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Coast Guard Waterways Commerce Cutter (WCC) Program: Background and Issues for Congress

Introduction

The Coast Guard's Waterways Commerce Cutter (WCC) program envisages procuring 30 replacements for the Coast Guard's 35 aging river buoy tenders (WLRs), inland construction tenders (WLICs), and inland buoy tenders (WLIs). The Coast Guard wants to have the first new WCC be in service by 2025. On October 5, 2022, the Coast Guard awarded a contract to Birdon America, Inc. of Denver, CO, to build up to 16 WLRs and 11 WLICs. The Coast Guard's proposed FY2024 budget requests \$98.0 million in procurement funding for the WCC program.

Terminology

Cutters are Coast Guard vessels that are more than 65 feet long and have accommodations for a crew. (Those less than 65 feet long are called boats.) *Waterways* refers here to the intra-coastal waterways along the U.S. East and Gulf coasts, and to U.S. inland waterways such as the Mississippi River. *Tenders* are vessels whose primary mission is to maintain or repair something. Coast Guard tender designations begin with *WL*, meaning Coast Guard vessel (W) and tender (L). (The W in the acronym WCC, however, stands for waterways.)

WCC Missions

WCCs perform three primary missions under the Coast Guard's statutory role of providing aids to navigation (ATON): river buoy tending; inland construction tending (which involves driving and removing piles and erecting and repairing range towers and major lights); and inland buoy tending. WCCs are used for maintaining more than 28,200 marine aids to navigation on 12,000 miles of inland waterways on which 630 million tons of cargo move each year. Additional WCC missions include search and rescue (SAR), marine safety, marine environmental protection, and ports, waterways, and coastal security.

Existing Waterways Cutters

The Coast Guard's 35 existing WCCs—including 18 WLRs, 13 WLICs, and 4 WLIs—were built to nine different designs and are now generally old or very old, having been commissioned into service in 1990-1991 (2 of them), 1976 (4), 1960-1970 (25), 1954 (2), and 1944-1945 (2).

Geographic Distribution

As of 2019, the 18 WLRs were based at cities along the Mississippi and other inland rivers in Alabama, Arkansas, Illinois, Iowa, Kentucky (two cutters), Mississippi (three cutters), Missouri, Nebraska, Oklahoma, Pennsylvania, and Tennessee (four cutters). Although these locations are in the central and eastern United States, the rivers in question are referred to by the Coast Guard as the western rivers.

As of 2019, the 13 WLICs were based at cities along the U.S. East and Gulf coasts in Alabama, Florida (three cutters), Louisiana (two cutters), Maryland, North Carolina, South Carolina, Texas (three cutters), and Virginia. As of 2019, the four WLIs were based at locations in Alaska, Michigan, Oregon, and North Carolina.

Rationale for Building New WCCs

The Coast Guard states in its FY2024 budget submission that it wants to replace the 35 existing waterways cutters with new WCCs because “[i]n addition to age concerns and the associated equipment obsolescence issues, the legacy fleet presents other sustainment challenges, including hazardous materials stemming from the use of asbestos and lead paint during construction of these assets. Outdated technology and vessel designs have also led to crew safety concerns, maintenance cost increases, and non-compliance with environmental regulations. Finally, legacy vessel configuration does not allow the assignment of mixed gender crews in accordance with the Coast Guard's workforce goals.”

WCC Program

Program Initiation and Name

The WCC program was initiated in the Coast Guard's FY2018 budget submission. It was earlier called the Inland Waterways and Western Rivers Tender (or Cutter) program.

Acquisition Strategy

The Coast Guard wants to replace the 35 existing waterway commerce cutters with 30 new WCCs, including 16 WLRs, 11 WLICs, and 3 WLIs. The Coast Guard states:

The [16] River Buoy Tender [WLR] and [11] Inland Construction Tender [WLIC] variants will be acquired on one contract; these variants will maximize commonality with notable exceptions for hull length, working deck layout, and deck equipment, including the crane.

The [3] Inland Buoy Tender[s] [WLIs] will be acquired separately from the other two variants. In June 2021, the WCC Program began partnering with the U.S. Army Corps of Engineers Marine Design Center, which has experience with similar acquisitions, to develop a Government-led design for the Inland Buoy Tender variant. The Inland Buoy Tender will be contractor-built.

(U.S. Coast Guard, “Waterways Commerce Cutter,” accessed January 18, 2024.)

