

## Ship Clips - April & May 2012

A compilation of articles  
concerning the Shipbuilding Industry

From the Congressional  
Shipbuilding Caucus

April & May 2012

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1. Cutting-Edge Navy Warship Being  
Built In Maine

(ASSOCIATED PRESS 12 APR 12) ... David Sharp

BATH, Maine - An enormous, expensive and technology-laden warship that some Navy leaders once tried to kill because of its cost is now viewed as an important part of the Obama administration's Asia-Pacific strategy, with advanced capabilities that the Navy's top officer says represent the Navy's future.

The stealthy, guided-missile Zumwalt that's taking shape at Bath Iron Works is the biggest destroyer ever built for the U.S. Navy.

The low-to-the-water warship will feature a wave-piercing hull, composite deckhouse, electric drive propulsion, advanced sonar, missiles, and powerful guns that fire rocket-propelled warheads as far as 100 miles. It's also longer and heavier than existing destroyers - but will have half the crew because of automated systems.

"With its stealth, incredibly capable sonar system, strike capability and lower manning requirements - this is our future," concluded Adm. Jonathan Greenert, chief of naval operations, who gave the warship his endorsement on a visit last week to Bath Iron Works, where the ships are being built.

It wasn't always this way.

The General Accounting Office expressed concerns that the Navy was trying to incorporate too much new technology. Some Navy officials pointed out that it's less capable than existing destroyers when it comes to missile defense, and a defense analyst warned that it would be vulnerable while operating close to shore for fire support.

Even its "tumblehome" hull was criticized as potentially unstable in certain situations.

The 600-foot-long ships are so big that the General Dynamics-owned shipyard spent \$40 million to construct a 106-foot-tall building to assemble the giant hull segments.

And then there's the cost, roughly \$3.8 billion apiece, according to the Navy's latest proposed budget.

Including research and development, the cost grows to \$7 billion apiece, said Winslow Wheeler, director of the Straus Military Reform Project at the Center for Defense Information in Washington.

Because of cost, the originally envisioned 32 ships dipped to 24 and then seven. Eventually, program was truncated to just three. The first, the Zumwalt, will be christened next year and delivered to the Navy in 2014.

But Greenert told reporters that the ship fits perfectly into the new emphasis on bolstering the U.S. military presence in the Pacific in response to Asia's growing economic importance and China's rise as a military power.

Greenert didn't go into detail on how the new ship could be used. But the Defense Department has expressed concerns that China is modernizing its Navy with a near-term goal of stopping or delaying U.S. intervention in a conflict involving Taiwan. China considers the self-governing island a renegade province.

Defense officials also see a potential flashpoint in the South China Sea, where China's territorial claims overlap with those of other countries including Vietnam, the Philippines and Malaysia.

The Zumwalt's new technology will allow the warship to deter and defeat aggression and to maintain operations in areas where an enemy seeks to deny access, both on the open ocean and in operations closer to shore, the Navy says.

Jay Korman, industry analyst with The Avascent Group, said the warship uses so much new technology that it's viewed by the Navy as a "silver bullet" answer to threats. The only problem is the cost.

"They were looking to introduce so many new technologies at once, and the cost ballooned," he said. "I don't think people have changed their minds that it's a capable ship. It's just too expensive."

Unlike another new ship entering the Navy's arsenal - the small and speedy "littoral combat ship" - the Zumwalt will be heavily armored and armed.

The Zumwalt's 155 mm deck guns were built to pound the shore with guided projectiles to pave the way for the Marines to arrive in landing

craft, and they're far more cost-effective in certain situations than cruise missiles, said Eric Wertheim, author of the "Naval Institute's Guide to Combat Fleets of the World."

The smaller crew also represents a substantial cost savings, he added.

Down the road, the ship could one day be equipped with an electromagnetic railgun, a powerful weapon that uses a magnetic field and electric current to fire a projectile at several times the speed of sound.

Production will stop after three ships, and the Navy will go back to building tried-and-true Arleigh Burke-class destroyers, 510-foot-long ships featuring a versatile Aegis radar system that's being modified for ballistic missile defense. Even with modifications, the ships will cost far less than the Zumwalt-class ships.

For Bath's 5,400 workers, the Zumwalt has been both exciting and challenging, with a new design and new construction techniques. In the coming months, workers will take delivery of the composite deck house and helicopter hangar, which are being built at the Huntington Ingalls shipyard in Mississippi. Those will be placed on the Bath-built hull.

"If anybody can do it and do it successfully, then I'm confident that's us," said Jay Wadleigh, vice president of Local S6 of the Machinists Union in Bath.

## 2. Senators Raise Concerns Over Cuts, Shipbuilding

(GANNETT NEWS 19 APR 12) ... Deborah Barfield Berry

WASHINGTON - Sen. Roger Wicker told Navy officials Thursday he's concerned about how cuts in defense spending will affect the shipbuilding industry, which is key to Mississippi's economy.

