

FY23

NAVFAC PERFORMANCE REPORT

Puget Sound Naval Shipyard
Washington



I am pleased to present NAVFAC's Performance Report for Fiscal Year (FY) 2023, representing our enduring commitment to measure our SYSCOM's performance in order to assess, learn, and improve delivery on the most consequential outcomes for the Navy and Marine Corps mission.

My #1 Strategic Priority is to Improve Execution Performance. This report provides a transparent assessment where we are on track, where we are off track, and the countermeasures we are undertaking to close performance gaps. The highlights that follow are an assessment of my top priorities.

VR/
DVL

Rear Admiral
Dean VanderLey

Assessment Trend



Off-Track



On-Track

Planning, Design & Construction Cost and Schedule Performance (Pages 7–8)

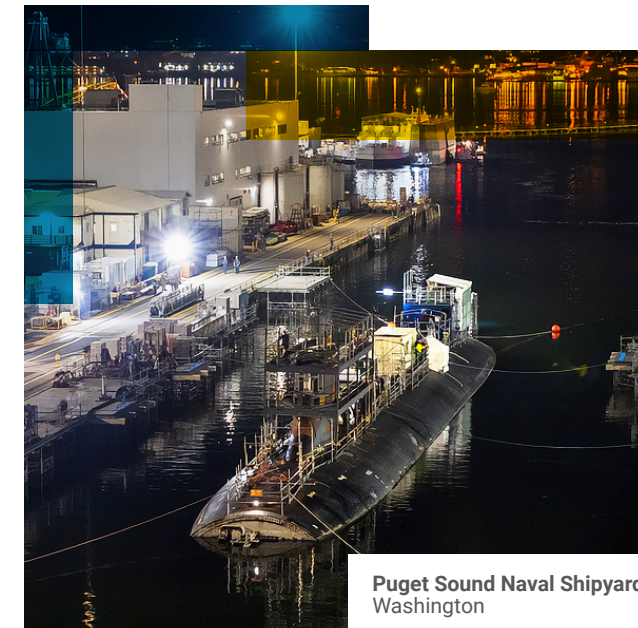
Our nation is investing in infrastructure that enables availability of naval forces, driving significant growth in the military construction program. In FY24, NAVFAC is anticipating the highest year on record at almost \$8 billion.

Our FY23 performance measures show we are off track and must take immediate action to improve. In September, I integrated NAVFAC's planning and design organizations and processes to achieve more mature and budget-ready project scopes and cost estimates. I also enhanced our governance structure to elevate issues for large and high-risk projects. In FY24, I will enact further improvements to cost estimating and governance processes for all military construction projects.

Maintenance & Facility Operations Preventative Maintenance (Pages 9–10)

In FY23, we focused on improving preventative maintenance performance, resulting in measurable improvements in completion metrics as well as data accuracy. This, coupled with our larger utilities campaign plan, will continue to improve operational effectiveness and condition status.

Next year, I will increase focus on infrastructure inspection and assessment as well as processes to mitigate and manage operational risk associated with degraded infrastructure condition. This will provide increased leadership visibility on infrastructure condition and reduce risk to mission.



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Cybersecurity Risk Assessment and Management (Page 11)

Last year's assessment report identified that the growth and complexity of cybersecurity related to Mission Critical Facility-Related Control Systems (MC-FRCS) was outpacing capacity. In FY23, we adjusted our approach to identify all MC-FRCS so we could fully understand the scope of risk and determine how to best apply limited resources.

This resulted in only one newly authorized MC-FRCS; however, our focus on identification nearly doubled the inventory of known MC-FRCS. We can now identify where risk to mission is greatest and will re-focus on authorizing the highest priority MC-FRCS next year.

Real Estate Return on Investment (Page 14)

Our unique real estate authorities provide the infrastructure the Navy and Marine Corps need outside of the traditional military construction appropriation process. For three straight years, we have exceeded our target for an 11:1 return on investment ratio by leveraging non-Federal Acquisition Regulations authorities to avoid capital investment. I intend to continue aggressively leveraging this capability as an integral part of providing acquisition solutions for Navy and Marine Corps shore infrastructure needs.

NAVFAC’s mission, functions, and tasks are encompassed within ten capabilities unique to our SYSCOM role, each with a strategic objective to maximize our support to Fleet and Marine Corps forces.

This report measures performance against the tier 1 outcomes that support the strategic objectives of each capability.

