

EB Sub Contract 'Is Our Future'

\$14 billion submarine deal hailed as economic stimulus that will have impact on thousands of jobs

Jennifer Grogan, New London Day, 24 Dec 2008

As the nation's 44th president, Barack Obama will have to make many decisions affecting the future of the U.S. military, but he will not determine how many Virginia-class submarines the Navy needs.

Less than a month before Obama's inauguration, Navy officials have signed a \$14 billion contract with Electric Boat, committing the service to buy the next eight Virginia-class submarines- the largest submarine order in U.S. history.



From left, U.S. Navy Rear Adm. William Hilarides, program executive officer for submarines; U.S. Sen. Chris Dodd, D-Conn.; U.S. Sen. Joe Lieberman, D-Conn.; and U.S. Rep. Joe Courtney, D-2nd District, take part in a press conference at Electric Boat in Groton on Tuesday, a day after it was announced that EB had been awarded a \$14 billion contract to build the next eight Virginia-class submarines. (Dana Jensen, New London Day)

Under the multiyear agreement, EB's Groton shipyard and the Northrop Grumman Newport News shipyard in Virginia, the subcontractor, will jointly build one ship per year in 2009 and 2010, and two ships per year from 2011 through 2013- a production increase that starts a year earlier than the Navy had originally planned.

Over the next decade the contract will support thousands of jobs at the shipyards' facilities in Connecticut, Rhode Island and Virginia, as well as in states across the country where thousands of vendors produce submarine parts, said EB President John P. Casey.

Politicians at a press conference at the Groton shipyard Tuesday praised the contract, saying it will act as an economic stimulus.

When asked whether the Obama transition team had been consulted, they said that current officials remaining on the job, such as Chairman of the Joint Chiefs of Staff Adm. Michael Mullen and Defense Secretary Robert M. Gates, support building more submarines.

Mullen, who was previously chief of naval operations, told EB in 2005 that he could only order more submarines if the price for each ship was cut from \$2.4 billion to \$2 billion, in fiscal 2005 dollars, by 2012. That goal is expected to be reached in 2012, which would mean the submarines would cost \$2.6 billion each in 2012 dollars, according to Navy figures.

”We've got somebody sitting at the table with the president-elect, who has the confidence of the president-elect, who I think will be very positive about the submarine-building program,” said U.S. Sen. Joe Lieberman, D-Conn. “We'll do the best we can to convince President Obama of the wisdom of investing in submarines. But hey, we've got a contract now, and that matters.”

The contract could be canceled and renegotiated, but it is unlikely that's something the new administration would consider, judging by the amount of political support the Navy has received following the announcement of the contract-signing Monday, said Rear Adm. William Hunter Hilarides, program executive officer for submarines.

”Delivering ships on cost, delivering ships on time, or early, and delivering quality ships, those are the things that cause people to say, 'OK, I'll invest my money in a program like this,' “ Hilarides said.

Six members of the Connecticut and Rhode Island congressional delegations attended the event at EB Tuesday, while other politicians sent letters of support.

Casey announced earlier this month that the company needs to hire about 650 people; 400 of those new hires will be involved in construction on the Groton waterfront.

Since the eighth ship of the “Block III” submarines is expect to be delivered in 2019, Casey said, the contract represents more than a decade's worth of work.

The work force at the EB facility at Quonset Point will likely grow from 2,000 to 3,000 over the next decade and the work force in Groton will stabilize once submarine production increases, Casey said.

”The missing ingredient in our economy is confidence,” said U.S. Sen. Chris Dodd, D-Conn. “More than anything else, it's investor confidence and consumer confidence.”

Dodd called the submarine contract a “confidence-building measure.”

”It's not the complete answer but it's really one of the first pieces of good news we've had economically in a long, long time,” said Dodd, adding that the importance of this industry to the region, state and nation “cannot be overstated.”

U.S. Rep. Joe Courtney, D-2nd District, a staunch advocate of the Virginia-class program, said there is still more work to do to ensure that “we do better than just a partial replacement of a declining fleet, which is where we are right now, even with this exciting contract.”

”Today we have threats abroad that justify this policy change, and certainly in terms of stimulating our economy with good jobs, good benefits and good wages, it really all comes together,” he said.

Kenneth DelaCruz, president of the Metal Trades Council, called the contract an early Christmas present. His union represents about 2,400 shipyard employees.

"We're just overjoyed," he said. "We've been waiting for this for the longest time.

"This is our future."■

Groton: Leaders say sub contract secures shipyard jobs

Electric Boat celebrates \$14 billion deal

JAMES MOSHER, Norwich Bulletin,
24 Dec 2008

Members of Congress from Connecticut and Rhode Island are calling a \$14 billion submarine contract for Electric Boat a massive boost for the economy and national security.

