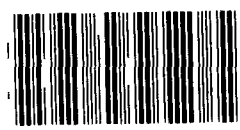


August 25, 1986

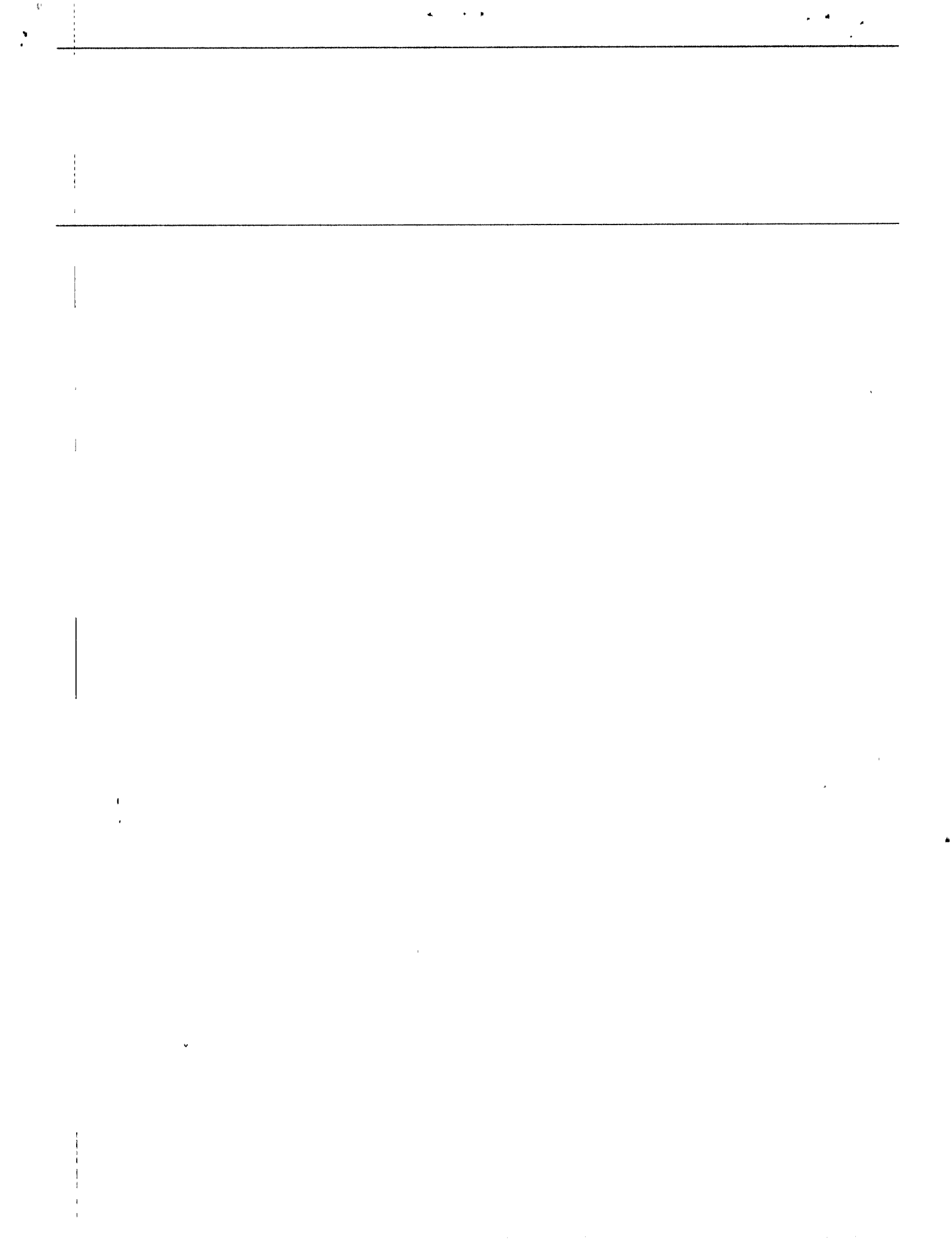
DOD ACQUISITION

Case Study of the Navy Minesweeper Hunter Program



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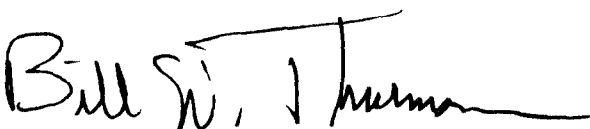
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Preface

The Chairmen of the Senate Committee on Governmental Affairs and its Subcommittee on Oversight of Government Management asked GAO to examine the capabilities of the program manager and contracting officer in weapon systems acquisition. As part of this study, GAO examined 17 new major weapon system programs in their initial stages of development. These case studies document the history of the programs and are being made available for informational purposes.