Planning, Design & Construction

Strategic objective: Improve the speed, cost control, and quality of military construction (MILCON) project delivery

Expeditionary Engineering & Logistics

Strategic objective: Exercise Expeditionary, Table of Allowance, and Contingency Engineering responsibilities to enable Naval and Joint Warfighter readiness

Maintenance & Facility Operations

Strategic objective: Deliver reliable and resilient infrastructure based on Fleet and Marine Corps priorities with focus on Task Critical Assets

Ocean Facilities & Equipment Engineering

Strategic objective: Assure continued Fleet dominance at-sea and ashore through innovation and engineering

Cybersecurity: Facility-Related Control Systems

Strategic objective: Support Fleet operational readiness by securing all Facility-Related Control Systems (FRCS) of defense critical infrastructure

Real Estate Acquisition & Management

Strategic objective: Increase operational capability while reducing Navy total ownership costs

Environmental Compliance

Strategic objective: Comply with National Environmental Policy Act (NEPA) and environmental site regulations

Environmental Conservation

Strategic objective: Assess the overall health, status, and effectiveness of shore conservation for natural and cultural resources

Weight Handling Ashore Procurement & Inspection

Strategic objective: Lead the Navy’s shore activity weight handling program by establishing policy and providing engineering, acquisition, technical support, training, and oversight for compliance to maintain readiness

Non-Tactical Vehicles & Equipment Maintenance and Operations

Strategic objective: Provide the Navy with transportation services that meet Fleet and shore readiness requirements



Marine Corps Base Camp Lejeune
North Carolina

Walter Reed National Military Medical Center
Maryland

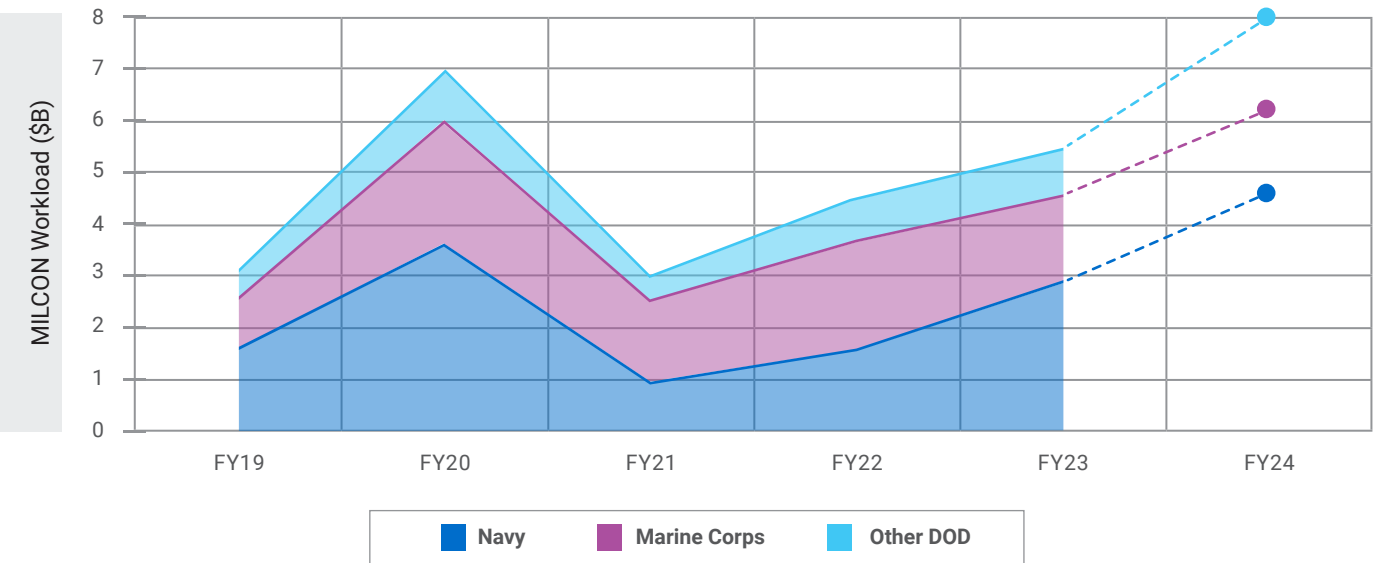


Capabilities Progress Report

PLANNING, DESIGN & CONSTRUCTION

Strategic objective: Improve the speed, cost control, and quality of military construction (MILCON) project delivery

MILCON Workload



Marine Corps Base Camp Lejeune
North Carolina



Assessment

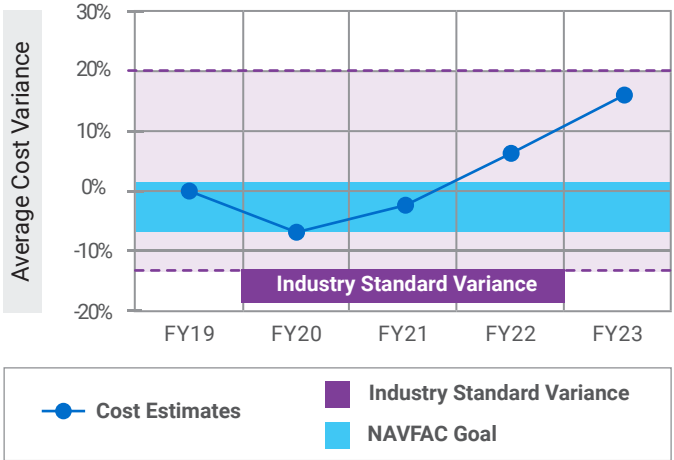
\$8 billion projected in FY24 represents the largest ever single-year MILCON project workload