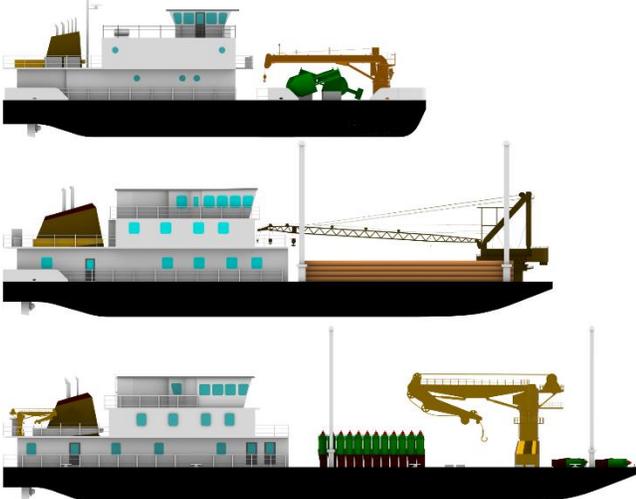
Figure 1 and **Figure 2** show renderings of WCCs. The winner of the WLR/WLIC contract (see below) will be able to compete for the WLI contract.

Figure 1. Notional Rendering of WLIC and WLR



Source: Notional vendor rendering of WLIC (left) and WLR (right), shown at U.S. Coast Guard, “Waterways Commerce Cutter,” accessed March 23, 2023.

Figure 2. Coast Guard Notional Designs for WLR, WLIC, and WLI



Source: Coast Guard illustration showing indicative (i.e., notional) designs for the WLI (top), WLIC (middle), and WLR (bottom), shown at U.S. Coast Guard, “Waterways Commerce Cutter,” accessed March 23, 2023.

Procurement Cost

An April 2023 Government Accountability Office (GAO) report on major Department of Homeland Security (DHS) acquisition programs states that as of June 2022, the WCC program’s total estimated procurement cost was \$922 million, or an average of about \$30.7 million per cutter. (GAO Report 23-106701, p. 52.)

Contract Award

On October 5, 2022, following a Request for Proposals (RFP) released on April 30, 2021, the Coast Guard announced that it had

today awarded Birdon America, Inc. of Denver, an indefinite-delivery, indefinite-quantity firm fixed price contract with economic price adjustments for the detail design and construction of its river buoy and inland construction tenders [WLRs and

WLICs]. The initial award is worth \$28.49 million. The contract includes options for the construction of a total of 16 river buoy tenders [WLRs] and 11 inland construction tenders [WLICs]. If all contract line items are exercised, the total contract value is estimated at \$1.19 billion.

A total contract value of \$1.19 billion for 27 WLRs and WLICs equates to an average cost of about \$44.1 million each.

April 2023 GAO Report

The April 2023 GAO report states

The contract award for the detailed design and construction contract for segment 1 [for the procurement of the WLRs and WLICs] and the acquisition decision event (ADE) 2B milestone have been delayed following a pre-award challenge....

The program plans to achieve initial operational capability (IOC) before adjudicating the full results of initial operational testing. This raises the possibility of rework if testing identifies problems, such as design flaws, on cutters that have already been produced. The Coast Guard plans to mitigate this risk by using the preliminary results from initial testing to inform its initial operational capability decision. (GAO Report 23-106701, p. 52; see page 53 for additional discussion.)

FY2024 Funding

The Coast Guard’s proposed FY2024 budget requests \$98.0 million in procurement funding for the WCC program, to be used for commencing production of WLIC #1 and WLR #1; procuring long leadtime materials (LLTM) for WLIC #2 and WLR #2; and other program activities. The House Appropriations Committee, in its report (H.Rept. 118-123 of June 27, 2023) on the FY2024 DHS Appropriations Act (H.R. 4367), recommends approving the funding request. The Senate Appropriations Committee, in its report (S.Rept. 118-85 of July 27, 2023) on the FY2024 DHS Appropriations Act (S. 2625), recommends denying the funding request.

Section 244 of H.R. 4367 as reported would prohibit FY2024 WCC procurement funding and prior-year procurement funding that remains available for obligation in FY2024 within the WCC program from being “used to enter into or carry out a procurement contract with any entity deemed not eligible for an award from a size standpoint by the Small Business Administration.” H.Rept. 118-123 states: “The Committee is disappointed in the lack of professionalism demonstrated by acquisition staff responsible for this project and expects the Coast Guard to take substantive action to improve the quality of its acquisition work and related communications” (pp. 49-50).

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