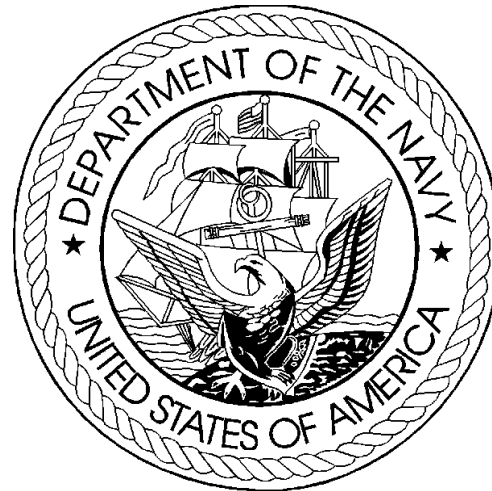


DEPARTMENT OF THE NAVY
FISCAL YEAR (FY) 2000/2001 BIENNIAL BUDGET
ESTIMATES



JUSTIFICATION OF ESTIMATES
FEBRUARY 1999

NATIONAL DEFENSE SEALIFT FUND

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

Identification code	17-4557-0-4-051	1998 actual	1999 est.	2000 est.	2001 est.

Program by activities:					
09.0101	Strategic sealift acquisition	883,942	100,000		
09.0201	Strategic sealift O&M	621,576	690,100	728,000	719,900
09.0301	Ready Reserve Force	317,045	260,000	256,861	262,013
09.0401	National Defense Features	5,194	51,296	94,055	108,534
09.0501	Research & Development	1,673	6,870	3,784	7,053
		-----	-----	-----	-----
10.0001	Total obligations	1,829,430	1,108,266	1,082,700	1,097,500

Financing:					
Offsetting collections from:					
11.0001	Federal funds(-)	-621,576	-690,100	-728,000	-719,900
17.0001	Recovery of prior year obligations	-238,168			
Unobligated balance available, start of year:					
21.9801	Unobligated balance, SOY: Fund balance	-460,095	-560,985	-737,385	-737,385
Unobligated balance available, end of year:					
24.9801	Unobligated balance, EOY: Fund balance	560,985	737,385	737,385	737,385
		-----	-----	-----	-----
39.0001	Budget authority	1,070,576	594,566	354,700	377,600

Budget authority:					
40.0001	Appropriation	1,074,948	708,366	354,700	377,600
40.3601	Appropriation rescinded (unob bal)		-85,000		
41.0001	Transferred to other accounts (-)	-4,372	-28,800		
		-----	-----	-----	-----
43.0001	Appropriation (adjusted)	1,070,576	594,566	354,700	377,600

Relation of obligations to outlays:					
71.0001	Obligations incurred	1,207,854	418,166	354,700	377,600
72.1001	From Federal sources: Receivables and unpaid, unfilled orders, SOY	-1,809,640	-765,431	-765,431	-765,431
72.9801	Obligated balance, start of year:Obligated balance, start of year, fun	4,002,788	2,414,269	1,990,014	1,483,782
74.1001	From Federal sources: Receivables and unpaid, unfilled orders, EOY	765,431	765,431	765,431	765,431
74.9801	Obligated balance, end of year:Obligated balance, end of year, fund ba	-2,414,269	-1,990,014	-1,483,782	-1,019,181
78.0001	Adjustments in unexpired accounts	-238,168			
		-----	-----	-----	-----
90.0001	Outlays (net)	1,513,996	842,421	860,932	842,201

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

Identification code	17-4557-0-4-051	1998 actual	1999 est.	2000 est.	2001 est.

	Reimbursable obligations:				
225.101	Advisory and assistance services	12,500	12,579	11,540	8,995
	Purchases goods/services from Government accounts				
225.301	Purchase of goods/services from Government accounts	330,000	350,800	370,776	360,704
225.303	Purchases from revolving funds	19,500	20,100	10,500	17,500
231.001	Equipment	1,467,430	724,787	689,884	710,301
		-----	-----	-----	-----
299.001	Total Reimbursable obligations	1,829,430	1,108,266	1,082,700	1,097,500
		-----	-----	-----	-----
999.901	Total obligations	1,829,430	1,108,266	1,082,700	1,097,500

**FY 2000 President's
Budget Submission
National Defense Sealift Fund
February 1999**

NATIONAL DEFENSE SEALIFT FUND

The request of \$354.7 million in FY 2000 funds the operations and maintenance and the related Research and Development of sealift assets 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 was 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. The final LMSR ship was funded in FY1999. Construction is also underway on the first two of three planned Maritime Prepositioning Force Enhancement (MPF(E)) Ships for the Marine Corps.

