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U.S. Department of
Homeland Security

United States
Coast Guard



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MEMORANDUM

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To: COMDT (CG-09)

Thru: COMDT (CG-8)

Subj: FISCAL YEAR 2012-2016 FUTURE YEARS HOMELAND SECURITY PLAN
PLANNING GUIDANCE

Ref: (a) My memo 7110 of 13 Oct 09

1. I stated in reference (a) my belief that in view of the fiscal horizon, we must make bold and systematic strategic decisions within the core construct of modernization to optimize the services we provide to the American public and maritime community. Based upon discussion between our staffs, I understand there is a desire to assess areas in which I believe we can incur additional risk in order to inform the FY12-16 budget build. As the senior Operational Commander, I reaffirm my strong belief that the Coast Guard exists to carry out "operations." In developing the FY11 budget, we were forced to make asset reduction decisions without full appreciation of the impact of those reductions to operational performance. As we begin the FY12 budget build process, I believe we must make a committed effort to focus on reductions in organizational overhead, and specifically the size of Coast Guard Headquarters. At the same time we must preserve those front line forces which deliver services that are the hallmark of the Coast Guard and the entities that directly support operations. I do believe there are operational areas in which we can incur additional risk or achieve efficiencies as noted below, and I am fully committed to exploiting them for the long-term benefit of the Service, the Department, and our Nation.

2. Let me start by providing areas in which I believe we must operationally hold-fast:

a. Adherence to Search and Rescue (SAR) program performance goals. We are the world's preeminent maritime search and rescue authority. Our ability to assist those who accept the risks of going to sea when they are in peril must not diminish. I do not believe we have to remain wedded to activity measures like E-0 readiness posture or on-scene response standards. Instead, we must hold fast to our ultimate performance outcomes... the percent of people saved from imminent danger in the maritime environment. Our tactics for achieving that outcome should not matter. Since the tragedies of Morning Dew, Quillayute River, Niagara and the attacks of 9/11, we have gained significant increases in forces, boat units, and our C2 organization. I believe there are efficiencies that can be achieved while maintaining this performance level, and I intend to study those areas.

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b. Capability to place “boots on deck” with on-scene command and control presence within 200 nautical miles of all United States’ tier one and tier two ports. Our Service traces its origin to the fledgling Republic’s need to intercept ships approaching our ports. Over 220 years later, America still needs that capability to support a gamut of security, safety, and national sovereignty related missions within the Coast Guard’s primary operational areas of responsibility. A key component of this capability is sustained, on-scene command and control presence to support the deployed force which can only be provided by our cutter fleet. A subset of this item is the need to maintain 2.0 coverage of flight-deck equipped cutters on each coast in support of ONS.

c. Maintaining the viability of the Maritime Transportations System (MTS). The MTS is America’s conduit to the global economy. Thus, ensuring the overall viability of the MTS and associated critical infrastructure must be a center of gravity in our out-year resource decisions. However, I do believe there are subsets of the MTS that present efficiencies and resource savings. Like SAR, the focus must remain on the overall outcome, not individual activities.

d. Protection of America’s Living Marine Biomass. Aside from maintaining the MTS, protection and preservation of the U.S. biomass is one of the most economically significant missions we perform, and one that requires constant presence for maximum regulatory efficiency. We must preserve adequate capabilities and capacities of Deepwater assets in out-years, including preserving current aging assets until replaced, to conduct extended enforcement activities where long transits are required and extreme sea and/or weather conditions must be endured.

e. Maintain adequate transit zone Counter Drug (CD) interdiction capability and capacity with embarked Airborne Use of Force (AUF) capability. The CD-AUF mission has been one of the most successful programs in our recent history. While there are indications that the drug-cartels are shifting to more expensive shipment methods such as SPSS, low-cost methods such as go-fasts remain a real threat for moving narcotics within the transit zone. I believe there are efficiencies to be leveraged within the CD mission. However, as long as the Coast Guard is tasked with at-sea counter drug interdiction, we must have major cutters with embarked AUF capability operating in transit zones to respond to cued intelligence.

3. In order to identify areas in which we could incur additional risk, I directed my staff to study the impacts of Coast Guard activities to minimize the probability and consequence of negative impacts within our operational portfolios. I believe we can incur additional risk in the following areas:

a. ONS activity standard reductions. Current analysis indicates that some activities in support of the PWCS mission can be reduced with minimal if any residual risk increases. Specifically, there is little data to support the effectiveness of patrolling activities in preventing maritime incidents. Leveraging studies conducted by other DHS components, my staff is undertaking a PWCS mission evaluation to better understand the deterrent effect of such patrols. The results of this study may result in the identification of further out-year savings, but at this point I am comfortable recommending a 10-15% reduction of current ONS activity standards. Doing so should provide direct fiscal savings through the reduction of boats and boat crews Coast Guard-wide as well as second tier support needs.

b. Lower SPD for CD mission. The current directed level-1 SPD to support JIATFS is 6.0. Given the current Administration direction, I believe this SPD can be reduced by 25% to 4.5. However, in order to achieve desired performance standards, it is critical that we marry CD-AUF capability with assigned cutters to maximize individual ship/helicopter team effectiveness. Thus, I recommend reinvesting savings from other areas in to increasing our HITRON capability.

