



THE SECRETARY OF THE NAVY

WASHINGTON DC 20350-1000

AUG 14 2024

The Honorable Mike D. Rogers
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Department of the Navy is pursuing the award of the Amphibious Multi-Ship Procurement (MSP) contract for a total of three SAN ANTONIO Class (LPD) and one AMERICA Class (LHA) Amphibious ships as authorized in section 129 of the National Defense Authorization Act for Fiscal Year 2023 (P.L. 117-263), hereinafter "The Act." The Act requires the Secretary of the Navy to submit a certification to Congress at least 30 days in advance of the award. Enclosed is the requisite certification for the award and the basis for such certification, prepared by the Milestone Decision Authority.

The ships procured as part of this contract will support amphibious assault, special operations, and expeditionary warfare missions of US Marines, moving Marines into theater and supporting humanitarian and contingency missions on short notice. This Amphibious MSP award demonstrates the Navy's commitment to maintaining 31 Amphibious warfare ships and prudence with taxpayer funds.

A similar letter has been sent to the chairs of the other congressional defense committees.

Sincerely,

A handwritten signature in blue ink that reads "Carlos Del Toro".

Carlos Del Toro

Enclosures:
As stated

Copy to:
The Honorable Adam Smith
Ranking Member



THE SECRETARY OF THE NAVY

WASHINGTON DC 20350-1000

AUG 14 2024

The Honorable Jack Reed
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

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Sincerely,


Carlos Del Toro

Enclosure:
As stated

Copy to:
The Honorable Roger F. Wicker
Ranking Member



THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT, AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

MEMORANDUM FOR SECRETARY OF THE NAVY

SUBJECT: SAN ANTONIO Class and AMERICA Class Amphibious Multi-Ship Procurement (MSP) Certification

The Program Executive Office, Ships, proposes to award a contract for three SAN ANTONIO Class (LPD) and one AMERICA Class (LHA) Amphibious ships as authorized by Section 129 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 (FY23 NDAA) (P.L. 117-263). Section 129 requires the Secretary of the Navy to certify, in writing, not later than 30-days before entry into the contract, satisfaction of certain conditions, which shall be prepared by the milestone decision authority.

I certify that the following conditions set forth in subsection (b) of Section 129 of the FY 2023 NDAA have been satisfied by the LPD and LHA Class program:

- (1) The use of the Amphibious MSP contract for four ships is consistent with the Commandant of the Marine Corps' projected force structure requirements for amphibious ships as reflected in the FY25 President's Budget Shipbuilding Plans. Additionally, the contract is intended to support fulfilment of the statutory (and fleet-required) minimum quantities of operational amphibious ships in accordance with 10 U.S.C. § 8062(b) and within the LPD and LHA Class Program inventory objectives.
- (2) The use of such a contract will result in savings compared to the total anticipated costs of carrying out the program through annual contracts. The overall estimated end cost savings across a four-ship procurement starting in FY24 using the authority provided under Section 129 of the FY23 NDAA is 7.25%, approximately \$901M.

(2)(A) The estimated end cost by fiscal year, by hull, without the authority provided by Section 129(a) of the FY23 NDAA are:

(TY\$M)		FY24	FY25	FY26	FY27	FY28	FY29
Price	LPD	-	2,271	-	2,413	-	2,572
	LHA	-	-	-	5,170	-	-
Hull	LPD	-	LPD 33	-	LPD 34	-	LPD 35
	LHA	-	-	-	LHA 10	-	-

The phasing of appropriated funds is subject to President's Budget submissions and Congressional enactments for each fiscal year.

SUBJECT: SAN ANTONIO Class and AMERICA Class Amphibious Multi-Ship Procurement (MSP) Certification Endorsement

(2)(B) The estimated end cost by fiscal year, by hull, with the authority provided by Section 129(a) of the FY23 NDAA are:

(TYSM)		FY24	FY25	FY26	FY27	FY28	FY29
Price	LPD	-	2,258	-	2,322	-	2,371
	LHA	-	-	-	4,574	-	-
Hull	LPD	-	LPD 33	-	LPD 34	-	LPD 35
	LHA	-	-	-	LHA 10	-	-

The phasing of appropriated funds is subject to President’s Budget submissions and Congressional enactments for each fiscal year.

(2)(C) The estimated cost savings by fiscal year, by hull, with the authority provided by Section 129(a) of the FY23 NDAA are:

(TYSM)		FY24	FY25	FY26	FY27	FY28	FY29
Savings	LPD	-	13	-	91	-	201
	LHA	-	-	-	596	-	-
Hull	LPD	-	LPD 33	-	LPD 34	-	LPD 35
	LHA	-	-	-	LHA 10	-	-

(2)(D) The estimated costs savings outlined in (2)(C) will be ensured through award of a fixed price incentive fee contract for four ships, which provides a predictable and stable workload for the shipbuilder and major subcontractors and incentivizes balanced cost risk between industry and the Government. Specific actions that increase the probability of achieving the cost savings include accelerated material buys with associated Economic Order Quantity funding and schedule adherence.

- (3) There is a reasonable expectation that throughout the contemplated contract period, funding will be available for the contract at the level required to avoid contract cancellation. The Navy intends to request sufficient funding throughout the period of the contract in order to meet the statutory and fleet-required minimum quantities of operational amphibious ships.
- (4) There is a stable design for the property to be acquired and the technical risks associated with such property are not excessive. The LPD and LHA Class design baselines for the Amphibious MSP contract are stable, and the technical risks are low due to stable performance parameters and established configuration management and technology evolution minimized to where obsolescence requires change.
- (5) The Amphibious MSP contract cost and anticipated cost avoidance estimates provided in paragraph (2) are realistic. The estimates are supported by extensive DoN and shipbuilder fact finding, negotiation and agreement processes for the contract including a comprehensive bi-lateral examination and refinement of

SUBJECT: SAN ANTONIO Class and AMERICA Class Amphibious Multi-Ship Procurement (MSP) Certification Endorsement

proposal assumptions, escalation variance/mitigation potentials and the incorporation of contract execution incentives and economic price adjustment.

- (6) The Amphibious MSP contract will promote the national security of the United States. The contract will enable a lower cost LPD and LHA Class procurement and thus allow saved resources to be applied to other priority DoN acquisition programs. Additionally, these ships are necessary to maintain the statutory minimum number of operational amphibious warfare ships.
- (7) During the fiscal year in which the Amphibious MSP contract for LPD and LHA Class ships is to be awarded (FY24), sufficient funds will be available to perform the contract in such fiscal year.

In accordance with Section 129 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, I hereby provide for submission to the Congressional defense committees the required certifications at least 30 days in advance of award of a contract to procure three SAN ANTONIO Class (LPD) and one AMERICA Class (LHA) Amphibious ships.



Nickolas H. Guertin