The NDSF budget request includes \$3.8 million in FY 2000 for the continuation of research and development efforts for the Strategic Sealift Technology Development Program. Furthermore, \$256.8 million is budgeted in FY 2000 for costs associated with maintenance of the National Defense Reserve Fleet, which includes the Ready Reserve Force. In addition, \$94.1 million is budgeted for costs 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 NDSF Appropriation. 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). The NDSF also 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

February, 1999

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

(QTY / TOA \$ Millions)

NDSF

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY2003	FY2004	FY2005
Ship Acquisition:	681.4	351.4						
- LMSR	(2/646.4)	(1/351.4)						
- Adv Procurement	(35.0)							
- MPF(E)								
DoD Mobilization Assets	70.1	51.3	94.1	108.5	119.3	121.4	124.4	126.8
- FSS Maint (1)	(48.4)	(33.4)	(52.2)	(48.5)	(49.4)	(50.3)	(51.6)	(52.6)
- LMSR Maint	(0.0)	(0.0)	(22.4)	(43.2)	(52.4)	(53.4)	(54.7)	(55.8)
- DOD Mob. Alts	(2.6)	(3.0)	(5.5)	(3.3)	(3.6)	(3.6)	(3.7)	(3.8)
- T-AVB Maint	(5.6)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
- T-AH Maint	(13.5)	(14.8)	(14.0)	(13.5)	(13.8)	(14.0)	(14.4)	(14.7)
Sealift R&D	2.0	16.9	3.8	7.1	7.2	7.3	7.5	7.6
NDRF / RRF O&M	317.0	260.0	256.9	262.0	254.6	261.3	266.1	272.1
Users O&M:(2)								
Total	1070.6	680.0	354.7	377.6	381.0	390.0	398.0	406.5

(1) 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 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Revenue:				
Gross Sales:				
Operations	632.0	658.0	728.0	719.9
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	632.0	658.0	728.0	719.9
Other Income	0.0	0.0	0.0	0.0
Total Income	632.0	658.0	728.0	719.9
Expenses:				
Prepositioning Ships	617.5	641.1	708.2	711.0
Surge Ships	14.5	16.9	19.8	8.9
Total Expenses	632.0	658.0	728.0	719.9
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	632.0	658.0	728.0	719.9
Operating Result	0.0	0.0	0.0	0.0
Less Capital Surchg Reservation	0.0	0.0	0.0	0.0
Plus Appropriations Affecting NOR/AOR	0.0	0.0	0.0	0.0
Other Changes Affecting NOR/AOR	0.0	0.0	0.0	0.0
Inventory Gains and Losses	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 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
1. Orders from DoD Components:				
Navy	428.7	406.5	422.6	431.4
Army	138.7	188.1	236.7	219.3
Air Force	31.8	31.6	33.8	34.5
DLA	32.8	31.8	34.9	34.7
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	632.0	658.0	728.0	719.9
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	632.0	658.0	728.0	719.9

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

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Assets:				
Selected Assets:				
Fund Balance with Treasury	1070.6	418.2	344.0	379.0
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	1070.6	418.2	344.0	379.0
Liabilities:				
Selected Liabilities:				
Accounts Payable				
Accrued Liabilities	1070.6	418.2	344.0	379.0
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	1070.6	418.2	344.0	379.0
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	1070.6	418.2	344.0	379.0

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

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Unobligated Authority Available, Beginning of Year				
New Authority:	1070.6	418.2	344.0	379.0
New Construction/Conversion	681.4	100.0	0.0	0.0
DOD Mobilization Assets	70.1	51.3	84.1	105.0
RDT&E	2.0	6.9	3.8	7.2
NDRF Operations and Maintenance	317.0	260.0	256.2	266.8
RRF Acquisitions/NDF	0.0	0.0	0.0	0.0
Submarine Large Scale Test Vehicle	0.0	0.0	0.0	0.0
Transfer to Other Accounts	0.0	0.0	0.0	0.0
Obligations (Total)	1070.6	418.2	344.0	379.0
New Construction/Conversion	681.4	100.0	0.0	0.0
DOD Mobilization Assets	70.1	51.3	84.1	105.0
RDT&E	2.0	6.9	3.8	7.2
NDRF Operations and Maintenance	317.0	260.0	256.2	266.8
RRF Acquisitions/NDF	0.0	0.0	0.0	0.0
Submarine Large Scale Test Vehicle	0.0	0.0	0.0	0.0
Unobligated Balance, End of Year	0.0	0.0	0.0	0.0
Outlays (Total):				
New Construction/Conversions				
RDT&E				
Unliquidated Obligations, EOY				
Financing of Capital Purchases:				
Direct Appropriation	1070.6	418.2	344.0	379.0
Transferred from Other Accounts	0.0	0.0	0.0	0.0
Alliance Contributions	0.0	0.0	0.0	0.0

