SEC. ___. SHIP TO SHORE CONNECTOR PROGRAM.

(a) CONTRACT AUTHORITY.—Notwithstanding any provision of law pertaining to multiyear contracts, the Secretary of the Navy may enter into one block buy contract to procure up to 8 Ship to Shore Connector craft.

(b) LIABILITY.—Any contract entered into under subsection (a) shall provide that any obligation of the United States to make a payment under the contract is subject to the availability of appropriations for that purpose, and that total liability to the Government for termination of any contract entered into shall be limited to the total amount of funding obligated at time of termination.

Section-by-Section Analysis

Procurement of Ship to Shore Connector (SSC) craft is required to preserve the Fleet's requirement to transport weapon systems, equipment, cargo, and personnel of the assault element from the Marine Air/Ground Task Force. SSC is the replacement for the existing Landing Craft, Air Cushion (LCAC), which began reaching the end of its service life in Fiscal Year (FY) 2015. For timely and efficient replacement of LCAC's capability, the Fleet requires steady delivery of 73 SSC craft through FY 2027. The SSC program competitively awarded a contract to Textron Systems in FY 2012 for Detail Design and Construction of one Test and Training craft and eight option craft through FY 2016. The program's Acquisition Strategy calls for the continuation of sole source awards to Textron from FY 2017-2021 for continued production of craft and for the introduction of competition for a Follow Yard (2nd Shipbuilder) to continue the orderly ramp up of craft per year to meet the Navy's requirement.

Notwithstanding section 2306 of title 10, United States Code, this proposal would allow the Secretary of the Navy to award a Block Buy contract to Textron for up to 8 craft for the period 2017-2018 as reflected in PB17. In the event PB17 quantities are modified for the period 2017-2018, the number of craft under the Block Buy would be modified equivalently. Advance Procurement (AP) funding is not requested.

The Department of Defense expects the Block Buy contracts to yield similar benefits to those realized by the Block Buy contract strategies employed by other shipbuilding programs. Block Buy contracts would generate substantial savings compared to the annual procurement cost estimates and would: (1) result in stabilization and optimization of production workforces and facilities; (2) improve procurement stability by enabling longer term vendor contract commitments; and (3) reduce disruptions in vendor delivery schedules.

Block Buy contract authority is appropriate for the SSC program due to its low risk, stable costs, and confirmed need by the Fleet. SSC is a non-developmental program based on

existing Navy and commercial standards, the craft detail design is nearing completion, and production began on the first two crafts in early FY 2015. The first craft, a Test and Training craft, is planned to be delivered in the third quarter of FY 2017, prior to starting fabrication of craft awarded under the Block Buy contracts. Furthermore, program costs remain within established targets.

Textron will submit two pricing proposals: one proposal for annual with options and a second proposal for a Block Buy. Comparison of the pricing proposals for annual with options and Block Buy will allow the Department to verify Block Buy savings.

Budget Implications: Based on analysis of potential SSC contract scenarios and cost reductions seen in previous Block Buy contracts, the Navy estimates a total savings of $8 million associated with Block Buy contracting. This represents approximately an estimated 3 percent savings over the Annual Resource Requirements with Options baseline. These savings are currently reflected in the DON's FYDP budget submission and the SSC Resource Requirements table below.

SSC Resource Requirements

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Appropriation From	Budget Activity	P1 Line Item	Program Element
PB17	128.1	333.0	501.4	625.5	653.6	Shipbuilding and Conversion, Navy (SCN)	05	26	0204228N
Total	128.1	333.0	501.4	625.5	653.6				

SSC Block Buy Savings per year

SAVINGS PER YEAR ($ MILLIONS)			
	FY 2017	**FY 2018**	**Total**
Annual Quantities	2	6	8
Baseline: Annual with Options 8 craft	$130.1	$339.0	$469.1
Block Buy 8 craft	$128.1	$333.0	$461.1
PB17 Delta	0	0	0
Savings Compared with Baseline (Annual with Options)			
	$2.0	$6.0	$8.0

****Block Buy savings are already reflected in the Navy's FYDP budget submission**

Changes to Existing Law: This proposal would make no changes to the text of existing law.