,040
Feb 1998 NDSF New Construction Allocation	382,307	-	589,294	279,101	577,695	292,806	-	-	-	-	2,121,203
FY98 funds for FY97 & FY99 hulls (Compensation for DON FY97 Reprogramming)	-	-	-	0	(35,000)	35,000	-	-	-	-	0
Total	382,307	-	589,294	279,101	542,695	327,806	-	-	-	-	2,121,203
Sep 1997 NDSF New Construction Allocation	386,857	-	614,179	291,950	588,564	292,079	-	-	-	-	2,173,628
<u>Adjustments</u>											
Government Liability & Basic	(3,954)	-	(24,457)	(11,260)	(44,385)	35,000	-	-	-	-	(49,056)
Change Orders	0	-	7,118	2,210	3,921	1,710	-	-	-	-	14,960
HM&E	0	-	0	0	0	0	-	-	-	-	0
Other	2,624	-	0	0	0	0	-	-	-	-	2,624
Escalation	(3,221)	-	(7,545)	(3,800)	(5,405)	(983)	-	-	-	-	(20,954)
Post Delivery	-	-	0	0	0	0	-	-	-	-	0
Total	382,307	-	589,294	279,101	542,695	327,806	-	-	-	-	2,121,203
Compensation for DON FY97 Reprogramming					35,000	(35,000)					
Feb 1998 NDSF New Construction Allocation	382,307	-	589,294	279,101	577,695	292,806	-	-	-	-	2,121,203

NOTE: Program year of ship does not equate to the fiscal year (FY) funding.

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P-8A Exhibit
FY 1999 Budget Estimate
February 1998

NATIONAL DEFENSE SEALIFT FUND
Analysis of Ship Cost Estimates - Major Equipment
(Dollars in Thousands)

Ship Type: Strategic Sealift New Construction Program	FY93 & Prior Total Cost	FY94 Total Cost	FY95 Total Cost	FY96 Total Cost	FY97 Total Cost	FY98 Total Cost	FY99 Total Cost	Total All Years
HM&E								
A. HM&E Test & Instrumentation	9,151	3,830	3,830	3,830	5,616	3,740		29,997
B. HM&E Engineering Services	11,913	5,331	5,368	5,105	7,723	5,065		40,505
C. SUPSHIP Material/Services	1,957	1,439	1,402	1,465	2,261	1,595		10,119
Total HM&E	23,021	10,600	10,600	10,400	15,600	10,400		80,621

WEAPON SYSTEM ADVANCE PROCUREMENT EXHIBIT (P-10) (PROCUREMENT OF ADVANCE DESIGN AND MATERIAL) <i>(TOA, Dollars in Thousands)</i>					Budget Year for Fiscal Year Program	
					FY98 for FY99	
					Date: Feb 98	
Weapon System Type (Model/Series No.) TAKR 306	First System Award Date Nov-98 (Ship Award Date)		First System Completion Date Apr-99 (Start Const on TAKR 306)		Interval between System Completion N/A	
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 1. Contractor Furnished Equipment (CFE) consisting of all hull material exclusive of steel and miscellaneous material. This will include items such as: Reduction Gear, Main Control Console, Ship Control Console, and Main Diesel Engine Air Conditioning/Humidification System Hydraulic Power Module Assembly, Controllable Pitch Propeller, Ship Phone System, Propulsion Clutch		NLT 20 Feb 98			35,000	35,000
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).						

**Exhibit P-40
FY 1998/1999 Budget Estimate Submission**

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

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

Justification:

The Maritime 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 repositioning of additional equipment with the existing MPF ship squadrons will significantly enhance the warfighting capability available to the Theater Commander in Chief (CINC), and will reduce both airlift and surge sealift requirements from the Continental United States.

**Exhibit P-40
 FY 1998/1999 Budget Estimate Submission**

**Fast Sealift Ships (FSS)
 (\$M)**

<u>FSS</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999 *</u>
	67.34	82.49	48.40	33.44
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Outyear Costs	49.18	50.07	51.12	52.30

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: Funds will be used for:

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

*\$14.6 million of FY96 NDF funding will be used to finance FY 1999 FSS requirements.

NDSF
 Feb-98
 BA-2
 BLI #0220

**Exhibit P-40
 FY 1998/1999 Budget Estimate Submission**

**Large Medium Speed RO/RO (LMSR)
 (\$M)**

<u>LMSR</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Crew Costs	0.00	0.00	0.00	0.00
Maintenance & Repair	0.00	0.00	0.00	0.00
Layberth	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
Total LMSR	0.00	0.00	0.00	0.00
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Outyear Costs	16.61	41.22	51.58	50.18

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 familiarization/warranty maintenance period. All 11 surge LMSRs will be delivered by the 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 NWCF charges.