**FY 2000/2001 President's
Budget Submission
National Defense Sealift Fund
February 1999**

Supplemental
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UNCLASSIFIED

EXHIBIT P-27
 FY2000/2001 Budget Estimates
 1-Feb-99

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	Nov-98
TAKR 301	Avondale	FY94	Sep-94		Oct-95	Jun-99
TAKR 302	Avondale	FY94	Sep-94		Sep-96	Nov-99
TAKR 303	Avondale	FY96	Dec-95		May-97	May-00
TAKR 304	Avondale	FY97	Nov-96		Nov-97	Oct-00
TAKR 305	Avondale	FY98	Nov-97		Aug-98	Apr-01
TAKR 306	Avondale	FY99	Dec-98		May-99	Sep-01
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	Nov-99
TAKR 314	NASSCO	FY97	Nov-96		Sep-98	May-00
TAKR 315	NASSCO	FY 97	May-97		Feb-99	Nov-00
TAKR 316	NASSCO	FY98	Nov-97		Jan-00	Jun-01

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

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

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

Feb-99

FY2000/2001 Budget Estimates

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 1999 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
FY2000/2001 Budget Estimates
February 1999

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	7,142
C. SUPSHIP Material/Services	<u>10,792</u>
Total HM&E	22,164

CLASSIFICATION:
UNCLASSIFIED

P-5 EXHIBIT
FY2000/2001 Budget Estimates
February 1999

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	1	-	-	-	14
(\$ THOUSANDS)											
1. PLANS	-	-	-	-	-	-	-	-	-	-	-
2. BASIC	608,006	478,482	471,468	463,358	719,295	464,852	264,031	-	-	-	3,469,491
3. CHANGE ORDERS	44,735	23,390	33,298	23,676	34,253	22,587	9,600	-	-	-	191,540
4. ELECTRONICS	-	-	-	-	-	-	-	-	-	-	-
5. PROPULSION	-	-	-	-	-	-	-	-	-	-	-
6. HM&E	23,021	10,600	10,600	10,400	15,600	10,400	4,700	-	-	-	85,321
7. OTHER	28,938	7,200	11,570	6,200	10,320	7,760	3,500	-	-	-	75,488
8. ORDNANCE	-	-	-	-	-	-	-	-	-	-	-
9. ESCALATION	64,199	54,687	55,359	59,918	79,856	76,128	1,413	-	-	-	391,560
SUBTOTAL	768,900	574,360	582,294	563,551	859,325	581,727	283,244	-	-	-	4,213,401
10. POST DELIVERY	8,080	7,000	7,000	7,000	10,500	7,000	3,156	-	-	-	49,736
Feb 1999 NDSF New Construction Allocation	776,980	581,360	589,294	570,551	869,825	588,727	286,400	-	-	-	4,263,137
FY98 funds for FY97 & FY99 hulls	-	-	-	-	(35,000)	70,000	(35,000)	-	-	-	0
Total	776,980	581,360	589,294	570,551	834,825	658,727	251,400	-	-	-	4,263,137
Sep 97 NDSF New Construction Allocation	770,075	572,075	614,179	580,364	881,264	590,119	300,400	-	-	-	4,308,476
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	(35,000)	-	-	-	(35,085)
Change Orders	0	1,431	7,118	2,210	3,428	1,710	0	-	-	-	15,897
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)	(14,000)	-	-	-	(31,790)
Post Delivery	-	0	0	0	0	0	0	-	-	-	0
Total	776,980	581,360	589,294	570,551	834,825	658,727	251,400	-	-	-	4,263,137
FY98 funds for FY97 & FY99 hulls	-	-	-	-	35,000	(70,000)	35,000	-	-	-	0
Feb 1999 NDSF New Construction Allocation	776,980	581,360	589,294	570,551	869,825	588,727	286,400	-	-	-	4,263,137

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

\$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.