FY24 MILCON workload highlights include:

- Shipyard Infrastructure Optimization Program
- U.S. Indo-Pacific Command
- Critical Infrastructure & Utilities
- Quality of Life

Strategic objective: Improve the speed, cost control, and quality of military construction (MILCON) project delivery

Cost Estimates Compared to Actual Award Costs



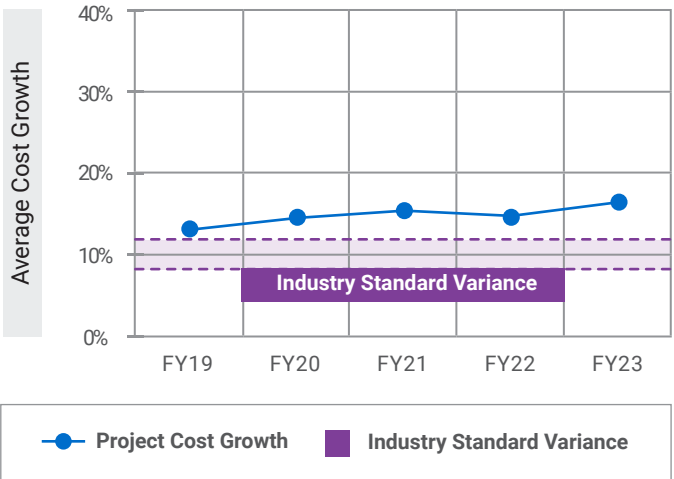
Assessment

- Cost variance due to unexpected inflationary impacts
- Many budget estimates predate 2022 inflation surge and 2020–2021 pandemic

Countermeasure

- Improve cost and schedule risk modeling and analysis to inform costs
- Adjust escalation factors informed by economic data and labor/material forecasts

Average Project Cost Growth During Construction



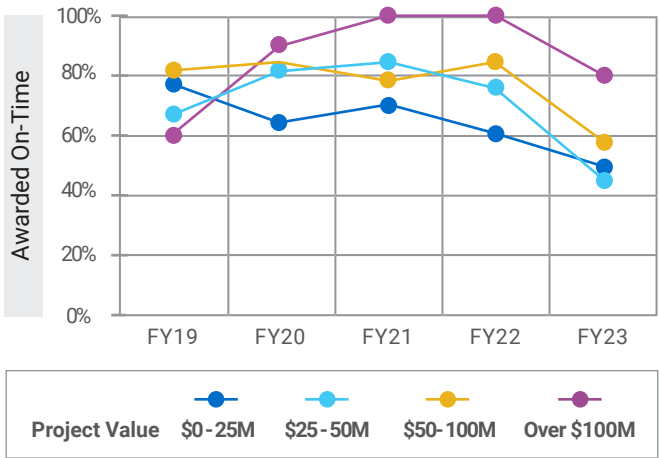
Assessment

Root causes are customer requested changes, unforeseen site conditions, and inflationary pressure on construction material and labor costs

Countermeasure

- Mature governance to reduce customer changes
- Invest in planning and engineering studies to reduce unforeseen conditions

Projects Awarded as Planned



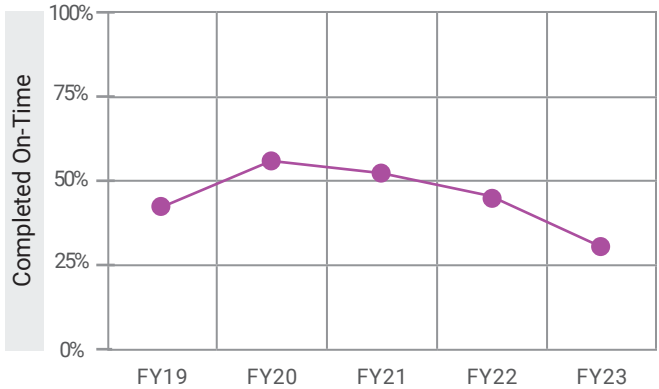
Assessment

Performance trending lower due to market swings, customer changes, unforeseen site conditions, and late add projects

Countermeasure

- Streamline organization to integrate planning and design processes
- Mature governance to reduce changes and project adds

