



DEPARTMENT OF THE NAVY  
NAVAL SEA SYSTEMS COMMAND  
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From: Commander, Naval Sea Systems Command  
To: All Offices Reporting Directly to COMNAVSEA  
Distribution List

Subj: Ship Overhaul Policy

- Ref: (a) OPNAVINST 4700.7F of 28 September 1981; Subj: Maintenance of ships; policies and procedures  
(b) NAVSEAINST 4700.7 of 15 April 1981; Subj: Naval non-nuclear propulsion surface ship solicitation area; policy for  
(c) NAVSEANOTE 4700 of 7 July 1981; Subj: Naval non-nuclear propulsion surface ship solicitation area; establishment of geographic boundaries for  
(d) NAVSEAINST 4700.8 of 14 August 1981; Subj: Performance improvement of surface ship (non-nuclear) Regular Overhauls (ROH), Selected Restricted Availabilities (SRA), and depot level maintenance and modernization; policy and guidance for  
(e) NAVSEANOTE 4700 of 13 January 1982; Subj: Implementation of Management Plan for the NAVSEASYSKOM Depot Operations Improvement Program (DOIP)

Encl: (1) Ship Overhaul Policy Statement

1. Purpose. Enclosure (1) is hereby promulgated as a succinct statement of COMNAVSEA policies governing the conduct of ship overhauls. It reflects policy of both higher authority and NAVSEA, stated in more concise terms.

  
E. B. FOWLER

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## SHIP OVERHAUL POLICY STATEMENT

### Depot Level Maintenance

Depot Level Maintenance is that maintenance requiring a greater industrial capability than possessed by either organizational or intermediate level activities and is normally accomplished during regular overhauls, Selected Restricted Availabilities, Restricted Availabilities, Technical Availabilities, or major refit or restoration programs such as those under a Designated Overhaul Point (DOP). The only work to be accomplished by depot level maintenance activities is that which the Fleet Commanders, Type Commanders, COMNAVSEA, or COMNAVELEX considers not feasible for accomplishment by organizational or intermediate level maintenance activities because of insufficient time or manpower, or the work is beyond the capabilities of fleet maintenance activities, or it is of such a nature that split responsibility between fleet and depot maintenance activities should be avoided. (See reference (a).)

### Criteria for Assignment to Overhaul Activity

Assignment of a ship to a naval shipyard or to the private sector shall be based on fleet wide material readiness and operational requirements, technical quality considerations, and workload capacity considerations under the following guidelines (as per reference (a)):

1. Maximum effort shall be made to perform overhauls in or near the ship's homeport (see reference (b) and reference (c) for more detailed guidance regarding solicitation areas for private sector overhauls).
2. Only qualified shipyards will be considered for performance of overhauls.
3. Nuclear powered ship overhauls shall be assigned only to shipyards qualified in nuclear ship overhauls.
4. Solicitations for the private sector will be governed by the Defense Acquisition Regulations (DAR) and other applicable instructions.

### Naval Shipyards

Naval shipyards are the nation's principal asset for the depot level overhaul of our highest priority capital ships and nuclear powered ships, affording the principal industrial

capability for repair of battle damage during war and major voyage repair in peacetime. Paramount consideration will be given at all times to maintaining this capability at an adequate level for the Navy's current material readiness requirements and for future battle damage repair. Overhaul of nuclear powered ships, aircraft carriers, and complex surface combatants will receive first priority for accomplishment in naval shipyards where the broad base of required technical and industrial skills exists and the broad support for ship's force is available.

#### Private Sector Yards

Overhauls in the private sector will use competition including split bidding to the maximum extent feasible consistent with Navy material readiness requirements, Navy policies on performing overhauls in or near the ship's homeport, and requisite consideration of future industrial base needs. Long range planning to facilitate competition will be done. Multiple ship procurements will be used, when appropriate, to provide incentives for shipyard improvements and capital investments, to take advantage of a learning curve, to gain economy in material ordering, and to achieve other benefits inherent in this process. Small business set asides will be used in accordance with DAR policy. Source selection criteria should emphasize technical and managerial capability in conjunction with past performance. Yards that perform well should be recognized. Marginally performing or marginally capable private companies contribute little to the long range improvement of the industrial base required to support the Navy. Industrial base planning will encourage development of robust, capable, and better performing segments of industry to meet Navy requirements. Companies with a special technical expertise will be afforded opportunities to strengthen their capabilities. Further policies on the private sector are contained in reference (b).

#### Performance

Improved performance of depot operations is a principal consideration and will be given command and management emphasis at every level. Quality of work, schedule adherence, and cost performance on naval ship overhauls are of primary importance and must be significantly improved. A record of performance will be kept. See reference (d) and reference (e) for further guidance in this area.

Enclosure (1)

Secretarial Notification

There are complex procedures to plan and implement overhauls over forthcoming fiscal years, to review this periodically, and to make adjustments as necessary. The procedures include appropriate levels for decision making and for keeping the chain of command informed. The Assistant Secretary of the Navy (S&L) will be notified via the Chief of Naval Material when:

1. Any non-competitive award of a non-nuclear overhaul in the private sector exceeds \$25M or is likely to be of such public interest to warrant Secretarial interest.
2. Award of any conversion in the private sector funded under the SCN account exceeds \$25M.

Enclosure (1)