

Why GAO Did This Study

The Navy has noted that successful execution of its maritime strategy requires the acquisition of not only surface combatants, but also small boats. The Navy reported that it received about \$135 million in fiscal year 2010-2012 base procurement funding for small boats. These small boats vary widely in the missions they perform, their sizes, and the approaches for their maintenance. The House Armed Services Committee directed the Navy in House Report 112-78 to conduct a study on strategies to reduce maintenance and repair costs associated with small boat storage and harboring and to submit a report to the House and Senate Armed Services Committees on its findings by October 31, 2011. The committee directed GAO to assess the Navy's report for completeness, including the methodology used in the Navy's analysis. For this report, GAO evaluated the extent to which (1) the Navy's report addressed the committee's direction and (2) the findings in the Navy's study are supported by the data and information examined. GAO analyzed study documents and the business case analysis, obtained and analyzed key documents, and interviewed cognizant officials.

What GAO Recommends

GAO recommends that the Navy collect and include more complete information when evaluating future investment decisions at individual locations. DOD concurred with the recommendation.

NAVY SMALL BOATS

Maintenance Report Addressed Most Directed Elements, but Additional Information Needed

What GAO Found

The Navy report addressed four of the five elements specified in House Report 112-78, while partially addressing one of the five elements. The Navy report addressed the potential for reducing maintenance and repair costs for the Navy's small boat fleet by using advanced boat lifts, and it addressed recommendations regarding the potential establishment of improved boat corrosion control and prevention as key performance parameters. The Navy report partially addressed the committee's direction to include an evaluation and business case analysis of the impact of advanced boat lifts for potential improvements to small boat acquisition costs and life-cycle sustainment. The report's business case analysis evaluated potential improvements to life-cycle sustainment, focusing on potential maintenance cost savings associated with boat lifts. However, this business case analysis did not evaluate the impact of the use of advanced boat lifts on potential improvements to small boat acquisition costs. Navy officials told GAO that the use of advanced boat lifts would not significantly contribute to extending the service life of the boats or produce any other additional benefits that would lead to reduced small boat acquisition costs. This is primarily because a critical feature of current procurement strategies is to select, specify, or design boats that are made from corrosion-resistant materials and use components that are corrosion resistant. Nonetheless, the Navy did not include this justification in the report or analyze the potential effects of the use of boat lifts on small boat acquisition costs in the report's business case analysis.

While the Navy completed a business case analysis of the impact of reduced maintenance and repair costs for the Navy's small boat fleet through the use of advanced boat lifts, GAO found several areas in which more complete information could have been included to better support the findings of the Navy study. The April 2011 *DOD Product Support Business Case Analysis Guidebook* provides standards for the DOD business case analysis process used to conduct analyses of costs, benefits, and risks. GAO identified several areas in which more comprehensive information, consistent with the DOD guidebook, could have been included in the Navy's business case analysis. For example, the Navy did not include (1) actual lift installation and maintenance cost data or (2) qualitative data on other potential costs and benefits associated with the use of boat lifts, particularly location- and mission-specific benefits, from Navy installations that are using 72 recently acquired boat lifts. The DOD guidebook indicates that authoritative data sources—those used to conduct the financial and nonfinancial analysis for a business case analysis—should be comprehensive and accurate. Navy officials recognized that more comprehensive information would have been useful, but noted that they were unable to systematically survey all current boat lift users within the few months they had to complete their business case analysis. The Navy noted in its report that a significant number of boat lifts have recently entered service in the fleet and that the Navy will monitor service experience, data that may provide a basis for future decisions regarding the use of boat lifts. Without more complete information, the Navy may not be fully informed when it considers making future investments in boat lifts or other storage and harboring techniques at individual locations.