Projects Completed by Mission Need Date

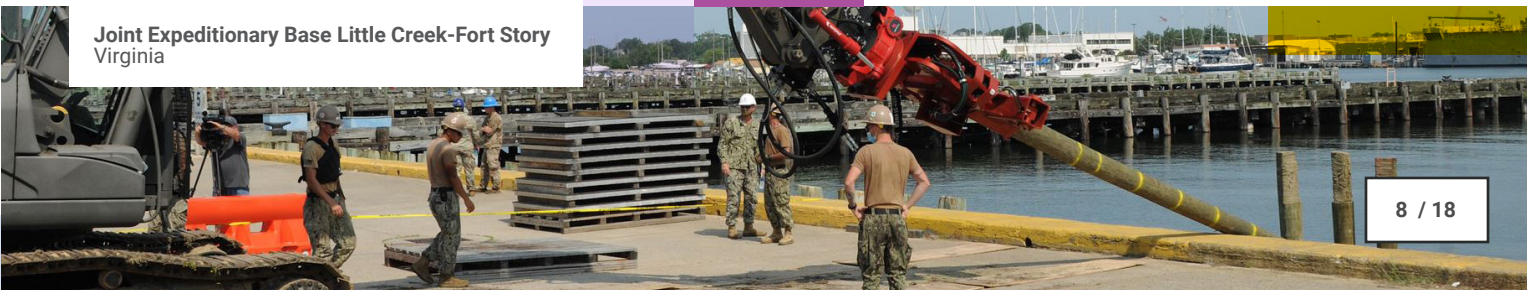


Assessment

Performance trending lower due to customer requested changes and unforeseen site conditions

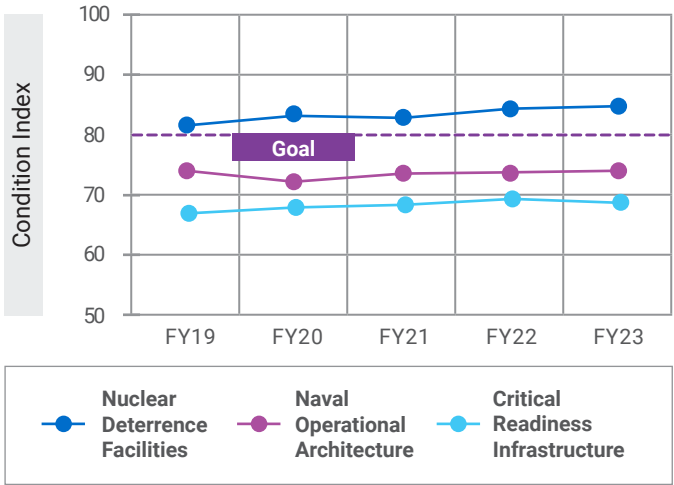
Countermeasure

- Mature governance to reduce customer changes
- Invest in planning and engineering studies to reduce unforeseen conditions



Strategic objective: Deliver reliable and resilient infrastructure based on Fleet and Marine Corps priorities with focus on Task Critical Assets

Critical Building Condition Index



Assessment

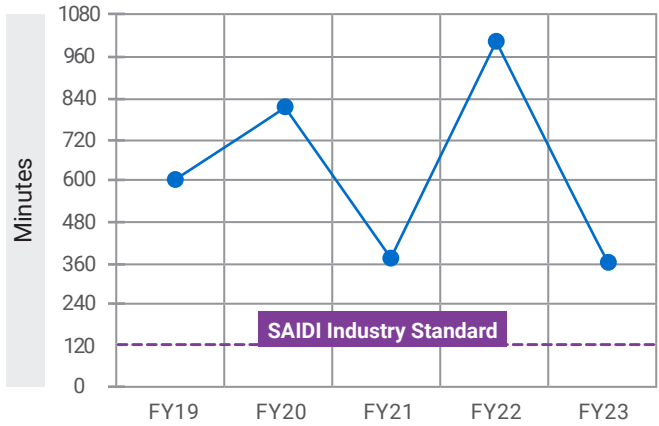
Focused on risk mitigation through:

- Increased chain of command involvement in maintenance investment plans
- Improved preventative maintenance perform to plan

Countermeasure

- Improve inspection, assessments, and evaluations
- Refine risk mitigation processes
- Communicate risk exposure to Fleet

Electrical Resilience Power Outage Duration

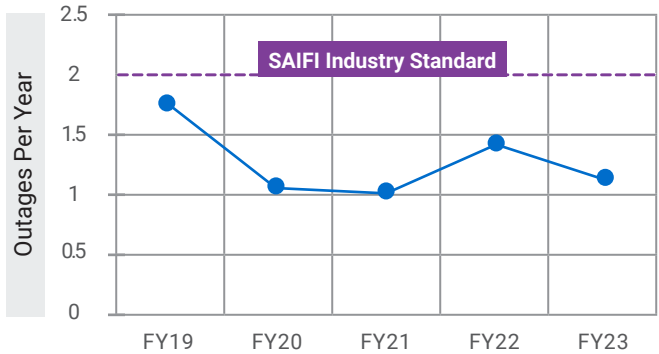


Assessment

Focused on preventative maintenance (PM) to inform risk decisions and utilities investment

- Improved PM perform to plan to 85%, up 9%
- Improved data-based investment decisions with greater data accuracy
- Aligned on standards and measures and institutionalized processes for sustainability of effort