Electric Boat, a division of General Dynamics, signed the contract with the U.S. Navy late Monday night to build eight more Virginia-class fast attack submarines. The contract includes construction of two boats per year beginning in 2011, meaning EB and The Newport News Shipyard in Virginia each will build one submarine per year, instead of one every other year.



General Dynamics Electric Boat President John P. Casey talks about a \$14 billion submarine contract during a news conference Tuesday at Electric Boat. Behind him, from the left, are U.S. Sen. Christopher Dodd D-Conn., U.S. Sen. Joseph Lieberman, I-Conn., U.S. Sen. Jack Reed, D-R.I., and U.S. Rep. Joe Courtney, D-2nd District. (Aaron Flaum/ NorwichBulletin.com)

U.S. Rep. Joe Courtney, D-2nd District, along with U.S. Sens. Christopher Dodd, D-Conn. and Joe Lieberman, I-Conn., were among those at a press conference Tuesday morning at Electric Boat.

Five Virginias have been delivered to Navy. They can operate in deep or shallow water and can be used for surveillance, launching missiles at land-based targets, and hunting enemy submarines and surface vessels.

“We have had a drought of submarines,” Dodd said. “In the post-9/11 world, we need more submarines, not fewer. These are the only military platforms in the world that can go anywhere undetected, placing sensors, conducting surveillance, inserting Navy SEALs into hot spot, and striking our enemies at sea and on land.”

Lieberman said the contract will save \$4 billion. He and Courtney said speeding up production of a modern submarine fleet is essential because China and others are building subs of increasing quality.

“What we don’t want to be doing is only partially replacing a dwindling fleet,” Courtney said.

All three men spoke of the economic impact, including stabilizing the highly skilled work

force. Gov. M. Jodi Rell said the contract is “wonderful economic news at a time when we can surely use it.”

Peter Gioia, an economist for the Connecticut Business and Industry Association, said EB has hundreds of subcontractors and suppliers throughout the state. While the impact might not be felt for a year or more, he said it will benefit the region for years.

“It’s good news, welcome news, at a time when some economic news is not so good,” he said.

Help for home prices

John Bolduc of the Eastern Connecticut Association of Realtors said the hires EB is making in 2009 could stimulate the housing market.

“Jobs go home to houses,” he said. “I would expect that would increase the demand for housing.”

He also said those jobs would counter the 700 layoffs at Foxwoods Resort Casino this past year, as EB jobs generally pay better.

Small business owners near EB were hopeful Tuesday. Dodd said much of the economic crisis is a crisis of consumer confidence.

Dottie Streeter, owner of Ken’s Tackle Shop in Groton for more than 30 years, agreed.

“Hire more people and I get more customers,” Streeter said. “A lot of my customers work at Electric Boat. If they have more confidence, they’re more likely to take a day off and go fishing. People who might reuse equipment might decide to come in and buy new.”

Kyle Oliver has owned nearby Lenny’s Pizza for a year.

“Most of my business during the day is deliveries to Electric Boat,” he said. “Anything that brings more people to the area is good, especially in this economy.”

By the numbers

- USS New Hampshire, the fifth Virginia submarine, was delivered in September, eight months ahead of schedule and \$60 million under budget. It took 71 months and 10.9 million man hours to complete.
- The first, the USS Virginia, took 103 months and 14.6 million man hours. The goal is to cut delivery time to 60 months in order to lower the current cost of more than \$2 billion per sub.

Doubling Sub Production

EB Submarine Pact Spells New Jobs – Eventually

By ERIC GERSHON, Hartford Courant, 24 Dec 2008

In their long quest to double production of nuclear submarines from one to two a year, Electric Boat and its congressional supporters spoke often about military readiness in the post-9/11 world and about jobs in Connecticut and Rhode Island.

As they celebrated Tuesday a \$14 billion contract between the Navy and EB that was signed a day before, both topics came up, but new jobs were on almost everybody's lips, at a time when the state and the nation are bleeding willing workers by the thousands.

"We're talking about 15 years' worth of work," EB President John Casey said in Groton, surrounded by four U.S. senators — the full complement from Connecticut and Rhode Island — and other dignitaries.

The expected new jobs, however, will not come in time to ease the current recession — unless it extends for years. And in the near term, the new jobs will materialize mainly in Rhode Island, not Connecticut.

EB and political officials said Monday's contract, considered the biggest ever for submarines, will save existing jobs, as well as add new ones.

Over the next several years, EB expects to hire about 1,000 people to work on the next batch of Virginia-class nuclear attack submarines, eight in all, which will be built starting in 2011 and delivered by 2019.

That burst of hiring does not include the 650 new workers EB recently said it will put on the Groton waterfront in 2009 — engineers, designers and tradesmen. Those jobs relate mainly to existing orders for Virginia-class subs and repair work, an EB spokesman said.