This study of the Navy Minesweeper Hunter Program focuses on the role of the program manager and contracting officer in developing the acquisition strategy. Conclusions and recommendations can be found in our overall report, DOD Acquisition: Strengthening Capabilities of Key Personnel in Systems Acquisition (GAO/NSIAD-86-45, May 12, 1986).


for Frank C. Conahan, Director
National Security and
International Affairs Division

Minesweeper Hunter Program

Origin of Program

In 1972, the Navy proposed that a new ship be acquired to support the ocean mine countermeasures mission. In February 1980, the Naval Sea Systems Command was directed by the Chief of Naval Operations to initiate cost and feasibility studies to meet the current mine countermeasure coastal requirement. This project was made part of an existing program office with two other ship projects. U.S. and foreign shipbuilders were requested to submit proposals to design and build the new class of Minesweeper Hunter ships. The primary mission will be locating and sweeping or neutralizing mines—whether they be acoustic, magnetic, or contact mines—in the coastal waters, harbors and bays of the United States. They may operate in conjunction with both airborne mine countermeasure helicopters and mine countermeasure ships in coastal waters. Additional contingency mission tasks include route surveys, channel conditioning, underwater search, search and rescue, and collection of hydrographic and oceanographic data.

Design studies culminated in a March 1980 Chief of Naval Operations decision to build a wood hull ship based on an updated version of a 15-year old minesweeper design that was never put into production.

Along with these plans, the Navy investigated minehunters of varying capability tailored for the coastal mission and at lower cost. The first concepts of the Minesweeper Hunter evolved from what was called the MCM 85-90 Concepts Study.

Formation of Project Office

A Chief of Naval Operations Executive Board decision in December 1974 approved a program to procure a new class of ships dedicated to countermine warfare at sea. In January 1980, the mine countermeasure effort from which the Minesweeper Hunter program evolved, was transferred from the Combatant, Service and Amphibious Craft Acquisition Project to the Hydrofoil Patrol Craft Acquisition Project. The first program manager of the Amphibious Craft project had an extensive background in systems acquisition and design as well as a master's degree in naval architecture. He had been the program manager on two other Navy programs, had over 9 years of related naval engineering experience, and received 20 weeks of formal military acquisition training. According to the program manager, the Minesweeper Hunter program office received contract support assistance from a pool of contracting officers until August 1982 when a contracting officer was assigned specifically to the program.

Development of the Acquisition Strategy

Although the program officially began in February 1980, it was not until October 1982, that the first acquisition strategy was approved. The second program manager stated that there were earlier drafts of acquisition plan approaches, but, since nothing was decided at that time, there was no need to finalize an acquisition strategy.

According to the first program manager, the original acquisition strategy that he had developed was never finalized because the Assistant Secretary of the Navy (Ships and Logistics) directed some changes. He stated that the original plan had been basically the same as that for the mine countermeasure lead ship and called for (1) in-house development of concept design, (2) assistance for ship system design support from industry shipbuilders, (3) a single contractor for design finalization and lead ship construction under a cost type contract, (4) a gap year in 1985 to make final changes and adjustments, and (5) delivery of the first production ship in 1986. The first program manager stated that in March 1981, when the strategy was being developed, it was general Navy practice to use cost type contracts and ship system design support contractors for lead ship development. He noted that concept design had been completed and the project had moved as far as preliminary design under the original acquisition approach.

In December 1981, the Commander, Naval Sea Systems Command convened a Ship Acquisition Improvement Panel to discuss results of the concept design. The first program manager stated that the estimated cost for each ship was over \$100 million. However, this figure was considered too high by top Navy officials, who had determined that the ship should not cost more than about \$75 million. The first program manager stated that it was more a question of what was affordable at the highest Navy levels than a deliberate effort to set a price cap. The first program manager stated that he was asked to reanalyze the design, looking for ways to cut costs. He noted that at this point the affordability issue was driving the ship's design.