Electrical Reliability Power Outage Frequency



Countermeasure

- Monitor PM performance and relationship to utilities outages
- Roll out utilities risk scoring to inform mission owners of infrastructure risks

Precast Fabrications for Portsmouth Naval Shipyard Maine

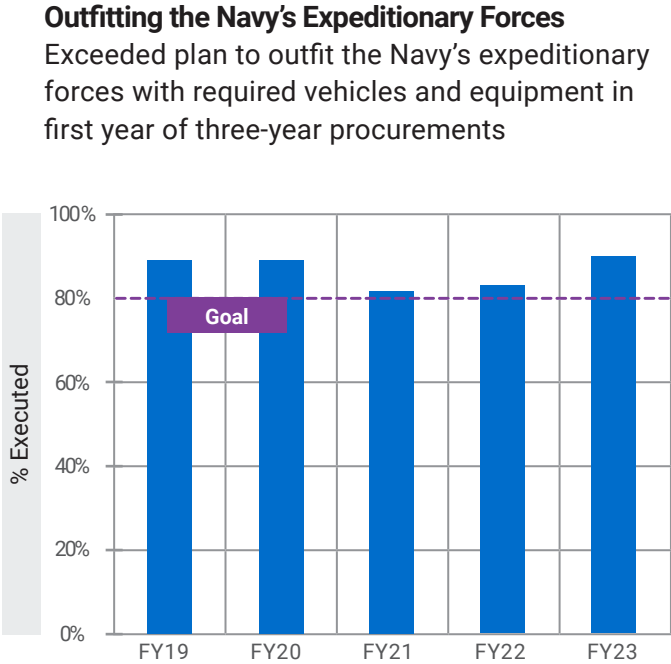
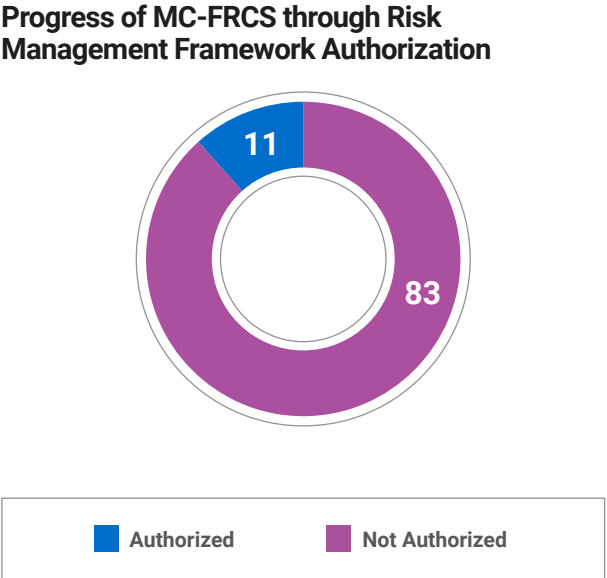
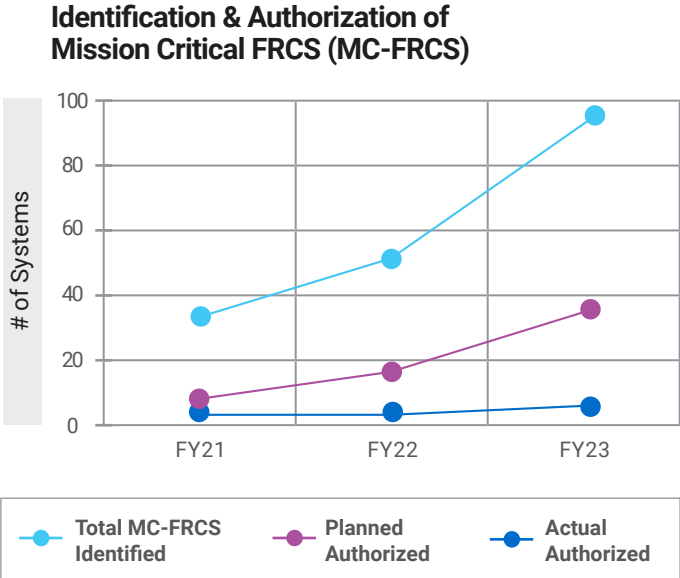


Joint Base Pearl Harbor-Hickam Hawaii



Strategic objective: Support Fleet operational readiness by securing all Facility-Related Control Systems (FRCS) of defense critical infrastructure

Strategic objective: Exercise Expeditionary, Table of Allowance, and Contingency Engineering responsibilities to enable Naval and Joint Warfighter readiness



Expeditionary Research and Development
96% RDT&E initiative milestones met, exceeding 90% goal

Sustaining the Navy's Expeditionary Forces
Improved Fleet equipment readiness by reducing time to resolve Coordinated Shipboard Allowance List feedback