CLASSIFICATION:
UNCLASSIFIED

P-5 EXHIBIT
FY2000/2001 Budget Estimates
February 1999

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	1	-	-	-	7
(\$ THOUSANDS)											
1. PLANS	-	-	-	-	-	-	-	-	-	-	-
2. BASIC	305,369	478,482	-	238,282	236,685	236,043	264,031	-	-	-	1,758,893
3. CHANGE ORDERS	21,737	23,390	-	11,014	10,974	10,888	9,600	-	-	-	87,604
4. ELECTRONICS	-	-	-	-	-	-	-	-	-	-	-
5. PROPULSION	-	-	-	-	-	-	-	-	-	-	-
6. HM&E	13,921	10,600	-	5,200	5,200	5,200	4,700	-	-	-	44,821
7. OTHER	18,314	7,200	-	3,070	3,180	3,900	3,500	-	-	-	39,164
8. ORDNANCE	-	-	-	-	-	-	-	-	-	-	-
9. ESCALATION	31,291	54,687	-	30,384	33,084	36,390	1,413	-	-	-	187,249
SUBTOTAL	390,633	574,360	-	287,951	289,123	292,421	283,244	-	-	-	2,117,731
10. POST DELIVERY	4,040	7,000	-	3,500	3,500	3,500	3,156	-	-	-	24,696
Feb 1999 NDSF New Construction Allocation	394,673	581,360	-	291,451	292,623	295,921	286,400	-	-	-	2,142,427
FY98 funds for FY97 & FY99 hulls	-	-	-	-	0	35,000	(35,000)	-	-	-	0
Total	394,673	581,360	-	291,451	292,623	330,921	251,400	-	-	-	2,142,427
-											
Sep 1997 NDSF New Construction Allocation	383,218	572,075	-	288,414	292,700	298,040	300,400	-	-	-	2,134,847
Adjustments											
Government Liability & Basic	6,333	5,752	-	2,168	(283)	35,000	(35,000)	-	-	-	13,971
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)	(14,000)	-	-	-	(10,836)
Post Delivery	0	0	-	0	0	0	0	-	-	-	0
Total	394,673	581,360	-	291,451	292,623	330,921	251,400	-	-	-	2,142,427
Advanced Procurement						(35,000)	35,000				0
Feb 1999 NDSF New Construction Allocation	394,673	581,360	-	291,451	292,623	295,921	286,400	-	-	-	2,142,427

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

CLASSIFICATION:
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P-5 EXHIBIT
FY2000/2001 Budget Estimates
February 1999

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	23,279	11,699	-	-	-	-	103,936
4. ELECTRONICS	-	-	-	-	-	-	-	-	-	-	-
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	570,202	289,306	-	-	-	-	2,095,670
10. POST DELIVERY	4,040	-	7,000	3,500	7,000	3,500	-	-	-	-	25,040
Feb 1999 NDSF New Construction Allocation	382,307	-	589,294	279,101	577,202	292,806	-	-	-	-	2,120,710
FY98 funds for FY97 & FY99 hulls (Compensation for DON FY97 Reprogramming)	-	-	-	0	(35,000)	35,000	-	-	-	-	0
Total	382,307	-	589,294	279,101	542,202	327,806	-	-	-	-	2,120,710
Sep 1997 NDSF New Construction Allocation	386,857	-	614,179	291,950	588,564	292,079	-	-	-	-	2,173,628
Adjustments											
Government Liability & Basic	(3,954)	-	(24,457)	(11,260)	(44,385)	35,000	-	-	-	-	(49,056)
Change Orders	0	-	7,118	2,210	3,428	1,710	-	-	-	-	14,467
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	542,202	327,806	-	-	-	-	2,120,710
Compensation for DON FY97 Reprogramming					35,000	(35,000)					
Feb 1999 NDSF New Construction Allocation	382,307	-	589,294	279,101	577,202	292,806	-	-	-	-	2,120,710

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

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P-8A Exhibit
FY2000/2001 Budget Estimates
February 1999

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	1,376.0	31,373
B. HM&E Engineering Services	11,913	5,331	5,368	5,105	7,723	5,065	2,658.0	43,163
C. SUPSHIP Material/Services	1,957	1,439	1,402	1,465	2,261	1,595	666.0	10,785
Total HM&E	23,021	10,600	10,600	10,400	15,600	10,400	4,700.0	85,321

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: February 1999	
Weapon System Type (Model/Series No.) TAKR 306	First System Award Date Dec-98 (Ship Award Date)		First System Completion Date May-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		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 2000/2001 Budget Estimate Submission**

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

<u>FSS</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Total FSS	48.40	33.43*	52.17	48.50
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Outyear Costs	49.38	50.31	51.56	52.55

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.

*** Shortfall in FSS account will be addressed in reprogramming.**

NDSF
 FEB 99
 BA-2
 BLI #0220

**Exhibit P-40
 FY 2000/2001 Budget Estimate Submission**

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

<u>LMSR</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Total LMSR	0.00	0.00	22.39	43.18
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Outyear Costs	52.42	53.42	54.74	55.79

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 end of FY 2001.

Crew Costs include wage and salaries.