On January 22, 1982, the Secretary of the Navy expressed concern that the cost of the ship as envisioned was too high and directed that the operational requirements be reexamined for cost and performance trade-offs and that results of the review be provided by March 15, 1982. He also expressed concern that the Navy had not adequately examined foreign ship designs and their use of glass-reinforced plastic hulls. The Assistant Secretary of the Navy (Shipbuilding and Logistics) restated these concerns to the Naval Sea System Command's Deputy Commander for Ship Design and Integration at a meeting on January 28, 1982. The

Deputy Commander related the results of this meeting to the Commander, Naval Sea Systems Command

On March 16, 1982, an Acquisition Review Board was conducted and several options were discussed, including overseas procurement and licensing of foreign minesweeper concepts for production in the United States. Equipment subsystem procurement, including engine and propeller systems selection, as well as hull material alternatives were also discussed. On March 31, 1982, the Assistant Secretary of the Navy (Shipbuilding and Logistics) requested a further review of alternatives which was scheduled for April 13, 1982.

Original Plan Canceled

The first program manager stated that as a result of the April 1982 meeting with the Assistant Secretary of the Navy (Shipbuilding and Logistics), the original acquisition plan was rejected and the concept design phase was extended to accommodate a new strategy.

The first program manager explained that the strategy was changed because the program office was having difficulty in meeting cost objectives. He stated that as a result of cost cutting efforts, five different design alternatives were developed, with estimated prices for both wood and glass-reinforced plastic. The program manager stated these proposals were also evaluated as too costly and that the Assistant Secretary of the Navy (Shipbuilding and Logistics) directed that a technical assessment team be organized in May 1982 to evaluate the capabilities of the mine hunters of our European allies.

The first program manager stated that about this time he requested retirement. In May 1982, he left the task of compliance with the new program directions, including development of the acquisition strategy, to his deputy. The program manager added that he sent his deputy, who had been involved with the development of the Saudi Arabian minesweeping program, to participate in the foreign technological assessment team.

The first program manager stated that it was generally believed that the new acquisition approach was better suited to acquiring the ship within budget and schedule constraints. However, he added that either strategy would have resulted in a vessel which met Navy mission requirements.

Acquisition Strategy
Approved and New
Program Manager Assigned

In a May 27, 1982, memorandum to the Secretary of the Navy, the Vice Chief of Naval Operations discussed the Minesweeper Hunter platform, equipment, and payload acquisition. He also offered for consideration the option of having U.S. builders submit proposals which would satisfy U.S. Navy top level requirement needs through the use of a Naval Sea Systems Command design, their own design, or a foreign design (via license to produce). The memorandum recommended against an "as is" direct procurement of a foreign mine hunter, stating the Naval Sea Systems Command was working toward an excellent design that would meet all Navy requirements and capitalize on foreign technology. However, it was pointed out that the design would likely exceed the Chief of Naval Operations revised cost objective of \$65 million per ship. The deputy program manager stated that the new strategy was an attempt to incorporate the foreign technology desired by the Assistant Secretary without encountering the legal difficulties associated with direct foreign procurement.

The Assistant Secretary of the Navy (Shipbuilding and Logistics), in a memorandum dated June 16, 1982, concurred with this approach as presenting the best opportunity to meet both the Navy's operational requirements and its financial ceiling. He requested that to enable a fiscal year 1984 start, an acquisition plan be completed no later than July 15, 1982. The memorandum further required that industry be requested to bring innovative and cost conscious capabilities to bear in meeting the requirements in the shortest period of time and at an affordable cost.

When the first program manager retired from the Navy in 1982, he stated that his replacement, who was knowledgeable of the mine warfare area and was intimately familiar with the potential builders, was an excellent choice for the job. He also stated that his replacement had participated in the European technological assessment process from the beginning.

The second program manager, a Navy captain, was originally commissioned an unrestricted line officer and served in a variety of positions aboard destroyers. In 1966, he converted to engineering duty officer status when he received a master's degree in engineering from the Massachusetts Institute of Technology. Before his assignment to this program, he served in acquisition-related assignments for 13 years. His assignments included project officer for amphibious ships, a 2-year tour as a Naval Sea Systems Command technical director developing acquisition strategies and plans, 5 months at the Defense Systems Management

College, 1 year at the Industrial College of the Armed Forces, and 4 years of shipbuilding supervision.

The second program manager did not assume his new responsibilities until August 1982, after 2 months of mine countermeasures training at the Mine Warfare Command in Charleston, South Carolina. He stated that when he reported, the program was in a state of transition as not all senior Navy people were in agreement on having industry design and build the Minesweeper Hunter. However, he stated that by October 1982, all had agreed to the approach.