Tables of Allowance (TOA) for Expeditionary Forces
Completion of TOA reviews for Expeditionary Combined Task Forces 56, 68, and 75 provides them greater agility to adapt to mission changes

Assessment

Prioritized understanding full scope of MC-FRCS over risk assessments of known MC-FRCS

Countermeasure

Complete decomposition in FY24 and aggressively pursue platform enclave connection and Authority to Operate for highest priority MC-FRCS

Assessment

Improved Fleet readiness and agility for expeditionary acquisition and missions

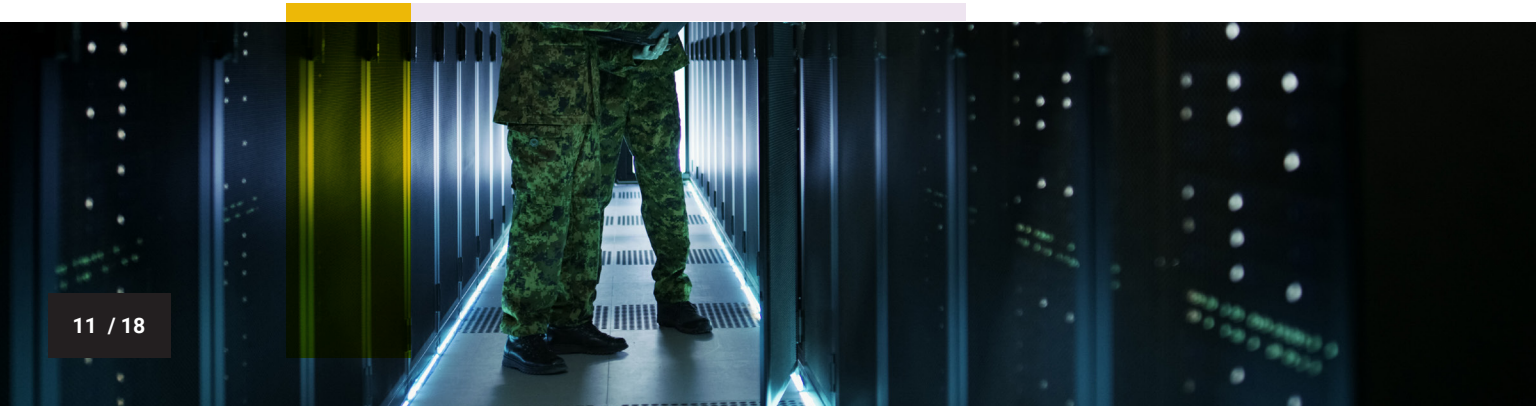
Contingency Engineering
100% Supported Command project timelines and requirements met

Enabled Combatant Command security cooperation through completion of 23 projects in 14 partner nations

Countermeasure

Drive acquisition agility and readiness for all phases of military operations

Wartime Acquisition Readiness
Conducted NAVFAC's first wartime readiness exercise and continued development of a playbook that enables agile response in all phases of operations

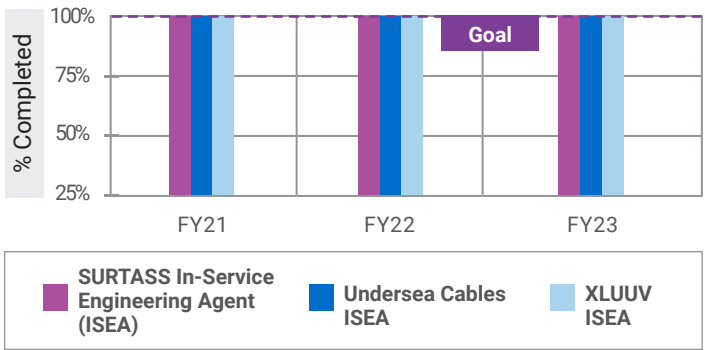


OCEAN FACILITIES & EQUIPMENT ENGINEERING

Strategic Objective: Assure continued Fleet dominance at-sea and ashore through innovation and engineering

Enable Undersea Surveillance

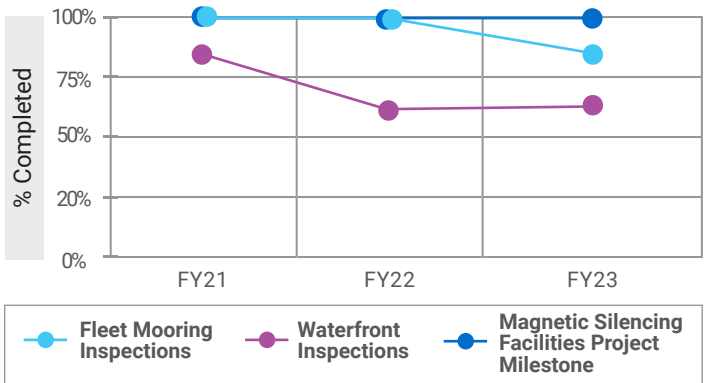
- Delivered second phase equipment for the Maritime Test Bed, providing enhanced training, testing, and evaluation
- Delivered two operational Surveillance Towed Array Sensor Expeditionary Systems (SURTASS) to the existing fleet of four passive systems