"It's irresponsible to think we can lay off skilled workers - engineers for example - and expect them to be available when future contracts are awarded," Wicker said at a hearing on the Navy's shipbuilding programs.

Wicker, the top Republican on the Senate Armed Services Subcommittee on Seapower, questioned Navy officials about their shipbuilding program and fiscal 2013 budget request.

The Navy wants to spend \$13.7 billion on its shipbuilding program, which includes building 10 ships. One could be built in Mississippi and two would be built in Alabama.

Gulf Coast lawmakers have already raised concerns about the regional impact of \$487 billion in defense spending cuts that Congress approved last year in a compromise deal to increase the nation's debt limit.

The agreement under the Budget Control Act also requires about \$1 trillion in cuts over the next nine years unless Congress can come up with a plan to reduce the debt by that amount. Those automatic cuts were triggered by a process called sequestration, after a congressional "supercommittee" failed last year to come up with a plan to cut the same amount.

Half of the cuts under sequestration - about \$500 billion - would come from the defense budget.

"The Navy faces significant budget challenges ahead," Wicker said. "I'm not absolutely convinced that we won't face this. It is indeed disappointing."

Alabama Republican Sen. Jeff Sessions said he's also concerned about the automatic spending cuts.

"We need to be taking some real action to fix it," he said.

Navy officials said they haven't yet had formal guidance on the possible cuts, but warned they would be devastating.

"You cannot take the force and the operation that we have in place today ... and try to imagine continuing that with another half-a-trillion reduction to our defense program," said Sean Stackley, assistant secretary of the Navy for research, development and acquisition. "It's a significant shift."

The automatic cuts mandated under sequestration, combined with the other \$487 billion in cuts, would lead to a radically different military, said Vice Admiral John Blake, deputy chief of Naval Operations, Integration of Capabilities and Resources.

Wicker said he voted for the Budget Control Act "believing in my heart that we would have the leadership in the city" to cut spending where most necessary.

"We've either not had the leadership or the will," he said. "It's unthinkable that we would get to this brinksmanship."

Wicker said he's worried about the impact of job reductions in the shipbuilding industry. He also questioned whether the Navy plans to build enough ships to keep the nation's six major shipyards in business.

The Navy has 286 ships now and plans to increase that to 300. Since December 2010, it has awarded contracts to procure 38 ships, Stackley said.

"These contracts provide an important degree of certainty to our industrial base in an otherwise uncertain period in defense spending," he said. "We recognize, however, that it is not possible to simply buy our way to recapitalizing our force. We must focus relentlessly on improving affordability in our shipbuilding programs."

Navy officials said there will be enough work over the next five years to keep shipyards busy and competitive.

"There are peaks and valleys that we do have to manage," said Vice Admiral Kevin M. McCoy, commander of the Naval Sea Systems Command.

McCoy said some companies may also be busy repairing ships.

"We are constantly looking across the industrial base," he said.

### 3. Navy Open To Alternative Plan To Restore Virginia Sub

(DEFENSE DAILY 20 APR 12) ... Emelie Rutherford

A Navy official told senators concerned about the Pentagon's plan to scale back Virginia -class submarine production that the Navy would work with Congress to find an incremental-funding setup to restore a boat slated to be delayed.

Sean Stackley, assistant secretary of the Navy for research, development, and acquisition, said yesterday the service's scrapping of plans to buy two Virginia submarines a year--by cutting one of two planned subs in fiscal year 2014--was "one of the harder decisions that the Navy had to deal with" when crafting its long-term budget proposal.

Yet he said it is the Navy's "intent and desire to be able to sustain" the production of two Virginia submarines per year.

Working with limited funds, the service had to push the sub in question out to 2018. Stackley said Navy officials could not find a way to fully fund a second submarine in FY '14, which would require \$770 million for advance procurement in FY '13 and \$1.2 billion for procurement in FY '14.

Yet he said he wants to tweak the current Virginia sub plan, telling the Senate Armed Services Seapower subcommittee that congressional approval for incremental funding could help restore the FY '14 ship.

SASC Seapower subcommittee Chairman Jack Reed (D-R.I.) asked Stackley to "to help us help you get there through appropriate legislative language." Reed joins lawmakers including House Armed Services Seapower and Projection Forces subcommittee Chairman Todd Akin (R-Mo.) in voicing support for restoring the FY '14 vessel.

Stackley noted the Navy's need to have an incremental-funding approach for costly aircraft carriers and big-deck amphibious ships, saying "in many respects we are looking at a similar circumstance" with the Virginia sub. Yet he told the subpanel, which writes Pentagon policy, that such a funding setup "is not in accordance with policy."

"I'm simply going to state that these are extraordinary times," he told the subcommittee. "This is an extraordinarily important program, and this is a fleeting opportunity. If we don't capture that second boat in 2014, the opportunity cannot be recovered in terms of force structure, in terms of savings potential, in terms of the industrial base. So under these extraordinary times, it is perhaps appropriate that the department and the Congress look at whether or not this is the right time to provide an exception to full funding. It has its drawbacks, going to an incremental-funding approach. We explore it, and we would welcome a discussion with the Hill in that regard."

