



# Press Release

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## **NAVSEA Terminates MSMO Contract in Norfolk**

WASHINGTON D.C.—Today NAVSEA terminated for convenience the LPD 17 Class multi-ship, multi-option (MSMO) maintenance contract with prime contractor Earl Industries, LLC (Earl) of Norfolk, Va. The termination is a complete termination of all work in process as well as options for future work over a five-year period. Work under this contract included options for performance of all scheduled Chief of Naval Operations availabilities as well as all necessary Emergent Maintenance/Continuous Maintenance work on these ships during the contract's five-year period of performance.

The decision to terminate was based on Navy findings of improper work performed and concern regarding Earl Industries' quality assurance program and the company's ability to control the quality and documentation of work it performs. These concerns were triggered by the number and severity of corrective action reports issued under the Norfolk Ship Support Activity contract issued last year for USS San Antonio (LPD 17) repairs.

"The company's performance on this contract was not in keeping with the type of quality work the Navy expects from our industry partners," said NAVSEA Commander Vice Adm. Kevin McCoy. "These failures are unacceptable, and we have lost confidence in Earl's ability to continue successfully performing this same type of work on the rest of the LPD-Class ships under the MSMO contract."

Ship maintenance contractors are accountable to perform first time quality work in accordance with specifications. They are also accountable for maintaining records, including supporting documentation, adequate to demonstrate the extent of work that has been performed and in compliance with applicable procurement regulations and the terms and conditions of maintenance contracts. The Navy relies on accurate documentation to enable the ship's force to resolve any issues that arise during mission execution, as well as to accurately assess a ship's future maintenance needs.

"Based on recent reviews of the work conducted by Earl Industries, NAVSEA believes the company has not met these standards, and, as a result, must be held accountable," said McCoy.

Contractors must also demonstrate, in addition to a record of integrity, the organizational controls and quality assurance measures necessary to provide quality materials or services, or to manage the work of subcontractors selected for this purpose.

The Navy plans to compete contracts on an individual basis for the scheduled Chief of Naval Operations availabilities as well as all necessary Emergent Maintenance/ Continuous Maintenance work for the LPD 17 class ships homeported in Norfolk among all eligible contractors in the Norfolk area.

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