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.

### 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.**

### 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

**Maintenance & Facility Operations**
*Strategic objective:* Deliver reliable and resilient infrastructure based on Fleet and Marine Corps priorities with focus on Task Critical Assets

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

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

**Ocean Facilities & Equipment Engineering**
*Strategic objective:* Assure continued Fleet dominance at-sea and ashore through innovation and engineering

**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
**Capabilities Progress Report**

**PLANNING, DESIGN & CONSTRUCTION**

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

**MILCON Workload**

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<td>Other DOD</td>
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**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

**Marine Corps Base Camp Lejeune**

North Carolina

**Precast Fabrications for Portsmouth Naval Shipyard**

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

**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

**Cost Estimates Compared to Actual Award Costs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost Estimates</th>
<th>Industry Standard Variance</th>
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**Projects Awarded as Planned**

- 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**

- 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

**Average Project Cost Growth During Construction**

- 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

**Joint Expeditionary Base Little Creek-Fort Story, Virginia**
Strategic objective: Deliver reliable and resilient infrastructure based on Fleet and Marine Corps priorities with focus on Task Critical Assets

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

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

Countermeasure
- Monitor PM performance and relationship to utilities outages
- Roll out utilities risk scoring to inform mission owners of infrastructure risks
**CYBERSECURITY: FACILITY-RELATED CONTROL SYSTEMS**

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

**Identification & Authorization of Mission Critical FRCS (MC-FRCS)**

**Progress of MC-FRCS through Risk Management Framework Authorization**

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

**EXPEDITIONARY ENGINEERING & LOGISTICS**

**Outfitting the Navy’s Expeditionary Forces**

Exceeded plan to outfit the Navy’s expeditionary forces with required vehicles and equipment in first year of three-year procurements

**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

**Contingency Engineering**

100% Supported Command project timelines and requirements met

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

**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

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**Actual**

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**Total MC-FRCS identified**

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**Goal**

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**Assessment**

Improved Fleet readiness and agility for expeditionary acquisition and missions

**Countermeasure**

Drive acquisition agility and readiness for all phases of military operations

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**Strategic objective:** Exercise Expeditionary, Table of Allowance, and Contingency Engineering responsibilities to enable Naval and Joint Warfighter readiness
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
- Funds and travel phasing improved waterfront inspections performance
- Typhoon Mawar drove Fleet mooring inspection delays

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

REAL ESTATE ACQUISITION & MANAGEMENT

Innovative Land Use Agreements
- Capability exceeded goal by using non-Federal Acquisition Regulation authorities to avoid traditional MILCON or other capital investment
- Continue to leverage real estate capabilities to supplement MILCON requirements at the speed of relevance along with continued cost savings

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

Return on Investment

Magnetic Silencing Facilities Project

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

Goal

Goal

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

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

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

Goal

Naval Station Mayport
Florida
**Strategic Objective:** Comply with National Environmental Policy Act (NEPA) and environmental site regulations

**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.

**Countermeasure**

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

**Projects Executed to Plan**

- Natural Resources Projects
- Cultural Resources Projects

**Assessment**

Exceeded 100% perform to plan by executing emergent customer requirements.

**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

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

Future Equipment Readiness
Cranes Procurement Performance

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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

• 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

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

Average Availability for Priority 1–3 Assets

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<tbody>
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<td>% Asset Availability</td>
<td>80%</td>
<td>70%</td>
<td>90%</td>
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Joint Base Pearl Harbor-Hickam
Hawaii

Goal

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
• HAIZMAT
• Emergency Management
• Aviation Maintenance Support