He said the Navy has calculated that adding a second submarine in FY '14, by shifting it from FY '18 back to FY '14, is "near-neutral" over the coming years compared to the service's current plan.

Stackley said adding the sub back in FY '14 would generate "savings associated with additional economic-order-quantity material; savings associated with sustained learning-curve performance, as opposed to potential negative learning-curve performance; savings associated with improved planning."

"Every step along the process you generate savings by having that second boat in 2014," he said.

Stackley maintained restoring the two-sub rate in FY '14 also is needed to ensure the Navy meets its force-structure requirement of 48 attack boats in future year, he said.

It "is critical from a force-structure perspective that we sustain two-per-year in the near term as best as possible to minimize that

longer-term force-structure gap," he said.

He added "the Navy's willingness to have this discussion is underpinned by the strong performance of the Virginia program."

"Otherwise, we wouldn't even consider it," he said.

4. The Navy's new sub comes in a year early. How?

By Philip Ewing Thursday,  
May 3rd, 2012 4:03 pm

Who says that defense acquisitions are broken and no one cares?

This week, General Dynamics' Electric Boat yard delivered the Navy's newest fast attack submarine, the future USS Mississippi, almost one year ahead of schedule. The sub's contract delivery date was April 30, 2013, and the Navy got the metaphorical keys on Wednesday.

Service officials and industry leaders are seldom so pleased. And not only did the ship come in early, the Navy said, it's the best-built, most-complete one yet.

"It should not be missed that with this one year early, under cost, delivery came the most complete, combat-ready Virginia-class submarine yet delivered. Mississippi received the highest marks to date from the Navy's independent assessor - the Board of Inspection and Survey. This program continues to set the standard for DoD acquisition," said Rear Adm. David Johnson, the Program Executive Officer for submarines, in a statement. "As the demand signal for these multi-mission platforms increases, we are working to intelligently drive down schedule and put the world's best submarines into the hands of the operators to execute missions of national importance."

All right, but how is this possible? Electric Boat spokesman Bob Hamilton told DoDBuzz there are no smoke and mirrors, just a whole lot of "process engineering."

"It's a thorough review of the entire process, to make sure there are no steps that aren't adding value, nothing being done in anything but the most efficient way possible," he said. "We have a huge team of process engineers working on every aspect of the program."

The Virginias are "designed for affordability and designed for producability," Hamilton said. "It's just basically looking at the whole process, from the time we start bending steel to the time we turn over the ship, to make sure every step is needed."

Electric Boat and its major partner, Newport News, set a record of 62 months with the Mississippi. That's compared to the 74 months engineers initially estimated they would need, and down from the 86 months it took to build the class-leading USS Virginia.

Hamilton acknowledged that the submarine-builders might "plateau" after the Mississippi, reaching a point at which they just could not physically build ships any faster. Future copies also will be different from the boat EB delivered this week, including a new bow section and later, probably a new weapons section. But Hamilton said EB engineers don't anticipate those changes will add much time to the ships' construction. The submarines, just like today's surface warships, are built in modules - giant steel blocks assembled like Legos to form the final product. A new bow or a new weapons compartment would just mean different blocks to put together, the sub-builders hope.

None of this really answers the question, though: How can the Virginia class be doing so well compared to the rest of the acquisitions world? DoD and big contractors are chock full of process engineers. Everybody understands the importance of looking at the whole "kill-chain." Money definitely isn't an issue.

The answer may be the (in)famous fastidiousness of the Navy's nuclear reactors officials. Security restrictions and technical complexity mean Naval Nuclear Propulsion is a world into itself, a "benevolent dictatorship," as you've read here, responsible for nuclear plants from before they go critical until they're recycled. But just because a ship is nuclear doesn't mean it's going to be a perfect 10 every time - Huntington-Ingalls' USS Gerald R. Ford will likely come in more than \$1 billion over budget.

And the dark lining to the silver cloud of the Virginia class is that even today's breakneck pace probably will not be enough to give the Navy the fleet it says it needs. Here's what shipbuilding expert Ron O'Rourke of the

Congressional Research Service said in his report about this last month:

The Navy's FY2013 30-year SSN procurement plan, if implemented, would not be sufficient to maintain a force of 48 SSNs consistently over the long run. The Navy projects under that plan that the SSN force would fall below 48 boats starting in FY2022, reach a minimum of 43 boats in FY2028-FY2030, and remain below 48 boats through FY2034.

