

DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
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MEMORANDUM OF UNDERSTANDING
BETWEEN
COMMANDER, NAVAL SEA SYSTEMS COMMAND
AND
COMMANDER, NAVAL SUPPLY SYSTEMS COMMAND

Subj: MEMORANDUM OF UNDERSTANDING

1. PURPOSE: The purpose of this Memorandum of Understanding (MOU) is to establish a contracting alliance between the Naval Sea Systems Command (NAVSEA) and the Naval Supply Systems Command (NAVSUP) to provide contracting maintenance support for afloat Fleet assets within the U.S. This MOU covers the management of boat, service-craft, ship and all other classes of water-borne vessels that come under the program management of the Naval Sea Systems Command and affiliated Program Executive Offices (PEOs). The introduction of increasingly complex, integrated weapon systems, along with the evolution of more concentrated ship maintenance availabilities, requires close integration of the Navy's engineering, acquisition, maintenance, material and contracting communities and necessitates an orderly, well-managed approach to our common goal of improved Navy readiness, sustainability, and Fleet service.

2. BACKGROUND: The compact arrangement of machinery and systems aboard ship, the sophistication of systems, technical requirements for systems and installation processes/procedures, and the Navy's absolute requirement for reliable operation create a unique

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maintenance/modernization/repair environment that demands special expertise, knowledge, presence and capability. Naval ships and vessels are designed and built with a high degree of interaction among component systems. Repairs or modifications to a single system or component may have widespread effects on operation of many other systems or components that are physically remote from one being repaired. A thorough understanding of these requirements and the ability to manage/integrate them into shipboard work as an integral package is absolutely essential.

NAVAL SEA SYSTEMS COMMAND (NAVSEA):

As specified in SECNAVINST 4700.6 and OPNAV 4700.7, NAVSEA is the coordinator of shipbuilding, conversion and repair for the Department of Defense and, as such, commands the Naval Shipyards and Supervisors of Shipbuilding (SUPSHIPS) for the purposes of effectively handling boat/service craft/ship building, design, modernization, repair, conversion, activations, deactivations and disposal. As set forth in Navy regulations, the designated Naval Supervising Activity (Naval Shipyards or SUPSHIPS for private yards) engages in planning functions and will be responsible for the execution of scheduled ship repairs and overhaul availabilities.

NAVAL SUPPLY SYSTEMS COMMAND (NAVSUP):

In accordance with OPNAVINST 4700.7, NAVSUP is responsible for the procurement of material in accordance with technical specifications by the hardware systems commands. NAVSUP is responsible for contracting for supplies and services throughout the Department of the Navy for which no other contracting activity or command is delegated contracting authority (NAPS 5201.601).

3. SCOPE: The responsibilities assigned to the Systems Commands applicable to research, development and acquisition and associated life cycle management are set forth in SECNAVINST 5400.15 series. In implementing these responsibilities, redundancy in areas of contracting occurs in Fleet concentration areas. It is in the best interest of the parties to collectively work together to achieve efficient results for our Fleet customers. The acquisition

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strategy for ship repair and maintenance execution should be coordinated to provide a joint cooperative face to the Fleet customer. This MOU is developed to provide guidance that can be further refined within the specific Fleet port/region.

4. DELINEATION OF CONTRACTING RESPONSIBILITIES:

Maintenance, repair, modernization efforts requiring private sector contractors for CNO/Fleet scheduled ship repairs and overhaul availabilities is SUPSHIP responsibility. Maintenance/modernization/repair work in this context is that work requiring a private contractor to perform work that structurally alters and/or effects systems onboard the vessel. Those unplanned or emergent private sector repair contracting requirements identified outside scheduled ship availabilities, shall normally be contracted by/through SUPSHIP. That shipboard equipment removed by ship's force for repair or refurbishment and requires re-installation by private sector contractors shall be coordinated through the SUPSHIP.

In conjunction with the Regional Ship Repair Work Brokering Offices, SUPSHIPS and FISCs will jointly develop a plan (to be reported by October 2002) to align existing private sector ship maintenance, repair and modernization contracts in the most efficient manner, to conclude by October 2004 (FY05). A transition plan to transfer contract administration to SUPSHIP(s) for existing contracts should occur within six months of approval of this agreement.

Shipboard generated habitability renovations/projects occurring during availabilities and contracted by FISC will be coordinated with the NSA (SUPSHIP or Naval Shipyard as applicable) for work integration, scheduling, sequencing and QA functions.

NAVSEA and NAVSUP will pursue a national material strategy that will centralize all material procurement functions, management of excess material, and improve forecasting for industrial material in support of ship repair. This is to include material requirements resulting from scheduled availabilities, including long lead-time material.

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As part of the contracting alliance, NAVSEA and NAVSUP will continuously review contracting processes to identify and consolidate all cross-functional contracting opportunities across claimancies, and share best practices and lessons learned. Questions regarding performance of the contract function will be resolved at the regional business level. In the event a resolution cannot be affected at the regional business level, the issue shall be raised to NAVSEA 02 and NAVSUP 02 to coordinate resolution.

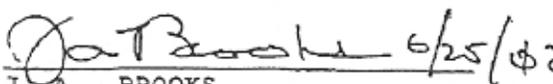
5. PARTIES TO THE MOU: NAVSEA and NAVSUP and their attendant field activities are the parties to this Memorandum of Understanding. The MOU is established to strengthen the professional cooperation among those contracting activities which derive contracting authority from these two Head of Contracting Activities (HCAs) and to reduce the overlap of contracting responsibility that sometimes occurs.

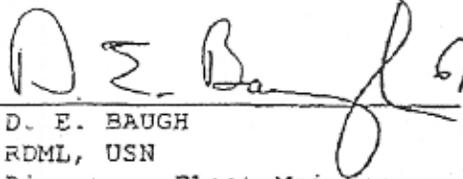
6. EFFECTIVE DATE: This MOU is effective upon the date signed by both parties and shall remain in effect until changed by mutual agreement of the parties.

7. APPROVING OFFICIALS:

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