Maintenance and 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.

NDSF
 FEB 99
 BA-2
 BLI #0230

**Exhibit P-40
 FY 2000/2001 Budget Estimate Submission**

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

<u>Modernization</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
USMC Aviation Support Ship (T-AVB)	0.9	0.0	0.0	0.0
Hospital Ship (T-AH)	0.0	0.8	1.7	0.8
Maritime Prepositioning Ship (MPS)	0.0	0.0	1.9	1.7
Offshore Petroleum Discharge System Ships (OPDS)	1.7	2.2	1.9	0.9
Total Modernization	2.6	3.0	5.5	3.4
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Outyear Costs	3.6	3.6	3.7	3.8

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-99 funds will commence upgrade of Nitrogen/Oxygen generator system. 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 2000/2001 Budget Estimate Submission**

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

<u>T-AVB</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Crew Costs	2.58	0.00	*	*
Maintenance & Repair	1.72	0.00		
Layberth	1.00	0.00		
Other	0.33	0.00		
Total T-AVB	5.63	*		
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</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.

**Exhibit P-40
 FY 2000/2001 Budget Estimate Submission**

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

<u>T-AH</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Crew Costs	3.58	3.71	3.80	3.94
Maintenance & Repair	5.12	4.34	5.15	4.18
Layberth	2.74	2.75	2.90	2.96
Other	2.04	4.04	2.17	2.45
Total T-AH	13.48	14.83	14.02	13.53
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Outyear Costs	13.77	14.03	14.38	14.65

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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Exhibit R-2, RDT&E Budget Item Justification	Date: February 1999
APPROPRIATION/BUDGET ACTIVITY: National Defense Sealift Fund, Budget Activity 4	R-1 ITEM NOMENCLATURE Program Element (PE) Name and No.: National Defense Sealift Fund, 0408042N.SEA

COST (\$ in Millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Cost to Complete	Total Cost
Total P.E. Cost										
NDSF Research & Development Strategic Sealift, No. 090000	2,005	16,870	3,784	7,053	7,178	7,336	7,474	7,643	Continuing	Continuing
Quantity of RDT&E Articles & cost										

A. Mission Description and Budget Item Justification: Strategic Sealift is the capability to rapidly mobilize and deploy combat forces and sustainment to the theatre of operations. The Strategic Sealift Research and Development Program is a continuation of the Fast Sealift Technology Development Program established by Congress in FY 1990 and the Merchant Ship Naval Augmentation Program (MSNAP). The program goal is to develop new concepts and technologies which can be applied to future strategic sealift ships, seabasing systems, other strategic sealift systems and merchant ship systems to enhance their operational capability and efficiency and reduce total life cycle cost (acquisition and operation).

The focus of the total program is the development and demonstration of Strategic Sealift and Seabasing systems. The technologies include ship configuration concepts, equipment to increase cargo loading and unloading rates (including merchant ship systems), improved man/machine interfaces, improved structural configurations and materials, and Logistics-Over-the-Shore (LOTS) equipment and system improvements to enable Joint Service LOTS (JLOTS) operations to satisfy CINC sea state and operational requirements. This program develops prototype systems from service approved and commercially available technologies and components. This program heavily involves U.S. industry, shipyards, shipbuilding and cargo equipment regulatory bodies, the USCG and MARAD to assure that the potential benefits of these technologies are realized.

Prior program efforts produced: Sea State 3/JLOTS options study and related integrated R&D master plan, initial composite causeway concepts, shipboard crane operator assist systems, Auxiliary Crane Ship (T-ACS), Seashed Systems, Modular Cargo (MCDS) and Fuel (MFDS) Delivery Systems, Vertical Replenishment (VERTREP) deck, and several other Sealift Enhancement Features. Many Ready Reserve Force (RRF) ships have been improved by the program.

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Exhibit R-2, RDT&E Budget Item Justification		Date: February 1999
APPROPRIATION/BUDGET ACTIVITY: National Defense Sealift Fund, Budget Activity 4	R-1 ITEM NOMENCLATURE Program Element (PE) Name and No.: National Defense Sealift Fund, 0408042N.SEA	

PROGRAM ACCOMPLISHMENTS AND PLANS:

1. FY 1998 ACCOMPLISHMENTS:

- (\$150K) Completed concept for RO/FO pre-positioning ship and initiated development of cargo system productivity assessment methodology.
- (\$85K) Completed concept designs of composite causeway sections. (Provided to industry for joint modular lighter system (JMLS) competition)
- (\$10K) Initiated Seabasing concepts development
- (\$155K) Continued development/maintenance of Sea State 3 JLOTS system equipment baselines, options study, and integrated product team.
- (\$235K) Completed fabrication and preliminary testing of advanced lighter simulator.
- (\$253K) Initiated investigations of ship/lighter motion control, mooring and platform interface systems.
- (\$20K) Initiated development of seabased/mobile lighter command/control systems.
- (\$50K) Completed functional test of ABLTS.
- (\$45K) Initiated Float/Ballast (F/B) Breakwater system development.
- (\$927K) Continued development and demonstration of improved motion compensation/Sea State 3 capability for sealift support ship crane/cargo handling systems.
- (\$75K) Completed testing of system to lift LCAC to the deck of a LASH ship

2. FY 1999 PLAN:

- (\$270K) Continue to develop sealift ship and system concepts and productivity for MPF (future), AAN and high speed sealift.
- (\$100K) Continue Seabasing concepts development
- (\$100K) Continue development/maintenance of Sea State 3 JLOTS system equipment baselines, options study, and integrated product team..
- (\$250K) Continue testing/evaluation and modification of advanced lighter simulator.
- (\$787K) Continue development of ship to ship to ship/lighter motion control, mooring and platform interface systems. Initiate S/S 3 interface system development.
- (\$240K) Continue development of seabased/mobile lighter command/control (LCC/MCCC) and planning systems.
- (\$275K) Initiate development of systems for MERSHIP support of advanced operational concepts.
- (\$470K) Continue F/B breakwater system concept development and design.
- (\$1,515K) Continue Crane/Cargo handling Sea State 3 capability development/demonstration.
- (\$750K) Initiate shipboard cargo handling system development.
- (\$150K) Demonstrate LCAC lift aboard LASH ship.

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Exhibit R-2, RDT&E Budget Item Justification		Date: February 1999
APPROPRIATION/BUDGET ACTIVITY: National Defense Sealift Fund, Budget Activity 4	R-1 ITEM NOMENCLATURE Program Element (PE) Name and No.: National Defense Sealift Fund, 0408042N.SEA	

- (\$400K) Initiate sea state 3 RO/RO ramp to platform interface system development.
- (\$1,563K) Continue to support integrated advanced concept technology demonstration program for the Joint Modular Lighter System (JMLS).
- (\$10,000K) Initiate and perform development and demonstration of various MPF FUTURE ship/system concepts, and the Analysis of Alternatives process. (NOTE: Funds on hold. Release awaiting OSD decision –March/April 1999. See page 4).

3. FY 2000 PLAN:

- (\$300K) Continue to develop sealift ship and system concepts for MPF future, AAN and Fast Sealift.
- (\$175K) Continue Seabasing concepts development.
- (\$100K) Continue development/maintenance of Sea State 3 JLOTS system equipment baselines.
- (\$200K) Continue testing/evaluation and modification of advanced lighter simulator.
- (\$663K) Testing and demonstration of ship/lighter and ship/ship motion control, mooring and platform interface systems.
- (\$320K) Testing and demonstration of Seabased/mobile lighter command/control (LCC/MCCC) systems.
- (\$256K) Continue development of systems for MERSHIP support of advanced operational concepts.
- (\$470K) Fabricate and test F/B breakwater system.
- (\$725K) Continued crane/cargo handling Sea State 3 capability development/testing/demonstration.
- (\$175K) Continue development of cargo handling systems.
- (\$400K) Fabrication and testing of ramp platform interface system.

4. FY 2001 PLAN:

- (\$1,150K) Continue to develop sealift ship and system concepts for MPF future, AAN and Fast Sealift.
- (\$500K) Continue Seabasing concepts development.
- (\$100K) Continue development/maintenance of Sea State 3 JLOTS system equipment baselines.
- (\$200K) Continue testing/evaluation and modification of advanced lighter simulator.
- (\$870K) Testing and demonstration of ship/lighter and ship/ship motion control, mooring and platform interface systems.
- (\$550K) Testing and demonstration of Seabased/mobile lighter command/control (LCC/MCCC) systems.
- (\$1,250K) Continue development of systems for MERSHIP support of advanced operational concepts.
- (\$300K) Complete test F/B breakwater system.
- (\$683K) Continued crane/cargo handling Sea State 3 capability development/testing/demonstration.
- (\$550K) Continue development of cargo handling systems.
- (\$900K) Continue testing of ramp platform interface system.