The second program manager inherited the revised acquisition approach and thus was basically tasked with implementing a top level strategy decision. He stated that the basic premise of the acquisition strategy was that it would be competitive and that his task was to divide the acquisition package into logical, competitive steps. He also stated that he reviewed the mission need to ensure that it would be satisfied by the strategy and recommended that the requirements document be carefully defined in order to meet the constrained resource requirement. This recommendation was accepted.

A contracting officer was assigned to the program office in August 1982. His background included a business/public administration degree with 1 year of work toward a master's degree in business administration, plus 11 years contracting experience in various shipbuilding and overhaul programs. He divided his time between four Navy ship programs. In his opinion, this arrangement did not present problems in completing the work required for the program.

A preliminary inquiry letter was released to potential bidders on October 1, 1982, to solicit design ideas. The acquisition strategy for the Minesweeper Hunter was prepared by the program office and initially approved by the Naval Sea Systems Command Deputy Commander for Acquisition on October 5, 1982. Requirements for the ship were approved by the Chairman of the Ships Characteristics and Improvement Board on November 9, 1982. On March 18, 1983, the acquisition strategy received final approval from the Chief of Naval Materiel.

The overall approach of the new strategy was to have the shipbuilders design the ship so that it did not exceed the cost ceiling. To meet the cost objectives, requirements were tailored and general specifications for surface ships were selectively waived. Specifically, the ships' operational requirements and performance capability were tailored in the

areas of depth, speed, mission duration, and administrative/maintenance support to meet the coastal mission.

The strategy used a competitive elimination approach, in which every qualified shipbuilder was welcome to compete at the onset, using their own design, a foreign design, a previous Naval Sea Systems Command feasibility design, or any combination thereof. Contractors were to be progressively eliminated in a three-phase process.

Navy guidance required lead ship acquisition in fiscal year 1984 at a ceiling price of \$65 million, of which \$31 million was allocated for the shipbuilder's detailed design and construction. The cost for government-furnished equipment, escalation, Navy management support and change orders were not included in the \$31 million for design and construction. The lead ship award also contained an option for four other ships in fiscal year 1986 and four in fiscal year 1987. Two additional groups of four ships each are scheduled to be competitively awarded in fiscal years 1988 and 1989 to meet the approved planning goal of 17 ships.

According to the acquisition strategy, the cost and schedule constraints were the basis for the competitive, progressive elimination process.

Source Selection Process

Development of the source selection plan was a joint effort on the part of the program manager and the contracting officer with the program manager assuming the lead development responsibility. In September 1982, the program manager started the procurement process by preparing a procurement request for a two-phase design strategy under fixed-price competitive contract terms. Both the program manager and the contracting officer stated that in considering contract type, they were involved in risk assessment. However, the second contracting officer stated that he is ultimately responsible for determining the contract type. He also stated that recently the Secretary of the Navy has favored fixed-price contracts although no official policy statement had been made.

After the procurement request had been reviewed within the Naval Sea Systems Command, it was forwarded to the Contracts Directorate so that the competitive solicitation could be prepared. To determine industry interest in the acquisition, on October 1, 1982, the contracting officer sent a preliminary inquiry letter to the sources considered capable of satisfying the requirement. Based on responses to this letter, the contracting officer established an offerors list.

The competitive solicitation was prepared by the contracting officer in conjunction with the program office. The solicitation and proposed contract were then reviewed by the Naval Sea Systems Command General Counsel. A draft was made available to prospective offerors in October 1982 and an industry briefing was conducted on October 26, 1982, to solicit remarks, questions and concerns. A first draft source selection plan was promulgated on November 9, 1982.

On December 7, 1982, a ship design request for proposal was issued by the Naval Sea Systems Command to industry with notice of procurement appearing in the Commerce Business Daily. The request for proposal was subsequently provided to all shipbuilders or design agents (foreign or domestic) who requested it

The contracting officer held a conference for all prospective offerors on January 12, 1983, to respond to their questions and clarify the Navy's requirements.

Both the second program manager and the contracting officer stated that development of the request for proposal was a joint effort of the program and contracting offices. The program manager stated that he monitored the development of the request for proposal to ensure compliance with the requirements and the acquisition strategy and that no part of the proposal was released without his review. The contracting officer stated that he developed the business terms/conditions and evaluation criteria sections with input from the program manager and basically reviewed and modified remaining sections for compliance with existing acquisition regulations.