**Exhibit P-40
 FY 1998/1999 Budget Estimate Submission**

**DOD Strategic Vessel Modernization
 (\$M)**

<u>Modernization</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
USMC Aviation Support Ship (T-AVB)	0.0	0.8	0.9	0.0
Hospital Ship (T-AH)	1.0	0.0	0.0	0.8
Maritime Prepositioning Ship (MPS)	0.0	0.0	0.0	0.0
Offshore Petroleum Discharge System Ships (OPDS)	0.6	0.7	1.7	2.2
Total Modernization	1.6	1.5	2.6	3.0
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Outyear Costs	5.5	3.4	3.7	3.7

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 T-AH funds converted an empty hold to allow storage of supplies enabling the ship to be self sufficient for up to 30 days and the FY-99 funds will commence upgrade of Nitrogen/Oxygen generator system. The FY-97/98 T-AVB funds will upgrade ship electrical system to correct potential safety hazards and allow ship to operate all embarked maintenance vans. 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.

**Exhibit P-40
 FY 1998/1999 Budget Estimate Submission**

**Aviation Support Ships (T-AVB)
 (\$M)**

<u>T-AVB</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Crew Costs	2.47	2.52	2.58	0.00
Maintenance & Repair	2.78	1.52	1.72	0.00
Layberth	0.96	0.98	1.00	0.00
Other	0.31	0.32	0.33	0.00
Total T-AVB	6.52	5.34	5.63	*
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Outyear Costs	*	*	*	*

* T-AVB costs incorporated into Ready Reserve Force budget commencing in FY 1999

Justification:

Two T-AVBs are maintained in a 5-day Reduced Operating Status (ROS-5) as required by Defense Planning Guidance 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.

NDSF
 Feb-98
 BA-2
 BLI #0250

**Exhibit P-40
 FY 1998/1999 Budget Estimate Submission**

**Hospital Ships (T-AH)
 (\$M)**

<u>T-AH</u>	<u>FY 1996*</u>	<u>FY 1997*</u>	<u>FY 1998</u>	<u>FY 1999</u>
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	14.83

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

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Outyear Costs	15.2	15.5	15.8	16.1

Justification:

Two T-AHs are maintained in a 5-day Reduced Operating Status (ROS-5) as required by Defense Planning Guidance 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

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FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET

DATE: February 1998

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

U) COST (Dollars in thousands)

PROJECT NUMBER & TITLE	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
090000 - NDSF Research and Development, Strategic Sealift	8,444	1,577	6,870	7,021	7,183	7,340	7,498	CONT.	CONT.

A. (U) MISSION DESCRIPTION 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)--(this program completes in FY97), (2) far-term improvements (2005-2020) and (3) merchant ship naval augmentation program (MSNAP).

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FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET

DATE: February 1998

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

A. (U) MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION (CONTINUED):

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. Far-term improvements are intended for the 2005-2020 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.

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FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET

DATE: February 1998

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

(U) PROGRAM ACCOMPLISHMENTS AND PLANS:

1. (U) FY 1997 ACCOMPLISHMENTS:

- (U) (\$200K) Provided integration support for cargo convertibility system into final MTSS/FTV baseline design.
- (U) (\$1,220K) Completed documentation of Engine Room Arrangement Model (ERAM) effort. Delivered CAD-based production engineering tools software.
- (U) (\$503K) Prepared software specification for generic build strategy simulation tool and validated methodology with participating shipyards.
- (U) (\$180K) Completed documentation of hydrodynamic improvement efforts.
- (U) (\$310K) Completed 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) Completed documentation of advanced manning efforts.
- (U) (\$615K) Completed effort to develop improved structural configurations for sealift ships. Completed advanced double hull producibility and cost study. Delivered Final Advanced Double Hull Strength Report. Completed final structural design for MTSS/FTV.
- (U) (\$514K) Delivered and tested prototype composite deckhouse structure. Delivered final assessment of composite deckhouse effort.

