



Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington DC 20515

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Chairman

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August 16, 2021

The Honorable General Gene Dodaro
Comptroller General
Government Accountability Office
441 G St., NW
Washington, DC 20548

Dear Comptroller General Dodaro:

The U.S. Coast Guard, a component within the Department of Homeland Security (DHS), has commenced construction of its Offshore Patrol Cutter (OPC) fleet, the largest acquisition effort ever for the Coast Guard. Initially projected to cost about \$12 billion over its 30-year life cycle, the program recently experienced significant cost and schedule delays. In October 2019, DHS approved up to \$659 million in limited relief to the shipbuilder for the first four hulls using its extraordinary contractual actions authority for national defense pursuant to P.L. 85-804 (50 U.S.C. 1431-1434).¹ This approval resulted in changes to the OPC's overall cost, schedule, and acquisition strategy. For example, estimated procurement costs of OPCs 1 through 4 have increased by a total of between \$300 and \$400 million since the program's initial cost estimate and delayed the contract delivery dates of OPCs 1 through 4 between 8 to 13 months.²

In its 85-804 determination, DHS also directed the OPC program to commence with Phase 2 of the acquisition to recomplete the remaining 21 OPCs earlier than initially planned.³ The Coast Guard now plans to award a recompleted detail design and construction contract and to establish a new acquisition program baseline for OPCs 5 through 25 in fiscal year 2022, while continuing to manage the ongoing construction of the first four hulls separately.⁴

¹ DHS, *DHS Extends Contract Relief for Offshore Patrol Cutter* (Oct. 11, 2019), available at <https://www.dhs.gov/news/2019/10/11/dhs-extends-contract-relief-offshore-patrol-cutter>.

² Coast Guard email to Congressional Research Service (CRS), April 15, 2020; see also CRS, *Coast Guard Cutter Procurement: Background and Issues for Congress*, at 21 (July 28, 2021), available at <https://crsreports.congress.gov/product/pdf/R/R42567/137>.

³ DHS, *DHS Extends Contract Relief for Offshore Patrol Cutter* (Oct. 11, 2019), available at <https://www.dhs.gov/news/2019/10/11/dhs-extends-contract-relief-offshore-patrol-cutter>.

⁴ U.S. Government Accountability Office, *Coast Guard Acquisitions: Opportunities Exist to Reduce Risk for the Offshore Patrol Cutter Program* (October 2020), available at <https://www.gao.gov/assets/gao-21-9.pdf>.

In addition to construction of the OPC, the Committee continues to remain concerned about the operational gap between the end of service life for the aging Medium Endurance Cutters and the delayed delivery of the OPCs. The OPCs will replace the fleet of 210' and 270' Medium Endurance Cutters—which are either approaching or have exceeded their design service lives—and enable the Coast Guard to conduct patrols for homeland security, law enforcement, and search and rescue operations. In July 2019, DHS approved a \$1.86 billion Service Life Extension Program to extend the service life of at least six Medium Endurance Cutters for 10 years to maintain mission capability requirements until the OPCs are operational. However, any additional OPC delays could further exacerbate the growing capability gap.⁵

Given the significant budgetary commitment that the Congress, DHS, and Coast Guard have made for the OPC program to date, continued oversight is necessary to ensure the OPC program does not continue to experience cost growth or additional schedule delays. As such, the Committee requests that the Government Accountability Office (GAO) review the management of the OPC and Medium Endurance Cutters acquisition programs including, but not limited to:

- The status of the Phase 1 (the first four hulls) and Phase 2 (hulls 5 through 25) OPC acquisition programs, including what steps are being taken to manage the program within the revised cost and schedule commitments; and
- The status of the Medium Endurance Cutters and level of maintenance needed to keep the fleet operating to minimize the operational gap until the OPCs are incrementally delivered.

Thank you for your attention to this matter. If you have any questions regarding this request, please contact Matt Dwyer at 202-225-4472 or John Clark Rayfield at 202-225-3372.

Sincerely,



Peter A. DeFazio
Chair



Sam Graves
Ranking Member

⁵ U.S. Coast Guard, *Offshore Patrol Cutter*, available at <https://www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Acquisitions-CG-9/Programs/Surface-Programs/Offshore-Patrol-Cutter/>.