In all, the Navy wants 18 of the subs from EB, a subsidiary of General Dynamics, and the nation's other nuclear submarine builder, Northrop Grumman. Several have been delivered already. The companies split submarine production.

Initially, construction and delivery of two subs a year will serve to stabilize employment in Groton, now about 7,800 but fluctuating by hundreds a year, as work ebbs and flows. The increased production will create new jobs in Rhode Island first and Connecticut later. Starting in 2010 or early 2011, EB expects to hire roughly 1,000 for its Quonset Point operation, where the company manufactures giant submarine parts.

Those parts — 2,000-pound modules — are due to arrive in Groton for assembly, integration and testing around 2013. This means EB will begin hiring additional employees there about then, though the company has not yet determined how many, EB

spokesman Bob Hamilton said.

"We don't really have any firm estimates on what the ultimate effect will be out that far," he said.

The contract is the culmination of years of work by EB's supporters in Congress, led for the last two years by Rep. Joe Courtney, D-2nd District, Groton's congressman. The contract immediately provides Electric Boat with \$2.4 billion, Hamilton said.

"Hey, we've got a contract now," Sen. Joseph Lieberman, an independent from Connecticut, said Tuesday, "and that matters."

Navy to announce new submarine contract

Associated Press, 23 Dec 2008

GROTON, Conn - A new \$14 billion contract with General Dynamics Corp.'s Electric Boat unit and Northrop Grumman Corp. will double submarine production to two annually and save and create thousands of jobs amid the recession, officials said Tuesday.

Representatives of the U.S. Navy and the two companies, along with labor union leaders and members of Connecticut and Rhode Island's congressional delegations, hailed the contract at Electric Boat's shipyard in Groton. They called it critical to the region's economy and for national security as China and other countries build submarines.

"As the largest submarine award in our nation's history, this award is historic," Electric Boat President John Casey said.

The contract is for eight more Virginia class submarines. The Virginia class is the first U.S. Navy warship designed in the post-Cold War era.

Connecticut Rep. Joe Courtney says it means that submarine production will double to two ships a year beginning in 2011 at EB and Northrop Grumman's shipyard in Newport News, Va.

China is building more than three submarines per year "and they are of increasing quality," said Independent Sen. Joe Lieberman of Connecticut.

The new contract builds on an existing partnership between Electric Boat and Newport News, which currently builds one submarine a year for the Navy.

The nation's two submarine makers had warned of potential job cuts earlier this month amid the economic downturn unless the Navy placed additional ship orders.

In addition to stabilizing the work force, the contract will lead to at least 1,000 new jobs over several years at Electric Boat, company officials said. Another 500 to 750 jobs would be created by 2011 at Northrop Grumman, they said.

"It's really one of the first pieces of good news economically we've had in a long time," said Sen. Christopher Dodd, D-Conn.

Electric Boat employs more than 10,000 workers in Groton and North Kingstown, R.I., while Northrop Grumman has nearly 3,000 workers in Newport News.

The Navy is facing pricier ships, as contractors pass through higher material costs caused by the recent commodities boom.

The Navy has spent about \$12.6 billion for the first 10 submarines and is seeking to

lower the cost of each submarine by \$200 million by building two per year instead of one.

That effort also serves to strengthen the Navy's industrial base by allowing shipbuilders and their vendors to plan years ahead and maintain jobs.

Courtney: New Submarine Contract Signed

Jesse A. Hamilton, Hartford Courant, On Background, 22 Dec 2008

Rep. Joe Courtney's office eagerly passed the news this afternoon that the latest multi-year contract for Virginia-class submarines has been awarded to Groton's Electric Boat. So, Connecticut's own sub builder will keep cranking out the fast-attack nuclear vessels into 2013 -- with the newly achieved production rate of two submarines per year in 2011.

That doubled rate was the chief effort of Courtney's first term in Congress (ending right about now.) It actually means that Electric Boat will be making one sub per year, because the contract is evenly divided between it and [a Virginia sub builder](#).

"A lot of work has gone in to making the Virginia-class submarine a highly capable, innovative and uniquely cost-effective program, and the contract signed today vindicates that tremendous effort," Courtney said in a statement. "This critical step towards rebuilding our submarine force will not only bolster our national security, but will also provide a much-needed economic stimulus for shipbuilders in Connecticut and suppliers across the country."

Courtney serves on the House subcommittee that oversees Navy ship building, so he was in the right place to push for the extra boat (and also an extra \$79 million in next year's submarine budget to get the process going.) The Navy had already intended to increase from one boat a year to two in 2012, but moving it up a year to 2011 helps maintain the dwindling fleet and the levels of specialized workers at Electric Boat.