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FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET

DATE: February 1998

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

1. (U) FY 1997 ACCOMPLISHMENTS (CONTINUED):

- (U) (\$330K) Completed LASCOR producibility and cost impact study. Completed testing of LASCOR hatch cover/movable deck panels.
- (U) (\$300K) Completed efforts to improve sealift ship cost analysis capability. Delivered final life cycle cost analysis for MTSS/FTV design baseline.
- (U) (\$200K) Completed investigations of improved sealift ship concepts. Completed design of Mid Term Sealift Ship/Future Technology Variant (MTSS/FTV). Completed and documented MTSS technology impact assessment effort.
- (U) (\$1,580K) Continued investigations of improved far-term technology and Sea State 3 system requirements. Completed conceptual designs of commercially viable coastal RO/RO ship and a unique MPF future ship. Continued development of causeway material and connection systems. Completed design and initiated fabrication of lighter operator trainer.
- (U) (\$1,947K) Continued development and demonstration of improved motion compensation system for sealift support ship crane/cargo handling systems.
- (U) (\$175K) Continued development of Advanced Bulk Liquid Transfer System (ABLTS).
- (U) (\$270K) Completed and demonstrated LCAC/SEABEE transport system development. Continued LCAC/LASH transport system development.

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FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET

DATE: February 1998

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

2. (U) FY 1998 PLAN:

- . (U) (\$150K) Develop concepts for heavy-lift sealift ships and other promising sealift ship concepts.
- . (U) (\$77) Continue development/maintenance of Sea State 3 JLOTS system equipment baselines.
- . (U) (\$250K) Complete fabrication and preliminary testing of advanced lighter simulator.
- . (U) (\$35K) Complete testing of a composite causeway section.
- . (U) (\$195K) Initiate investigations of ship/lighter motion control, mooring and platform interface systems
- . (U) (\$70) Initiate development of seabased/mobile lighter command/control systems.
- . (U) (\$50K) Complete functional test of ABLTS.
- . (U) (\$50K) Initiate development of systems for MERSHIP support of advanced operational concepts.
- . (U) (\$30K) Initiate Float/Ballast (F/B) Breakwater system development.
- . (U) (\$670K) Continue development and demonstration of improved motion compensation/Sea State 3 capability for sealift support ship crane/cargo handling systems.

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

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

3. (U) FY 1999 PLAN:

- . (U) (\$320K) Continue to develop sealift ship concepts. Initiate Maritime Prepositioned Force (MPF) (2010) and Combat Logistics Force (CLF) concepts development, modeling, simulation and wargaming studies/analyses.
- . (U) (\$100K) Continue development/maintenance of Sea State 3 JLOTS system equipment baselines.
- . (U) (\$250K) Continue testing/evaluation and modification of advanced lighter simulator.
- . (U) (\$910K) Continue development of ship/lighter motion control, mooring and platform interface systems
- . (U) (\$240K) Continue development of seabased/mobile lighter command/control (LCC/MCCC)systems.
- . (U) (\$700K) Continue development of systems for MERSHIP support of advanced operational concepts.
- . (U) (\$600K) Complete F/B breakwater system concept development and design.
- . (U) (\$1,950K) Continued Crane/Cargo Handling Sea State 3 capability development/demonstration.
- . (U) (\$1,100K) Support Integrated Advanced Concept Technology Demonstration program for Sea State 3 JLOTS system.
- . (U) (\$700K) Initiate ramp platform follower development.

(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.

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FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET

DATE: February 1998

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

B. (U) PROGRAM CHANGE SUMMARY:

	(\$000)		
	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
(U) FY 1998 President's Budget:	8,452	6,377	6,513
(U) Appropriated Value	8,452	6,377	TBD
(U) Adjustments to FY 1997/98 Appropriated Value/FY 1998 President's Budget			
a.	-8	-4,800	+357
(U) FY 1999 PRESBUDG Submit:	8,444	1,577	6,870

(U) CHANGE SUMMARY EXPLANATION:

(U) Funding: FY 1997 --Minor Pricing adjustments
 FY 1998 -- Reduction due to accomplishing FY 1998 JLOTS effort in RDTEN vice NDSF.
 FY 1998 -- Increase for MPF and CLF studies/analysis
(U) Schedule: Not applicable.
(U) Technical: Not applicable.