That means older ships might have to serve longer, but submarines aren't like surface ships - a boat's pressure hull can only do so many dives, so it's much more difficult to stretch out their lives than with a destroyer, for example. Mostly it will mean submarine crews have to take longer deployments and commanders may have to turn down missions

#### 5. NASSCO Launches Huge Navy Cargo Ship

(SAN DIEGO UNION-TRIBUNE 06 MAY 12) ... Gary Robbins

One of the largest shipbuilding programs in local history ended with a big splash Saturday night when the last of 14 cargo ships built for the Navy by General Dynamics NASSCO slid into San Diego Bay as 7,000 spectators roared and fireworks arced overhead.

The launch of the Cesar Chavez wrapped up an 11-year, \$6.2 billion effort to improve the Navy's ability to deliver supplies and ammunition across the globe. The last time NASSCO built more vessels for the Navy was during the early 1970s, when it constructed 17 landing ships.

Saturday's launch also appears to have made maritime history. The 689-foot Cesar Chavez apparently will be the final large vessel in the U.S. to ride the ways - or support rails - into the water. NASSCO, the last major shipyard still using the practice, plans to simply float future vessels into the bay to save time and money.

"I am feeling a lot of emotion tonight. I feel very proud," said Helen Chavez, widow of the farm worker turned labor and civil-rights leader.

"Cesar Chavez was a great American, and this ship is a fitting tribute to his life and achievements," said Rear Adm. David Lewis, who oversees shipbuilding for a variety of Navy vessels.

The launch focused attention on NASSCO during a time when the company is trying to land new work to replace the Navy cargo-ship construction.

The last major shipbuilder on the West Coast is now building the first of three Mobile Landing Platform ships, a new type of Navy auxiliary vessel. The shipyard also might get a contract for a fourth MLP, but it has been struggling to land new contracts to build large commercial ships to complement its Navy ship repair program.

NASSCO President Fred Harris said he's "cautiously optimistic" that the company will receive one or more contracts to build large commercial cargo ships by the end of the year. Such work would stabilize employment at NASSCO, which has 3,200 workers, and lead to modest growth in 2013.

"Do I have a contract in hand? Not yet," Harris said. "Am I working with shipowners? You bet. Do I think I will have a commercial contract shortly? You bet."

The shipyard has gone through many ups and downs since it opened as California Iron Works in 1905. The yard did especially well during World War II, building barges for the Army. After those contracts ran out, the company, which changed its name to National Steel and Shipbuilding Co., or NASSCO, in 1949, switched to mainly building tuna seiners and shrimp boats.

The military returned as a primary customer in the mid-1950s; NASSCO spent years building tugs and cargo and passenger ships for the Army. But the company also diversified, winning contracts to build large oil and cargo tankers for the commercial sector. By 1997, NASSCO grew to have 5,500 workers. A year later, it was acquired by General Dynamics.

The company's fortunes seemed particularly bright a decade ago. NASSCO had started building 14 Lewis and Clark-class dry cargo ships for the Navy, and it had won contracts for nine commercial tankers. But four of those tankers were canceled, forcing the yard to downsize.

The Lewis and Clark program also got off to a rough start, mainly because the company had to start building the ships before the final designs had been drawn. That led to setbacks that were resolved by Harris, who devised a way to standardize the construction. Soon, NASSCO was winning praise for the efficiency with which it built the ships from the Navy, and the company is seen as a valuable employer.

The economic impact of the program wasn't just internal. The hundreds of outside companies that work with NASSCO have also profited.

One of those firms - specialty contractor Performance Contracting Inc. - added 275 employees just to perform the work that the program created for it, former owner Pat Fulton said. On the flip side, the end of the line has led to layoffs for more than 100 workers at Performance Contracting.

"It accounted for a sizable growth in our overall company," Fulton said. "It was one of the largest contributors to the growth of PCI over the last 10 years."

NASSCO employees who have been with the company since the cargo ship program began said they are experiencing a range of emotions now that the line has been completed. All are proud of their work, particularly with how they quickly overcame the defects in the early ships.

"I definitely have a sense of pride that I was able to be a part of building these ships," said Angel Zepeda, 36, a Barrio Logan native who has worked at NASSCO for 16 years and has risen to become an assistant superintendent. "These ships are going to travel to every corner of the world at one point or another. They're going to help the less fortunate, and they support our military forces."

Others are sad that an era has come to an end.

"I wish we had a longer contract with these ships," said Dino Miras, 61, a mechanical outfitter who worked 33 years at NASSCO. "We love these ships. It was a great contract."

Jesus Rojas, 38, an 18-year veteran and second-generation

employee of the company, said many of the workers are pleased that the last ship has been named after Cesar Chavez. Rojas, a steel manager who calls his work area "the heart of NASSCO," is one of about 2,000 Latino workers in the shipyard.

"As a Latino, it is gratifying to see one of my own recognized," Rojas said. "But what is most important is that Cesar Chavez was a human-rights advocate, and everyone should be proud, regardless of color or nationality."

