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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

APR 20 1971

CIVIL DIVISION



Dear Admiral Bender:

We have made a survey of selected activities at the Coast Guard Yard (Yard), Curtis Bay, Maryland, in which we examined into the use being made of Yard facilities. Yard activity has amounted to approximately \$17 million annually during the last several years, but the scheduled workload for fiscal year 1971 was the lowest since fiscal year 1960. Moreover, even lower workloads are anticipated during fiscal years 1972 and 1973. The records indicate that while a return to greater activity is anticipated after fiscal year 1973, responsible Coast Guard officials are concerned that during the intervening period the Yard cannot maintain an economically viable industrial operation.

In view of the above, we inquired into the potential for increased use of the Yard for repair and alteration work. Headquarters schedules certain vessels into the Yard bi-annually for planned work. However, there is a considerable amount of additional work performed at the discretion of District Commanders at commercial shipyards.

During fiscal year 1970, the five districts in the Eastern Area paid about \$3.4 million to commercial shipyards for repair and alteration of vessels stationed in these districts. Our inquiries at the First District showed that, for the larger vessels assigned to that District (vessels 133 feet and longer), 23 contracts totaling about \$1.1 million were awarded for repair and alteration work at commercial yards during fiscal year 1970. On the basis of the type of work involved and the capabilities of the Yard, it appeared that the work performed under 19 of these contracts, at a cost of about \$860,000 could have been performed at the Yard. However, there were no formal procedures or criteria for determining whether this work should have been performed at the Yard or at commercial facilities. Consequently, we could not determine whether the arrangements followed were to the greatest overall benefit of the Coast Guard.

In view of the significant amount of repair and alteration work being contracted for commercially and the current need for additional workload at the Yard, we believe that District Commanders should be required to document decisions for obtaining repair and alteration work.

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Such documentation should include evidence of consideration of the Yard's capabilities and should demonstrate that the decisions made represent the greatest overall benefit to the Coast Guard.

We appreciate the cooperation and courtesies extended to us by the Yard and District officials during our survey. We would appreciate your advice as to any action taken by the Coast Guard on the matter discussed in this letter.

Sincerely yours,



Richard W. Kelley
Assistant Director

Admiral Chester R. Bender
Commandant
The Coast Guard