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

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FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET

DATE: February 1998

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

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

FY 1997	FY 1998	FY 1999	To Complete
Life cycle costs analysis completed 8/97			NDSF R&D is a Continuing Program
Final Mid Term Sealift Ship/Future tech Variant Completed 6/97			
Continue MOCOMP designs/evaluations	Demonstrate MOCOMP system	Demonstrate MOCOMP system	
Future ship military/technology assessment 9/97	Future ship alternative concepts	Future ship alternative concepts	
7Adv. Lighter Simul. utilization plan complete 9/97	Adv. Lighter Simul. fab. complete 6/98	Adv. Lighter Simul. tests complete 9/99	
	Complete causeway model tests 9/98		
	Complete functional test ABLTS 9/98		

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FY 1999 RDT&E,N BUDGET ITEM JUSTIFICATION SHEET

DATE: February 1998

BUDGET ACTIVITY: 4

PROGRAM ELEMENT: 0408042N.SEA

PROJECT NUMBER: 090000

PROGRAM ELEMENT TITLE: NATIONAL DEFENSE SEALIFT FUND

PROJECT TITLE: Research and Development

FY 1997	FY 1998	FY 1999	To Complete
Tests of hull and deckhouse structural models complete 8/97			NDSF R&D is a Continuing Program.
	Complete LCAC/ SEABEE Transport System development 8/98	Complete F/B breakwater development.	
		Initiate modeling and simulation analyses.	

T&E Milestones: Not Applicable

Contract Milestones: Not Applicable

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FY 1999 RDT&E,N PROGRAM ELEMENT/PROJECT COST BREAKDOWN

DATE: February 1998

BUDGET ACTIVITY: 4

PROGRAM ELEMENT: 0408042N.SEA

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	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
a. LO to RO Convertibility	200		
b. Producibility RDT&E	1,220		
c. Design for Production	503		
d. Hydrodynamic Improvements	180		
e. RO/RO Throughput Improvements	310		
f. Advanced Manning	100		
g. Structural Configuration	615		
h. Composite Structures	514		
i. LASCOR Structures	330		
j. Cost Analysis	300		
k. Ship Concepts	200	150	150
l. Far Term Technology	1,580	0	4,090
m. Merchant Ship Naval Aug.	2,392	1,427	2,630
Total	8,444	1,577	6,870

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FY 1999 RDT&E,N PROGRAM ELEMENT/PROJECT COST BREAKDOWN

DATE: February 1998

BUDGET ACTIVITY: 4 PROGRAM ELEMENT: 0408042N.SEA 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 1996 & Prior	FY 1997 Budget	FY 1998 Budget	FY 1999 Budget	To Complete	Total Program
Product Development										
Designers & Planners, Inc. Arlington, VA	C/CPFF	1989		3,657	3,302	0	0	0	3,657	
Designers & Planners, Inc. Arlington, VA	C/CPFF	9/93		12,843	11,620	1,018	0	0	12,843	
Other Contractors	Various	Cont.	Cont.		10,664	3,629	0	4,825	Cont.	Cont.
NSWC/Carderock Div.		WR	Various	Cont.	19,841	2,955	865	840	Cont.	Cont.
NSWC/Dahlgren Div.,CSS		WR	Various	Cont.	400	630	570	655	Cont.	Cont.
<u>Other Government</u>		WR	Various	Cont.	<u>1,761</u>	<u>212</u>	<u>142</u>	<u>550</u>	<u>Cont.</u>	<u>Cont.</u>
Total Project					47,588	8,444	1,577	6,870		

Support Costs and Management Services - Not applicable.
 Test and Evaluation - Not applicable.
 GOVERNMENT FURNISHED PROPERTY - Not applicable.

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**Exhibit P-40
FY 1999/1999 Budget Estimate Submission**

**Ready Reserve Force (RRF)
(\$M)**

<u>RRF</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999 *</u>
O&M	269.0	247.2	282.2	240.1
Acquisition/NDF	100.0	0.0		0.0
RRF Ship Upgrades	20.0	0.0	6.0	6.5
Other				
NDRF/Facilities	6.8	6.0	5.8	5.2
Special Maintenance/ Supply Programs*	8.2	7.6	8.0	8.2
Maine Schoolship	5.0	5.0	0.0	0.0
Army Lighterage/Causeways			15.0	
Total RRF	409.0	265.8	317.0	260.0

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

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Outyear Costs	243.2	251.7	244.0	251.0

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.

*\$24.2 million of FY96 NDF funding will be used to finance FY 1999 RRF requirements.

**FY 1998/1999 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	20	20	17	1	1	1	1
RRF-20	4	4	4	3	3	3	3	3
RRF-30				3	19	16	0	0
PREPO				1	1	1	1	1
Total	35	34	34	34	34	31	15	15
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
T-AVB*								
ROS-5	0	0	0	2	2	2	2	2
Total	0	0	0	2	2	2	2	2
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	94	94	96	96	93	77	77
New Acquisitions								
Retirements						3**	16**	

* = T-AVB ships incorporated into RRF budget commencing in FY-98

** = 19 Breakbulk Ships are due to retire in FY 2000/1