Sidebar: Lewis And  
Clark-Class Dry Cargo Ships Notable Operations:

&bull;  
The Sacagawea rescued 10 Iraqi  
citizens from a sinking coastal tanker in the Central Persian Gulf in 2008

&bull;  
The Alan Shepard provided  
immediate humanitarian support to residents of Alamagan and Agrihan, South  
Pacific islands that were devastated by a super typhoon in 2009

&bull;  
The Sacagawea provided food,  
supplies and humanitarian assistance cargo to U.S. Navy ships during the  
response to a major earthquake that devastated Haiti in 2010

&bull;  
The Lewis and Clark provided  
underway replenishments to ships of the Peleliu Amphibious Ready Group in the  
Arabian Sea as they supported humanitarian relief efforts in Pakistan in the  
wake of epic monsoons in 2010

&bull;  
The Charles Drew provided  
humanitarian assistance and civic assistance in the Pacific Ocean and Far East  
during Pacific Partnership 2011

&bull;  
The Matthew Perry delivered more  
than 200 pallets of humanitarian and disaster relief cargo to guided-missile  
destroyer McCampbell during Operation Tomadachi, the relief efforts in Japan  
following devastating tsunamis in 2011

&bull;  
The Carl Brashear and Richard E.  
Byrd provided additional support to U.S. Navy ships during Operation Tomadachi  
in 2011

&bull;  
The Alan Shepard served as a

staging platform for Marines to train in real-world visit, board, search and seizure during exercise Valiant Shield 2010, which was held off Guam and the Republic of Palau. The exercise tested the U.S. military's ability to detect, locate, track and engage enemy forces at sea

&bull;

The Wally Schirra and the Alan Shepard participated in Cooperation Afloat Readiness and Training, a multinational cooperation and interoperability exercise with dive familiarization training in Indonesia, Philippines and Singapore in 2011 Talisman Sabre 2011

&bull;

The Robert E. Peary served as a sea-based platform for Marine takeoff and landing of the MV-22 Osprey loaded with supplies during Bold Alligator 2012, the largest amphibious exercise in a decade

[View Clip \(RT: 1:01\)](#)

## 6. USS Mississippi Commissioning

Viewing of submarine's arrival best at Riverfront Park in Pascagoula

(PASCAGOULA (MS) PRESS 22 MAY 12) ... Susan Ruddiman

PASCAGOULA, Mississippi -- The city's new Riverfront Park is the place to be on Friday afternoon, May 25, when the U.S. Navy's latest ballistic submarine, the USS Mississippi (SSN 782), arrives in town for its June 2 commissioning ceremony.

The city and the host committee extended an invitation on Monday, May 21, for sub sightseers to come out to the east bank of the Pascagoula River and welcome the 377-foot Virginia-class attack submarine when it arrives and docks at the Port of Pascagoula.

Mementos such flags will be distributed so they can be waved in a patriotic welcome.

"Thousands of people will have the opportunity to gather and witness the arrival of the submarine," said Jerry St. Pé, chairman of the 22-member USS Mississippi Host Commission Committee.

The Riverfront Park will be the perfect spot to see the USS Mississippi as it heads north on the Pascagoula River, then turns around in the basin so its bow is headed south, St. Pé said.

The submarine will remain docked at a barge on the west bank near the Port of Pascagoula's cold storage warehouses.

"We don't know an exact time of arrival yet -- it could be mid-morning or afternoon," he said.

After the 7,800-ton USS Mississippi and its 135-man crew arrive, the following eight days will be full of several pre-commissioning events. Among the events planned will be a welcoming barbecue, receptions, community outreach and more.

"The commissioning of a ship is a pageantry deep in tradition. This isn't a ceremony about a few people making speeches," St. Pé said. "The crew itself has a big, big part in this event, so they will be doing hours and hours of practicing."

While many ships have been christened at Ingalls Shipyard over the decades, it's not too often a ship is commissioned in Mississippi, Pascagoula Mayor Robbie Maxwell said.

Commissioning is the final event in the life of a military ship while it is being built, marking its acceptance into the armed forces. Preceding it are the launch, christening, crew arrival and delivery.

The commissioning will bring the Mississippi Gulf Coast "much deserved attention," Maxwell said.

The commissioning ceremony will be held starting at 10 a.m. June 2. While there are no more tickets available to attend the event on the west bank -- where a crowd estimated at 6,800 is expected -- there is still an opportunity to witness the historic occasion at Riverfront Park, said city manager Joe Huffman.

Local radio station WPMO will broadcast the commissioning ceremony live on AM 1580 in Jackson County and on AM 1440/FM 106.3 in George County and from the website at [www.talkradio1580.com](http://www.talkradio1580.com).

Riverfront Park overlooks the Pascagoula River. Public viewing will be on the water between Delmas and Dupont avenues. Parking will be available at the west end of Dupont Avenue.

"Pascagoula has really, really done an extraordinary job in putting its best face forward," St. Pé said.

SSN 782 is the fifth U.S. Navy vessel to be named the USS Mississippi. Its naming recognizes the state's tradition of shipbuilding and honors the spirit of the people of Mississippi who have made great strides in recovering from the devastation of Hurricane Katrina.