On February 10, 1983, the Secretary of the Navy delegated source selection authority to the Commander, Naval Sea Systems Command, and the program was designated a high priority program, with the Secretary of the Navy as the final decision authority. The Chairman and members of the Source Selection Advisory Council were designated on March 9, 1983. Two additional advisors were added on April 12, 1983. According to the November 11, 1984, Minesweeper Hunter Proposal Analysis Report, the Chairmen of the Source Selection Advisory Council and the Source Selection Evaluation Board attempted to retain the same personnel throughout the selection process in order to maintain continuity of policy and technical evaluation. The report states that substantially the same personnel conducted all the competitive phase I to III evaluations

Phase I

On March 15, 1983, six proposals were received from the following offerors:

1. Bell Aerospace Textron, New Orleans, La.
2. Marine Power and Equipment Company, Seattle, Wash
3. Marinette Marine Corporation, Marinette, Wis.
4. Peterson Builders, Incorporated, Sturgeon Bay, Wis
5. The Willard Company, Fountain Valley, Calif.
6. van der Giessen de Noord, The Netherlands

The second program manager considered this a good response because only 15 companies out of over 150 attending the initial bidder conference requested proposal information. He explained that proposal development is a costly process and only serious contenders make the investment.

All proposals were formally evaluated and the results summarized by the Source Selection Advisory Council in the Proposal Analysis Report dated April 6, 1983. Selections were made by the source selection authority on April 8, and four \$250,000 fixed price contracts for phase I preliminary design were signed April 15, 1983, with the following selected offerors:

Bell Aerospace Textron,
Marinette Marine Corporation,
Peterson Builders, Incorporated, and
van der Giessen de Noord.

During the period April 15, 1983, to August 15, 1983, each of the four contractors developed their phase I design using the requirements, statement of work, and other guidance included in the contracts. The Naval Sea Systems Command maintained a "hands-off" policy during this period as called for in the acquisition strategy. However, contractors were permitted to submit formal questions regarding terms of the contract requirements. Responses were provided in written form only, and were given to all four competitors without divulging the source of the question. Each contractor was also given access to the Naval Sea Systems Command's technical library.

Under the terms of the contracts, the Naval Sea Systems Command conducted a 2-day design review at each of the four shipbuilders' facilities from June 13 to 29, 1983, and a second design review at the Naval Sea Systems Command from August 1 to 4, 1983.

Phase II

On August 15, 1983, the four competitors submitted their phase I design data packages and phase II proposals. These submissions were evaluated from August 15 to September 23, 1983, by the Source Selection Evaluation Board, which conducted the technical evaluation and from September 26 to 29, 1983, by the Source Selection Advisory Council, which reviewed the Board's findings and conducted separate deliberations.

Because of its concerns about deficiencies and errors in the proposals, the Advisory Council decided that before it made its selection, it would hold discussions with all four offerors and review their best and final offers. On September 30, 1983, the offerors were notified that such discussions would be held. The Naval Sea Systems Command provided written formal questions on October 4, 1983, with discussions occurring between October 5 and 14, 1983. Best and final offers were received on October 18, 1983. The Board conducted evaluations from October 19 to 22, 1983, and the Council was reconvened on October 24 to 25, 1983. The final scores were evaluated and the Council's report was prepared and presented to the Board on October 26, 1983. The source selection authority selected Bell Aerospace and Marinette Marine to perform phase II contract design. On November 2, 1983, the Assistant Secretary of the Navy (Shipbuilding and Logistics) conducted an informal program review of the selection with representatives from Naval Operations Command and Naval Materiel Command in attendance. On the same day, firm fixed-price options for \$1 million each were exercised with the two contractors.

Phase III

On January 20, 1984, the phase III request for detailed design and lead ship construction proposals was issued to the two phase II contractors. It required delivery of proposals on July 2, 1984, and stated that the contract would be awarded for the proposal that was most advantageous to the government, price and other factors considered.

The evaluation categories contained in the phase III request for proposal were (1) category A—price, the total target price for nine ships, (2) category B—contract design, the proposed contract designs and integrated logistic support as presented in various technical drawings, specifications, and reports, and (3) category C—approach to detail design and construction. The evaluation was to give consideration not only to the proposed design and management capabilities of the offerors, but to the assessment of technical and management risk. The request for proposal stated that categories A and B were substantially more important than

category C, and although weights were assigned to each category, factors and items within each category were not individually weighted.

As in phase I, the Naval Sea Systems Command maintained a "hands-off" policy during the phase II design period, although it responded to officially submitted questions. Design reviews were conducted in January, April, and June of 1984, and on July 2, 1984, both contractors submitted their phase II data packages and phase III proposals.