Enable Sustainment of Waterfront Infrastructure



U.S. Fleet Activities Sasebo Japan



Assessment

- Funds and travel phasing improved waterfront inspections performance
- Typhoon Mawar drove Fleet mooring inspection delays

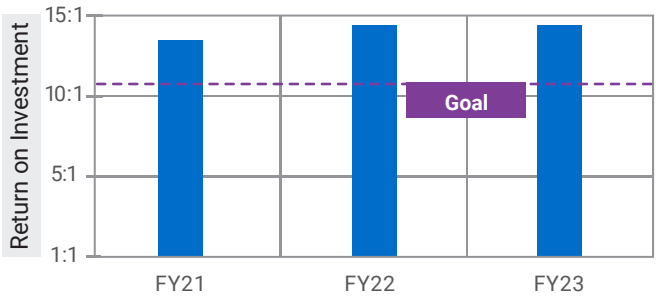
Countermeasure

Continue to align resourcing and acquisition phasing for opportunities to better leverage capability and enable flexibility

REAL ESTATE ACQUISITION & MANAGEMENT

Strategic Objective: Increase operational capability while reducing Navy total ownership costs

Innovative Land Use Agreements



Assessment

Capability exceeded goal by using non-Federal Acquisition Regulation authorities to avoid traditional MILCON or other capital investment

Countermeasure

Continue to leverage real estate capabilities to supplement MILCON requirements at the speed of relevance along with continued cost savings

Readiness and Environmental Protection Integration

\$7.8M secured 32,968 acres valued at \$68.3M for encroachment protection, sustainment, and expansion of Navy operations, testing, and training



Naval Station Mayport Florida

Fleet Readiness Center-East

Intergovernmental Support Agreement planned for East Coast C-130 overhaul for USMC and other DOD using \$15M/year vice \$350M MILCON investment

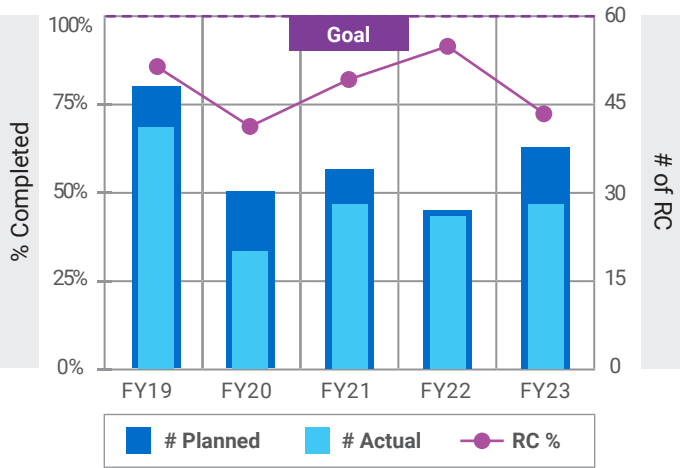
Marine Corps Air Station Cherry Point North Carolina



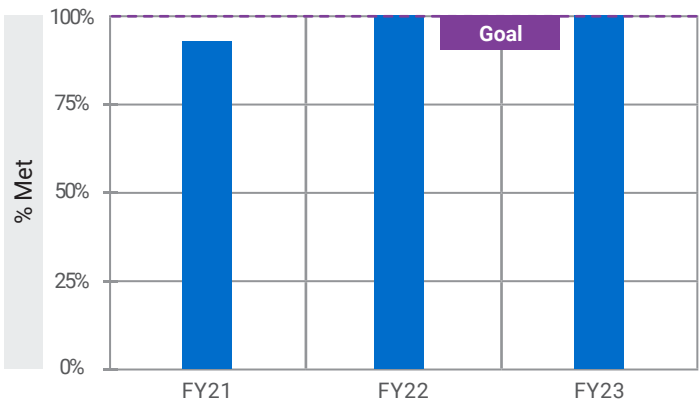
ENVIRONMENTAL COMPLIANCE

Strategic Objective: Comply with National Environmental Policy Act (NEPA) and environmental site regulations

Restoration Response Complete (RC)



NEPA Documents Meeting Operational Support Date



Countermeasure

Ensure timely approval of compliance actions through early engagement with environmental regulators