Broadcast Clip -  
Submarine Group Two Commander Discusses Commissioning of Future USS Mississippi

(YOUTUBE 22 MAY 12)  
U.S. Navy

Rear Adm. Rick Breckenridge, Commander, Submarine Group Two visits Pascagoula, Miss., in preparation of the commissioning of Pre-Commissioning Unit Mississippi (SSN 782) on June 2, 2012. In his latest video, Breckenridge discusses the "signature event" of the summer for the Gulf Coast as he stands alongside the pier where the future USS Mississippi will be moored during its commissioning.

View Clip (RT:  
0:56)

## 7. SASC Eyes Weapons, Depot, Contracting Change In DoD Bill

(DEFENSE DAILY 23 MAY 12) ... Emelie Rutherford

Senate Armed Services Committee (SASC) members are eyeing defense policy revisions including modifying the Pentagon's aircraft and ship plans, changing rules for depot maintenance of military equipment, and restricting cost-plus contracts.

The SASC's subcommittees began marking up their portions of the fiscal year 2013 defense authorization bill yesterday, and the full committee hopes to hold its final markup session Thursday night. Before even starting the bill-writing meetings yesterday, the Democrat-controlled panel was at odds with the Republican-led House; the lower chamber passed a \$554 billion FY '13 defense authorization measure last week that is \$4 billion larger than President Barack Obama's Pentagon budget proposal, spurring a veto threat from the White House.

SASC Chairman Carl Levin (D-Mich.) said the SASC bill will stick with Obama's \$550 billion topline figure for the base defense budget.

Just what makes up that \$4 billion discrepancy between the House and Senate versions of the Pentagon policy-setting legislation remains to be seen. The House bill seeks to add authorized funding to the Pentagon's proposal for efforts including preventing the Navy from retiring Aegis cruisers early, keeping the Global Hawk Block 30 drone, continuing production of M1 Abrams tanks and Bradley Fighting Vehicles, and adding advanced funding for a second Virginia -class submarine in 2014.

SASC Ranking Member John McCain (R-Ariz.) told reporters yesterday he is looking at changes to the Pentagon's weapons request, including its plans for the multi-service F-35 Joint Strike Fighter. He has voiced concerns in recent months about the potential for more F-35 cost overruns beyond \$150 billion already incurred.

"We are looking at some (F-35) conditions in reporting requirements and...various options," McCain said. "But the costs are still outrageous." He said he wants to be "making sure...taxpayer dollars aren't on the hook for the cost overruns, those kinds of things."

The FY '13 budget the Pentagon sent Congress in February calls for cutting \$15.1 billion in previously planned F-35 spending by delaying the purchase of 179 planes over the next five years, to ensure research and development issues are better resolved in testing.

McCain also is keeping an eye on the Navy's Littoral Combat Ship (LCS) program during the markups.

"We'll be looking at it as well...getting updates on costs and lack of progress," the senator said about the program with two ship designs that has hit multiple roadblocks. "It's another scandal."

The House-passed bill includes F-35 and LCS provisions, including requirements that the Air Force and Navy establish initial-operational capability dates for the three F-35 variants by the end of this year and that the Government Accountability Office review the LCS program.

McCain cited another concern the House bill addresses: Pentagon investment in alternative-energy research.

"We need to get that under control, it's an incredible waste of the taxpayer dollars," said McCain, who has criticized the Navy's work to help develop a commercially viable biofuel market.

The senator, meanwhile, said he wants to stop the Navy's plan to retire seven Aegis cruisers early.

"I think can make adjustments to other programs...to help for example keep the cruisers in commission," he said. "We can move money around, it's not as if we have to automatically have an increase."

The SASC's Readiness subcommittee, meanwhile, marked up its portion of the defense authorization bill in an open meeting yesterday, making it the only one of the six subpanels to open its bill-writing session to the public.

The Readiness panel is calling for repealing recent changes to rules dictating how depot-level maintenance of military equipment is shared between government and private facilities. Critics of those recent changes, in the FY '12 defense authorization act, said they could deprive businesses of work and lead to job losses, among other things.

The FY '12 law broadened the definition of what type of work on military equipment falls under the definition of depot maintenance. Such maintenance is divided evenly between government and private-sector depots, so changes to the type of work done could tinker with the division of duties and shift some types of work away from the private businesses, critics say.

Multiple SASC members blasted those depot changes, which were adopted in the final House-Senate conference committee on the FY '12 bill last December.

"We propose to repeal the depot maintenance provisions that we accepted in last year's conference, enabling us to avoid costly shifts of resources from the public sector to the private sector, and vice versa," SASC Readiness Chairwoman Claire McCaskill (D-Mo.) said during her subcommittee's markup yesterday.

Readiness Ranking Member Kelly Ayotte (R-N.H.) said the depot changes adopted in the FY '12 bill "threatened to upset the delicate balance in the defense-industrial base between the public and private workload." She lauded the subcommittee's proposed repeal of the FY '12 provisions, saying the "public-private balance in our depots was working."