During the period July 2 to 28, 1984, the Source Selection Evaluation Board conducted technical and management evaluations. Over 30 separate evaluators were used, each a specialist in technical, management, intergrated logistics support, or ship construction disciplines. The contract design packages from both contractors were reviewed and evaluated. These packages consisted of detailed ship specifications, design drawings, and technical reports, as well as numerous other proposal documents containing planning schedules, foreign licenses, description of intended facilities, manpower, management, and subcontracting.

Based on the Evaluation Board's technical and management reports, the Advisory Council determined that each proposal contained numerous deficiencies. As a result, on August 8, 1984, the contracting officer sent questions to both contractors. Ninety-one questions were addressed to Marquette Marine Corporation and 138 to Bell Aerospace, covering such technical areas as drawings, arrangements, structures, noise, stability, magnetic signature, and propulsion. In addition, there were questions about management, support, business terms and conditions, and price.

The questions were discussed with Bell on August 13, 1984 and with Marquette Marine Corporation on August 15, 1984. Responses to the questions were received on August 22, 1984. The Naval Sea Systems Command reopened discussions on August 28 for 1 day to discuss the issue of technical manuals. Best and final offers were received on August 30, 1984.

From August 30 to September 5, 1984, the Evaluation Board evaluated the best and final offers. On September 6 to 7, 1984, the Advisory Council reconvened and reviewed those evaluations. The Advisory Council stated that based on offeror responses, almost all of the Navy's major design concerns had been addressed and that they viewed both design offers as acceptable.

Although both proposals were acceptable, the Advisory Council and the Evaluation Board had some technical and performance concerns with one offer.

At this point, prices for all nine ships were disclosed to the Advisory Council and tentative numerical scores were assigned to both proposals to further define the technical issues that remained.

Because of technical concerns in both proposals, the Advisory Council concluded that a second round of discussions would be required. Accordingly, questions were prepared and reviewed on September 12, 1984 and released to the contractors by the contracting officer on September 14, 1984. Discussions were held with one offeror on September 18, but the other declined to participate. Responses to the questions as well as the second best and final offers were received on September 24, 1984. One offeror bid \$224,490,008, the other \$149,407,174—for a total price difference of \$75,082,834.

During the period September 24 to October 2, 1984, the Evaluation Board evaluated the responses. On October 3, 1984, the Advisory Council was reconvened, and an overall summary of proposal strengths and weaknesses was presented. The Council found that one design was more fully developed, meeting Navy performance requirements at a lower risk, but at a much higher price. The other design presented a higher technical risk at a much lower price. While the latter met minimum performance standards, the Council believed design changes might be required if the design assumptions did not prove correct during detail design. In the final analysis, the Council recommended that the contract be awarded to the lowest bidder, Bell Aerospace Textron, despite possible design risks. It concluded that the technical superiority of the low risk ship design was not worth a difference of \$75 million in the total acquisition price. The average unit cost of \$16.5 million was well within the detailed design and construction \$31 million ceiling. A contract was awarded in November 1984.

The second program manager stated that as Chairman of the Source Selection Evaluation Board, he had a primary role in evaluating the technical proposals and provided advice to the Advisory Council regarding the cost proposals. The contracting officer stated that he was responsible for evaluating cost proposals and had also reviewed the technical proposals. Both the program manager and the contracting officer stated that they were involved in advising the Advisory Council on establishing negotiation objectives and the competitive range. The

contracting officer led the actual negotiations while the program manager advised and assisted. Both also stated that they were involved in the pre-award discussions. The contracting officer developed questions for clarification of the proposal as necessary, and the program manager conducted the technical best and final discussions as well as all the on-site contractor reviews. The contracting officer described his role as a leader in all functions of the selection and award process. The program manager noted, however, that he had final approval on all pre-award documents and conducted the technical debriefing after the award.

According to the current contracting officer, the Navy and Bell Aerospace completed the required specification reading session in December 1985, at which time ship specification clarifications and revisions were made. In making its recommendation for award, the Advisory Council identified areas in contract design that were not as fully developed as the Navy desired, and identified inconsistencies and weaknesses that had to be resolved in the reading session. According to contract terms regarding the specification reading and revision session, "It is agreed that all of the above changes, corrections, and revisions shall be made without any adjustments in the contract target prices or delivery schedule."