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c. **Elimination of shore-based advanced interdiction capability.** Since its inception, we have conservatively spent over \$80M attempting to develop a shore-based advanced interdiction competency to fill a perceived void in national counter-terrorism response capability. Despite this, the MSRT has not been utilized to counter a high-threat, unplanned incident as was envisioned. Meanwhile, it is clear that other federal agencies have more mature and robust MSRT-like capabilities. I believe it is time to terminate our experiment with the MSRT. Instead, we need to identify how we can use existing capability and capacity of our surface fleet as part of a national response regime to stop intelligence cued maritime threats before they reach our shores.

d. **Decreased MSST capability and readiness requirements.** The current MSST operational employment profile is significantly different than that envisioned when the first teams were established seven years ago. For the most part, the MSSTs are predominately used as surge boat force capacity. I believe it is time to re-evaluate the standard training and readiness requirements of the MSSTs in light of historic usage and eliminate those requirements for which they have little likelihood of performing. Not only is this training expensive, but it consumes time that could be focused for conducting operations. Furthermore, we continue to maintain MSSTs in high readiness status like aircraft and patrol boats, yet we rarely "launch the ready MSST." This readiness posture is overhead which limits unit productivity and inhibits operations. As Operational Commander, I am willing to accept the risk of giving up both high end capabilities and readiness status. I also believe we need to ultimately reduce the number of active duty personnel assigned to MSSTs and better utilizing our reserve forces to meet scheduled MSST commitments.

e. **Reduced number of aids to navigation and lower ATON performance goal.** The safe and efficient flow of commerce through the MTS must be preserved. However, in a day where GPS and electronic navigation are commonplace, we continue to mark our waterways with ATON in a pre-GPS manner. It is beyond time to take a hard look at our ports and, in concert with our port partners, make risk-based decisions to reduce the number of buoys marking our waterways. I also believe we can lower the performance standards for maintaining our ATON beyond the existing 97.5% standard. A combination of both reductions should produce savings in both assets and personnel as well as avert or reduce the need for future capital investments.

f. **Restructuring the International Ice Patrol.** While the Coast Guard was tasked in 1912 to report iceberg positions that present potential interferences with the North Atlantic shipping routes, no mechanism was specified. Despite technological advances, we continue to expend millions of dollars annually using maritime patrol aircraft to fulfill this requirement. I believe we need to re-evaluate with our international partners the need to continue with the IIP, but more importantly it's beyond time to re-evaluate the methodology used to meet the requirement if it is indeed still valid.

g. **Reduction to Strike Team capability and capacity.** The Coast Guard was once recognized as the sole expert for maritime hazardous materials and spill response; however, this is no longer the case. Today, that expertise (and the associated response equipment) resides in the commercial sector, throughout the maritime industry, and within the ranks of many of our state and local partners. It has also been inculcated into the ranks of our own prevention personnel since OPA-90. When we examine how strike team personnel are used for on a daily basis, rarely are they supporting incidents with a maritime nexus. I believe it is time re-evaluate the role of the Strike Teams and right-size them to function more as a Center of Excellence to augment Sector Commanders in response to major maritime pollution incidents. Looking at our Marine Environmental Protection performance goals, such a restructuring would appear to pose no risk to achieving our out-year targets.

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h. Reduction of exercise requirements. Our exercise program is designed to enhance our preparedness to respond to all hazards/all threats. There are 11 contingencies that require exercises to validate our organization preparedness. However, the periodicity, type, and scope of these exercises are driven predominantly by internal Coast Guard policy. Exercises consume a tremendous amount of personnel and fiscal resources from the field-level through the Headquarters staff. Thus, I believe there is the potential to achieve significant savings with minimal increased risk by reducing the number and/or scope of exercises conducted (when permitted by law) and placing greater emphasis on sharing lessons learned.

i. Reduced frequency of vessel (domestic and PSC) and facility inspections. While a critical part of compliance, inspections are highly human-resource intensive activities. This makes them a prime candidate for further study of alternatives to achieve savings while maintaining acceptable risk levels. I am prepared to undertake such a study. However, until such a study can be finalized, I am willing to accept the risk of increasing the periodicity of fixed inspection cycles by 10%.

4. Clearly the next several years will require difficult decisions by senior leadership as we strive to maintain our critical services while addressing the Service's requisite recapitalization needs. What I offered above is just a fraction of what is needed, and I am prepared to go further. I look forward to working with you and my colleagues on the Leadership Council as we lay a trackline for the organization that extends past 2016.

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