The Readiness subcommittee also approved a series of acquisition reforms, including limits on "the use of cost-plus contracts for the production of major defense acquisition programs," McCaskill said. Other acquisition proposals the panel approved would: lower the cap on executive compensation for contractors to \$400,000; require at least half of the work for a contract be performed by the prime contractor or a subcontractor identified in the contract; and change Pentagon profit policy to "ensure contractor profits are clearly tied to their performance," she said.

The full SASC is slated to start its closed markup session of the combined defense authorization bill today.

## 8. Shipbuilding Anchors Local Manufacturing Sector, Employs Thousands

(PASCAGOULA (MS) PRESS 21 MAY 12) ... April M. Havens

PASCAGOULA, Mississippi -- One of the county's longest-standing manufacturers is Ingalls Shipbuilding, whose 10,000-employee shipyard in Pascagoula builds a range of vessels.

The operation began as Ingalls Iron Works in 1939 on the east bank of the Pascagoula River, building cargo ships for the U.S. Maritime Commission.

It has had several owners since, including Litton Industries beginning in 1961. That was an industrious time when the company grew and established a yard on the west bank of the river, where workers are today.

In 2001, Northrop Grumman Corp. bought Litton, and the local yard was part of that group until Northrop spun off its shipbuilding sector into a new company, Huntington Ingalls Industries, last year.

HII now maintains two sectors: a Newport News nuclear facility and Ingalls Shipbuilding on the Gulf Coast, which oversees the Pascagoula yard, a composite yard in Gulfport and an Avondale, La., yard that the company intends to close next year.

"Ingalls has always been historically the largest employer within Jackson County," Supervisor John McKay said. "From that standpoint, the shipyard is extremely important for residents."

Even non-resident shipyard employees contribute, he said, by doing business in Jackson County and strengthening sales tax revenues.

"Ingalls also has national importance through its defense work," McKay said. "It brings a great deal of recognition to the quality of the workers and the quality of businesses we have in Jackson

County."

The Pascagoula yard has built everything from attack submarines to tankers, but now it focuses on national security cutters for the Coast Guard and amphibious transport docks and amphibious assault ships for the Navy.

More recently, the company has been promoting two new patrol frigates at international trade shows, hoping to attract new customers as the U.S. government tackles budget deficits through defense cuts.

Those patrol frigates 4501 and 4921 are based on the Coast Guard cutter and could appeal to buyers around the globe. Company leaders have said they expect that the international market will purchase 215 frigates over the next two decades.

"Certainly we have a world-class workforce in Pascagoula and in Gulfport, and we're very proud of them," HII President and CEO Mike Petters said. "To the extent that we're able to find customers who have unique requirements that match up with our capabilities, we're going to be interested in talking to them."

Four amphibious transport docks, LPDs 23-26, and assault ship LHA 6 are under construction at the Pascagoula and Avondale yards.

Anchorage (LPD 23) and Arlington (LPD 24) are on track for completion this year, while Somerset (LPD 25) will be delivered next year and John P. Murtha (LPD 26) will deliver in early 2016.

LHA 6 is slated for completion in Pascagoula in 2013.

Also under construction in Pascagoula are the fourth and fifth cutters in the Coast Guard's program: Hamilton and Joshua James.

The yard has secured long-lead-time material contracts for the sixth cutter, as well as LHA 7 and LPD 27, but the company is awaiting final construction contracts.

Another local shipbuilder, VT Halter Marine, is expanding its local yards after receiving two major contracts. Halter is scheduled to deliver the first of four "fast missile craft" -- the S. Ezzat -- later this year as part of a \$807 million contract with the Egyptian navy.

The Egyptian navy will use the vessels to patrol and defend its coastal waterways of the Red Sea, Mediterranean Sea and, in particular, the Suez Canal.

The craft is designed to perform coastal patrol, surveillance, interdiction, surface strike and naval battle group support. The high-speed, agile vessels can reach speeds greater than 34 knots, provide berthing for a crew of up to 40 Sailors and operate up to eight days independently at sea.

In November, the company announced it had won a \$353 million contract to build eight large offshore supply vessels for Hornbeck Offshore Services Inc. It is the largest commercial contract in Halter Marine's history, according to company officials.

The boats -- called Super 320 Class OSVs -- will be built at Halter Marine yards in Escatawpa and Moss Point.

The first vessel is projected to be delivered in 2013. The contract promises to support employment at the shipyard through at least 2015, and potentially, should options be exercised, through 2018.

VT Halter employs 1,800 at shipyards in Pascagoula, Moss Point and Escatawpa. It is a subsidiary of Singapore Technologies Engineering Inc.

## 9. House Panel Raises Doubts Over Manning LCSs

Subcommittee also tries to save 3 cruisers from retirement

(NAVY TIMES 15 MAY 12) ... Sam  
Fellman and Charles Hoskinson

A key congressional subcommittee has questioned the manning plan for the Navy's newest class of warships and signaled that it will force the Navy to keep three of seven selected cruisers from an early retirement.