Evaluation of Roles and Acquisition Strategy

According to the first program manager, he played a lead role in developing the initial ship acquisition strategy, although he added that his decisions were favored solutions that were more prone to be approved by higher command channels at the time. Both the design and contract strategy originally planned mirrored the strategy used on the mine countermeasures lead ship acquisition. When Navy higher command directed that a new strategy emphasizing cost and greater industry involvement be developed, the program manager assented and headed the development of the new strategy.

The first program manager believed the Navy's open competitive strategy was an optimum approach for design and construction, although the original strategy would have resulted in a satisfactory design, the cost would have probably been greater. However, two government and one industry officials contacted expressed concern that too much consideration was placed on the acquisition price and not enough on a proven technical solution.

We were told by an Office of the Secretary of Defense technical and acquisition official that there was no specific guidance on how and when

to conduct a design competition or how long it should be continued. He stated that each program has unique characteristics and that to establish an all encompassing set of criteria was impractical. He added that criteria for competitive decisionmaking exists in each individual program acquisition strategy and source selection plan.

Production Competition

The acquisition strategy also provided for competition during the follow-on construction of 16 ships in accordance with standard Department of Defense policy as mandated by section 797 of the Defense Appropriation Act, which requires either a plan for competition during production or certification that quantities are not sufficient to warrant such action. The current program manager stated that although the planned 16-ship follow-on production quantity is a questionable range for more than one builder, a second source contractor is still an option, therefore, there will be at least the threat of competition. However, the acquisition strategy points out that because of the requirement for substantial investment in tooling and equipment as well as the limited number of ships that will be produced, there will probably be little or no interest from a second source shipbuilder. The former program manager, the losing lead ship competitor, and an Office of the Secretary of Defense technical and acquisition expert believe that it would be very difficult for an alternate shipbuilder to successfully compete halfway through the planned production because start-up costs for such a limited number of ships would probably be too high for a reasonable return on investment.

The strategy for follow-on production was altered from one that gave the lead ship contractor the option to construct four ships and kept an alternate contractor in competition for some of the follow-on vessels to one that allowed the Navy to extend to the lead shipbuilder options for eight ships under fixed price incentive contract terms (fiscal year 1986 and fiscal year 1987 groups of four ships each). Industry competition is planned for ship construction after the first two groups. Program officials stated that the arrangements to involve a second contractor early in the follow-on construction were dropped as impractical because of significant design differences between competitors.

The revised acquisition strategy states that although the Navy preferred to compete the fiscal year 1987 ships, competition would be a high risk because of uncertainties about the detailed design at the time of solicitation and award.

Industry Comments

A competing firm official stated that the Minesweeper Hunter acquisition plan was excellent for incorporating competition into the program and achieving Navy goals at a competitive price. The official stated that it was his understanding, based on Navy discussions and informational documents, that the Navy was seeking to buy a low cost, low risk, technically proven ship design. But, he noted that the Marienette Marine Corporation performance proven design and construction proposal lost out in favor of a lower cost but higher risk design. The official was critical of the winning proposal and expressed doubts that it could be fully developed to meet all the performance requirements. He pointed out that Bell and the Navy are trying to resolve technical questions concerning shock resistance and structural inconsistencies.

Present Status

The program is experiencing technical and construction problems. While the Navy had planned to begin lead ship construction in early 1986, plans have been put in abeyance. Various alternatives are being considered by the Navy, including redesign of the program. As of June 1986 the Navy had not decided which alternative to pursue.

Chronology of Events

October 1978	Chief of Naval Operations Executive Board guidance to investigate lower mine countermeasures options.
February 1980	Naval Sea Systems Command requested to initiate Minesweeper Hunter cost and feasibility studies. Concept of Minesweeper Hunter becomes part of PMS 303.
November 1980	High/low mix concept of mine countermeasures ship construction concurred in by Chief of Naval Operations in the force mix Chief of Naval Operations Executive Board decision.
December 1980	Draft operational requirement approved by the Office of the Chief of Naval Operations.
February 1981	Concept design study requested. Plan of action and milestones established.
March 1981	Concept design completed.
April 1981	MCM Concepts 85-90 study of mine force levels mix and investigation of low cost ship options
December 1981	Ship Acquisition Improvement Panel convened by Chief of Naval Operations to discuss results of the Minesweeper Hunter concept design.
January 1982	Draft operational requirements modified favoring low mix alternatives and smaller, less costly design. Secretary of the Navy expressed concerns to Chief of Naval Operations that cost as envisioned was too high, and requested reexamination of the operational requirements and cost and performance trade-offs. In addition, he encouraged foreign technology transfer

Assistant Secretary of the Navy (Shipbuilding and Logistics) expressed concerns to the Deputy Commander, Ship Design and Integration, Naval Sea Systems Command, that the Navy had not adequately examined the use of foreign products and glass reinforced plastic.