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Exhibit R-2, RDT&E Budget Item Justification	Date: February 1999
APPROPRIATION/BUDGET ACTIVITY: National Defense Sealift Fund, Budget Activity 4	R-1 ITEM NOMENCLATURE Program Element (PE) Name and No.: National Defense Sealift Fund, 0408042N.SEA

B. Program Change Summary:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
FY 1999 President's Budget:	2005	1 6,870	7,021	7,183
Appropriated Value:	2005	16,870	TBD	TBD
Adjustment to FY 1998 Appropriated Value/ FY 1999 President's Budget:	-	-	-3,237	-
FY 2000/01 OSD/OMB Budget Submit:	1,577	6,870	3,784	7,183
FY 2000/01 President's Budget	2,005	16,870	3,784	7,053

During FY 99 DOD Authorization/Appropriation process the Congress added \$10M for Marine Corp Maritime Propositioning Ship Research and Development Funding: Not applicable.

Schedule: Not applicable.

Technical: Not applicable.

C. Other Program Funding Summary: Not applicable.

<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>FY 2004</u>	<u>FY 2005</u>	<u>To Complete</u>	<u>Total Cost</u>
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D. Acquisition Strategy: Not applicable.

E. Schedule Profile: See Program Schedule on next page.

This program is a combination of many tasks some of which are ongoing and some yet to be initiated. These tasks focus on sealift ship design concepts, high speed sealift; seabasing concepts; and sea state 3 capable shipboard cranes, cargo handling systems and LOTS equipment interfaces including advanced materials applications. The program is reported at the Program level. (The individual tasks are grouped into Technology areas the sum of which may exceed \$1 Million (See R2 bullets) but do not require individual R2a or R3.)

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Exhibit R-2, RDT&E Budget Item Justification	Date: February 1999
APPROPRIATION/BUDGET ACTIVITY: National Defense Sealift Fund, Budget Activity 4	R-1 ITEM NOMENCLATURE Program Element (PE) Name and No.: National Defense Sealift Fund, 0408042N.SEA

	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>
Ship Concept Development	150	10,270	300	1,150	2,050	2,650
Composite Causeway	85					
Seabasing Concept Development	10	100	175	500	850	900
SS3 JLOTS Baseline/JIPT Support	155	100	100	100	100	100
Advanced Lighter Simulator	235	250	200	200	100	100
Ship to Ship/Lighter Interface Sys.	253	787	663	870	300	200
C4 System Devel. / Integration	20	240	320	550	640	700
Adv. Bulk Liquid Transfer System	50					
Mership Systems Development		275	256	1,250	1,000	848
Float / Ballast Breakwater	45	470	470	300		
Shipboard Cargo Handling	927	1,515	725	683	1,038	1,138
Cargo Handling Systems		750	175	550	600	700
LCAC Transport	75	150				
Ramp Platform Interface System		400	400	900	500	
JMLS ACTD		1,563				
TOTALS	2,005	16,870	3,784	7,053	7,178	7,336

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Exhibit R-2a, RDT&E Project Justification		Date: February 1999
APPROPRIATION/BUDGET ACTIVITY National Defense Sealift Fund, BA 4	PROGRAM ELEMENT NAME AND NUMBER National Defense Sealift Fund, RDT&E, 0408042N.SEA	PROJECT NAME AND NUMBER Research and Development, 090000

Cost (\$ in Millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Cost to Complete	Total Cost
Project Cost	\$2,005	\$16,870	\$3,784	\$7,053	\$7,178	\$7,336	\$7,474	\$7,643	Continuing	Continuing
RDT&E Articles Qty	various	various	various	various	various	Various	various	various	various	various

A. Mission Description and Budget Item Justification: Strategic Sealift is the capability to rapidly mobilize and deploy combat forces and sustainment to the theatre of operations. The project goal is to develop new concepts and technologies which can be applied to future strategic sealift ships and seabasing systems to enhance their operational capability and efficiency and reduce total life cycle cost (acquisition and operation).

B. Other Program Funding Summary. N/A

<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>FY 2004</u>	<u>FY 2005</u>	<u>To Complete</u>	<u>Total Cost</u>
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C. Acquisition Strategy: N/A.

D. Schedule Profile: See program schedule in R2, page 5.
 This program is a combination of many tasks some of which are ongoing and some yet to be initiated. These tasks focus on sealift ship design concepts, high speed sealift; seabasing concepts; and sea state 3 capable shipboard cranes, cargo handling systems and LOTS equipment interfaces including advanced materials applications. The program is reported at the Program level. (The individual tasks are grouped into Technology areas the sum of which may exceed \$1 Million (See R2 bullets) but do not require individual R2a or R3.)