McEntire Joint National Guard Base
South Carolina



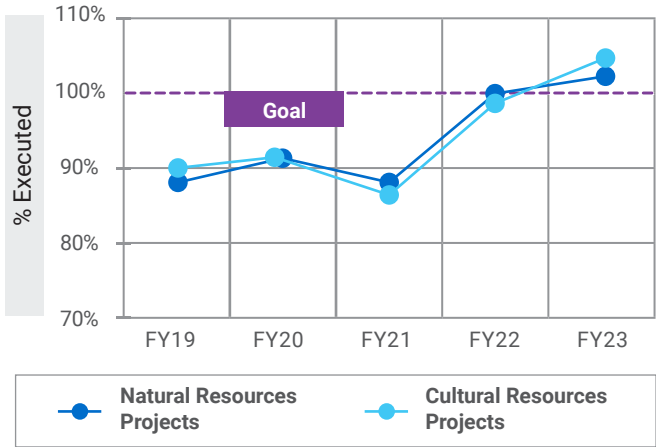
Assessment

Environmental restoration response performance reflects increased complexity, such as unforeseen site conditions, the addition of a large number of per- and polyfluoroalkyl substances sites, and unexpected program additions

ENVIRONMENTAL CONSERVATION

Strategic Objective: Assess the overall health, status, and effectiveness of shore conservation for natural and cultural resources

Projects Executed to Plan



Assessment

Exceeded 100% perform to plan by executing emergent customer requirements

Naval Base Ventura County
California



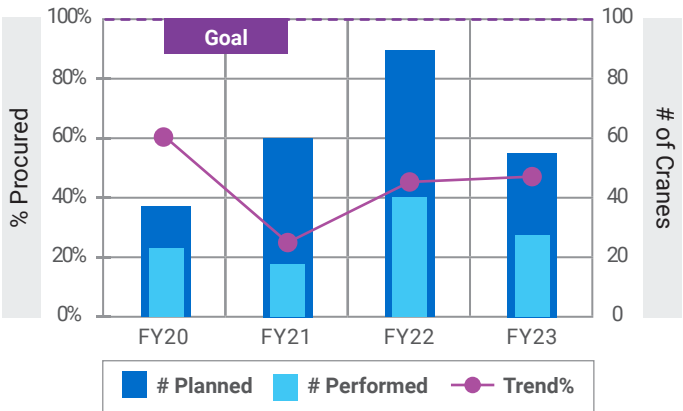
Countermeasure

Review plans to identify opportunities to further leverage capacity and capability

WEIGHT HANDLING ASHORE
PROCUREMENT & INSPECTION

Strategic objective: Lead the Navy’s shore activity weight handling program by establishing policy and providing engineering, acquisition, technical support, training, and oversight for compliance to maintain readiness

Future Equipment Readiness
Crane Procurement Performance



Weight Handling Safety
Accident Prevention Triangle
DON-Wide Performance

OPNAV A	0	0
OPNAV B	2	0
OPNAV C	3	5
OPNAV D & Significant Accidents	51	63
Minor Accidents & Lower Threshold Events	198	194
Near Misses	491	505
	FY22	FY23

Assessment

Previous year procurement quality issues limited bandwidth for achieving current year goal

Countermeasure

- Continue focus on perform to plan metrics and CPARs
- Increase focus on first-time quality and implementation of lessons learned

Assessment

- Overall accident severity has increased despite the reduction of OPNAV B reportable accidents
- DON-wide 26% significant accident rate, which exceeds goal of 20%, is attributable to lack of manning to perform oversight

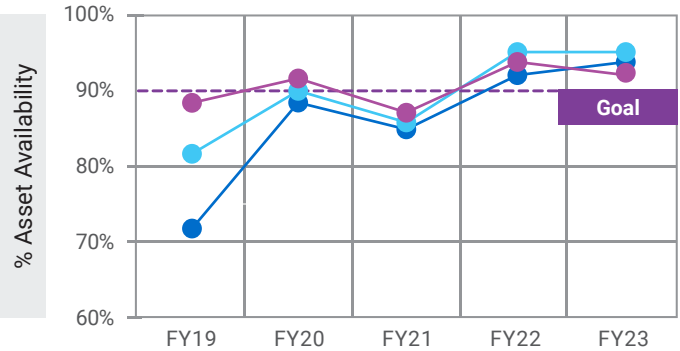
Countermeasure

Improve manning and training to increase oversight and fully execute evaluation schedule

NON-TACTICAL VEHICLES & EQUIPMENT
MAINTENANCE AND OPERATIONS

Strategic objective: Provide the Navy with transportation services that meet Fleet and shore readiness requirements

Average Availability for Priority 1–3 Assets



- **PRI 1: Mission Critical**
 - Crash Response
 - Ordnance Transport
 - Waterfront Crane Ops
- **PRI 2: Mission Essential**
 - Security
 - Incident Response
 - ATFP Patrol
 - Aviation Ops Support
- **PRI 3: Special Purpose**
 - Explosive Ordnance Disposal
 - HAZMAT
 - Emergency Management
 - Aviation Maintenance Support

Assessment

Met 90% availability goal for most critical vehicles and equipment

Countermeasure

- Focus on preventative maintenance to improve availability
- Improve data accuracy to predict availability and investment



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