March 1982

Acquisition Review Board (pre-Ship Improvement Acquisition Panel) discussed procurement subsystems and hull material alternatives.

Assistant Secretary of the Navy (Shipbuilding and Logistics) requested further review of Acquisition Review Board's March 16, 1982, recommendations.

April 1982

Commander, Mine Warfare Command, provided an assessment of European mine hunter designs.

Program office rescinded request to commence Minesweeper Hunter preliminary design. Concept design extended to about the end of 1982.

May 1982

Navy management directed that technical assessments team be organized to evaluate minehunters of European allies.

August 1982

Second program manager assigned.

First contracting officer assigned.

September 1982

Ship acquisition project manager initiated the procurement process by preparing a procurement request for phase I and phase II design contracts.

October 1982

Preliminary letter of inquiry released to potential builders.

Acquisition strategy approved.

Industry briefing held for prospective offerors

Chronology of Events

November 1982	Top level requirements promulgated.
December 1982	Combined phase I and II request for proposal released to interested industrial concerns
January 1983	Offerors conference conducted.
February 1983	Secretary of the Navy designated Commander, Naval Sea Systems Command, source selection authority for the Minesweeper Hunter Program and designates the program ACAT IIS
March 1983	Source selection plan approved by Commander, Naval Sea Systems Command. Six industry proposals for phase I design received. Acquisition strategy approved by Chief of Naval Materiel.
April 1983	Evaluation of shipbuilders' proposals completed and summarized in the Proposal Analysis Report to source selection authority Four fixed-price phase I design contracts awarded.
June 1983	Phase I, first design review conducted at builders' sites by the Naval Sea Systems Command.
August-September 1983	Phase I, second design review conducted at Naval Sea Systems Command.
September 1983	Source Selection Evaluation Board conducted technical evaluation. Based on the Advisory Council's concerns, discussions with all four contractors were held and best and final offers were requested before making final selection.

Chronology of Events

Offerors notified discussions would be held

October 1983

Formal questions provided by Naval Sea Systems Command in writing.

Discussions held by Naval Sea Systems Command with all four contractors about proposals.

Best and final offers received for phase II design.

Source Selection Advisory Council report prepared and presented to source selection authority. Based on report, two builders selected to develop phase II contract design.

November 1983

Assistant Secretary of the Navy (Shipbuilding and Logistics) informal program reviews conducted with representatives from the Office of the Chief of Naval Operations and the Naval Materiel Command.

January 1984

The Naval Sea Systems Command issued phase III request for proposal to phase II contractors

March 1984

Chief of Naval Materiel approved revision to acquisition strategy prior to lead ship detail design and construction award.

July 1984¹

Phase II data packages delivered and proposals submitted for phase III request for proposal.

Source Selection Evaluation Board proposal summary analysis report presented to Source Selection Advisory Council.

August 1984

Source Selection Advisory Council determined based on Source Selection Evaluation Board technical and management reports that each proposal contained numerous deficiencies and contractor discussions were requested.

Source Selection Evaluation Board developed questions for contractors covering a variety of technical, management, support and business areas.

Discussions held with two contractors.

Responses to questions received. Discussions reopened for 1 day to discuss technical manuals. Best and final offers received. Total target prices for nine ships—contractor #1, \$234,243,906 and Contractor #2, \$147,325,678.

August-September 1984

Source Selection Evaluation Board conducted evaluation of responses. Second round of discussions required by Naval Sea Systems Command. Source Selection Evaluation Board asked to develop a second set of questions.

September 1984

Source Selection Evaluation Board questions released to contractors

Discussions held with one contractor, while second contractor declined to participate

Responses to questions and second best and final offers received. Total evaluated prices for nine ships—contractor #1, \$224,490,008 and contractor #2, \$149,407,174.

September-October 1984

Source Selection Evaluation Board evaluated responses.

October 1984

Source Selection Advisory Council reviewed risk associated with contractor proposal.

November 1984

Source Selection Advisory Council report issued. Source selection authority decision announced.

Contract awarded to Bell Aerospace Textron.

Second contracting officer appointed.

July 1985

Third program manager assigned.

Chronology of Events

December 1985

Ship specification reading/revision conference completed.

February 1986

Construction deferred; alternative courses of action proposed.

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