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Exhibit R-3 Cost Analysis		Date: February 1999
APPROPRIATION/BUDGET ACTIVITY National Defense Sealift Fund, BA 4	PROGRAM ELEMENT NAME AND NUMBER National Defense Sealift Fund, RDT&E, 0408042N.SEA	PROJECT NAME AND NUMBER Research and Development, 090000

Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total PYs Cost \$M	FY99 Cost \$M	FY99 Award Date	FY00 Cost \$M	FY00 Award Date	FY01 Cost \$M	FY01 Award Date	Cost To Complete	Total Cost	Target Value of Contract
Concept Development, Systems Development, Primary Hardware Development, Ancillary Hardware Development, Systems Engineering	Various WRs or contracts	CDNSWC DDNSWC CSS Other Government Various Contractors	27.1 1.0 2.4 30.6	3.490 1.470 4.048 7.862		1.095 0.446 0.410 1.833		1.550 0.640 1.775 3.088		Continuing	Cont	N / A
Licenses	N / A											
Tooling	N / A											
GFE	N / A											
Award Fees	N / A											
Subtotal Product Development			61.1	16.870		3.784		7.053				

Remarks:

This program is a combination of many tasks some of which are ongoing and some yet to be initiated. These tasks focus on sealift ship design concepts, high speed sealift; seabasing concepts; and sea state 3 capable shipboard cranes, cargo handling systems and LOTS equipment interfaces including advanced materials applications. The program is reported at the Program level. (The individual tasks are grouped into Technology areas the sum of which may exceed \$1 Million (See R2 bullets) but do not require individual R2a or R3.)

Development Support Equipment	N / A
Software Development	N / A
Training Development	N / A
Integrated Logistics Support	N / A
Configuration Management	N / A
Technical Data	N / A
GFE	N / A
Subtotal Support	N / A

Remarks:

UNCLASSIFIED

UNCLASSIFIED

Exhibit R-3 Cost Analysis		Date: February 1999
APPROPRIATION/BUDGET ACTIVITY National Defense Sealift Fund, BA 4	PROGRAM ELEMENT NAME AND NUMBER National Defense Sealift Fund, RDT&E, 0408042N.SEA	PROJECT NAME AND NUMBER Research and Development, 090000

Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total PYs Cost \$M	FY99 Cost \$M	FY99 Award Date	FY00 Cost \$M	FY00 Award Date	FY01 Cost \$M	FY01 Award Date	Cost To Complete \$M	Total Cost \$M	Target Value of Contract
Developmental Test & Evaluation					N / A							
Operational Test & Evaluation					N / A							
Tooling					N / A							
GFE					N / A							
Subtotal T&E					N / A							
Remarks:												
Contractor Engineering Support					N / A							
Government Engineering Support					N / A							
Program Management Support					N / A							
Program Management Personnel					N / A							
Travel					N / A							
Labor (Research Personnel)					N / A							
Overhead					N / A							
Subtotal Management					N / A							
Remarks:												
Total Cost			61.1	16.870		3,784		7.053				
Remarks:												

**Exhibit P-40
FY 2000/2001 Budget Estimate Submission**

FEB-99

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

RRF	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
O&M	279.1	233.9	224.5	228.2
Acquisition/NDF	0.0	0.0		
RRF Ship Upgrades	9.0	11.5	17.8	17.1
Other				
NDRF/Facilities	5.9	5.7	5.7	7.9
Special Maintenance/ Supply Programs*	8.0	8.9	8.8	8.8
Maine Schoolship	0.0	0.0	0	0
Army Lighterage	15.0			
Total RRF	317.0	260.0	256.8	262.0

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

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Outyear Costs	254.6	261.2	266.1	272.0

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.

**FY 2000/2001 Budget Estimate Submission
Ready Reserve Force (RRF)**

FEB-99

RRF Composition

RRF Ship Types	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
RO/RO								
ROS-4	31	31	21	21	21	21	21	21
ROS-5			6	6	6	6	6	6
RRF-10			4	4	4	4	4	4
RRF-20								
RRF-30								
PREPO								
Total	31	31	31	31	31	31	31	31
Breakbulk								
ROS-4								
ROS-5	10	10	10	10	10	10	10	10
RRF-10	20	17	1	1	1	1	1	1
RRF-20	4	3	3	3	3	3	3	3
RRF-30		3	19	16	0	0	0	0
PREPO		1	1	1	1	1	1	1
Total	34	34	34	31	15	15	15	15
T-ACS								
ROS-4			5	5	5	5	5	5
ROS-5	9	9	4	4	4	4	4	4
RRF-10								
RRF-20								
RRF-30								
PREPO	1	1	1	1	1	1	1	1
Total	10	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	2	2	2	2	2	2	2
Total	0	2	2	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	96	96	93	77	77	77	77
New Acquisitions	94	96	96	93	77	77	77	77
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