The subcommittee took issue with the manpower plan for littoral combat ships, in particular asking why the Navy has decided to send ensigns and first-term sailors to these smaller crews, after previously saying they didn't plan to do so. Lawmakers are concerned that junior sailors and ensigns assigned to LCSs won't get the training they need on a ship with minimal manning and limited opportunities for training.

"The committee is concerned that the current LCS manning model is unrealistic and that relying on temporary solutions such as berthing modules to accommodate additional crewmembers is both impractical and detrimental to the quality of life of the entire crew," the House Defense Appropriations Subcommittee wrote in a report obtained by Navy Times. The report, which has not yet been publicly released, is to be considered at a markup Thursday.

Lawmakers were also concerned that the manning will rely too heavily on temporary berthing. They directed the Navy secretary to report back to them on the LCS manning, the training for junior crewmembers and the projected costs to accommodate more crew.

The latest plan calls for three crews for every two LCS hulls. Of the two ships, one will be deployed at any time, with crews rotating through the ships, a model similar to the hull swaps conducted by crews on coastal patrol and mine countermeasures ships.

A Navy spokeswoman declined to comment on the subcommittee mark, saying: "It would be inappropriate for us to comment on pending legislation."

The committee also proposed spending \$506 million in fiscal 2013 to upgrade and maintain the cruisers Cowpens, Anzio, Vicksburg and Port Royal, which the Navy wanted to retire on March 31, 2013.

Navy officials have said the cruisers - all of which were commissioned in the 1990s - were slated for an early retirement due to budget pressure, explaining that these particular hulls were chosen because they did not have the expensive upgrades that gave other ships in the class ballistic-missile defense capability. But House lawmakers, concerned that the service is not maintaining enough warships to fulfill the Obama administration's Pacific-focused strategy, are moving to keep them in the fleet.

#### 10. Panel Rejects Special Funding Setup For Submarine

(DEFENSE DAILY 11 MAY 12) ... Emelie Rutherford

A key House panel approved plans to restore a submarine the Navy cut from its budget but is refusing to back a special funding setup the service said it needs to afford the vessel.

House Appropriations Defense subcommittee (HAC-D) Chairman C.W. "Bill" Young (R-Fla.) said while he supports adding advance-procurement monies to the Pentagon's FY '13 budget to help the Navy buy a second Virginia class submarine in FY '14, he will not endorse an incremental-funding setup that allowing the service to spread costs over multiple years.

"We were able to fund a second submarine for 2014 without going to incremental funding, which we're seriously trying to avoid," Young told Defense Daily after his panel approved his version of the defense appropriations bill in closed session.

Incremental funding "just gets you deeper in debt," he argued. "Five years from now, when you're going to need something, you may (instead) have to pay for the increment that year, for something five years before. So we don't want to get into that trap of running a credit-card economy for the Defense Department."

The Navy previously planned to buy two Virginia submarines in FY '14 but reluctantly cut funding for one of them in its FY '13 budget proposal.

The HAC-D's FY '13 appropriations bill, which the full House Appropriations Committee is expected to approve this week, clashes with the defense authorization legislation the House Armed Services Committee (HASC) approved last week regarding restoring the second submarine in FY '14. The HASC's policy-setting authorization bill would allow the Navy to pay for the restored FY '14 submarine's contract via an incremental setup permitting it to pay in future years for parts not needed in FY '14, while also allowing the service to enter into a multi-year contract for up to 10 of the vessels. The HASC, like the HAC-D, also would authorize advance-procurement monies in FY '13 for the added FY '14 sub.

Aides offered differing opinions on what the House appropriators' denial of the incremental funding would mean for the Navy, which has openly stated it wants to add funding for the second FY '14 Virginia submarine.

Navy acquisition chief Sean Stackley told the HASC and Senate Armed Services Committee this spring that the Navy would need special incremental-funding powers to restore the FY '14 sub.

Stackley noted the Navy's need to have an incremental-funding approach for costly aircraft carriers and big-deck amphibious ships, saying at an April 19 SASC Seapower subcommittee hearing that "in many respects we are looking at a similar circumstance" with the Virginia sub.

"I'm simply going to state that these are extraordinary times," he told the subcommittee. "This is an extraordinarily important program, and this is a fleeting opportunity. If we don't capture that second boat in 2014, the opportunity cannot be recovered in terms of force structure, in terms of savings potential, in terms of the industrial base. So under these extraordinary times, it is perhaps appropriate that the department and the Congress look at whether or not this is the right time to provide an exception to full funding. It has its drawbacks, going to an incremental-funding approach. We explore it, and we would welcome a discussion with the Hill in that regard."

Multiple SASC members have come out in support of the incremental setup, which Seapower Chairman Jack Reed (D-R.I.) told Stackley he backs.

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