

Congress of the United States
House of Representatives
Washington, D.C. 20515

7/17

MEMO

TO: Speaker Thomas O'Neill Jr.
Senator Edward M. Kennedy
Senator Paul Tsongas

FROM: Brian Donnelly

SUBJECT: General Dynamics Quincy Yard Cable Ship Award

The Quincy Shipyard is in national competition with five shipyards for construction of a U.S. Navy Cablesip called the TARC-7. The five shipyards are: Sun Shipbuilding, Chester Pennsylvania, National Shipbuilding, San Diego, California, Ingalls Shipbuilding, Pascagoula, Mississippi, Newport News Shipbuilding, Newport News, Virginia and Lockheed Shipbuilding, Seattle, Washington. The announcement of the successful bidder will be made on or around August 15, 1979 by the Navy's Sea Systems Command, Vice Admiral C.R. Bryan, Commanding.

Impact on Quincy Yard

The TARC-7 award will give Quincy a \$91 million contract and will provide work for 2,000 employees out of a total of about 5,000 employees.

Present Status of Work Yard

Presently the Quincy Yard has no government contract work. The yard is in the final stages of completing the LNG Tanker program. The last of 10 tankers will be completed in September of 1980. The prospect of continued LNG construction is directly linked to the PAC-INDONESIA program which is mired down in California because of siting problems. The outlook is not good.

Recent History of Yard

The last Navy shipbuilding done at Quincy was in the middle and late sixties when General Dynamics had a contract to build several ammunition and supply ships of the AOR class (Incidentally the TARC-7 and the AOR class hulls are quite similar).

After completion of the ammunition ships, Quincy obtained the contract to build the current line of LNG tankers. This program will be completed in mid 1980.

In July, 1978, General Dynamics responded to a Navy RFP for the DDG-47 AEGIS, a shipbuilding program consisting of a lead ship (DDG-47) and subsequently 10 more destroyers of this class. Litton Industries' Pascagoula, Mississippi Yard was awarded the lead ship (DDG-47).

Following the award to Litton, the Massachusetts Delegation was briefed by Rear Admiral Wayne Meyers (Congressmen Burke, Early and Speaker O'Neill, representatives of Senators Kennedy and Brooke and Congressman Boland in attendance).

Admiral Meyers at that time indicated that the DDG-48 would be awarded by competitive bid. Interestingly the Navy maintains this was never the case, but attendees of the meeting maintain that this was so. In all probability, the Navy will award the DDG-48 (at over 820 million dollars) to Litton on a single source basis. Other yards were not allowed to bid. Because of this experience most of the DDG ships will probably go to Litton.

Meeting with Admiral Bryan Regarding TARC-7

On Tuesday June 26, 1979, a meeting was held with Admiral C. Bryan of the Navy Sea Systems Command to discuss the Cable ship award. Admiral Bryan assured me that the award would not be made until August of this year. We discussed Quincy's pressing need for the cable ship in order for the yard to remain a viable ship building center in terms of national interest and also the dire economic impact on the Commonwealth if this yard closed.

Admiral Bryan acknowledged these factors, but understandably remained noncommittal.

Effects of Loss of Cable Ship Award

1. General Dynamics is the fifth largest industry in Massachusetts. Employment at the yard is currently at a level of 4800 workers. 25% of the work force will be laid off each quarter starting in the fall of 1979 as the present LNG program nears completion in September of 1980, to a low of 500 at that time.

2. Indirect employment by Massachusetts firms relying on the Quincy yard for business would be reduced by nearly ~~1,000~~ jobs.

3. In 1977 General Dynamics Quincy purchased \$30,000,000. worth of goods and services from 842 Massachusetts companies (see attached).
 7,500

4. The loss of property taxes to the City of Quincy would be catastrophic to the City's Economic Development program.

5. The Nation would lose the expertise and capability of Quincy shipbuilding; a source that has demonstrated its worth to the country in time of need since World War I.

In summary, the yard is in deep trouble without the Cable Ship contract. If General Dynamics Quincy Division closes its doors the negative impact both locally and nationally would be tremendous. I think we all agree that the situation at Quincy is both unique and critical, and the circumstances warrant special consideration by the Navy.

MASSACHUSETTS DISTRICTS

General Dynamics, Quincy Shipbuilding Division committed purchase orders to 842 Massachusetts companies in 1977 that represented approximately \$30,000,000 worth of business. This is broken down for your reference by Congressional District as follows:

<u>District</u>	<u>Number of Companies</u>	<u>Approx. Dollar Committed</u>
1	4	\$ 25,000
2	13	500,000
3	32	150,000
4	70	1,500,000
5	63	6,500,000
6	23	175,000
7	82	300,000
8	40	150,000
9	298	8,500,000
10	29	7,600,000
11	147	4,300,000
12	<u>51</u>	<u>300,000</u>
TOTALS	<u>842</u>	\$ <u>30,000,000</u>

COMPARISON OF WORKLOADS - T-ARC 7 COMPETITION

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	LOCKHEED	NATIONAL	NEWPORT NEWS	INGALLS	SUN	QUINCY
Firm Work As Of: 1 April 1979	(2) AS Del. 9/79 8/81 NOTE: Lockheed won the LSD41 competition design. First ship anticipated to be authorized FY81, with follow ships in FY83, 84.	(2) Tankers Del. 7/79 4/80 (3) AD Del. 3/80 11/80 12/81	(1) LNG Carrier Del. 6/79 (1) Tankers Del. 11/79 (1) CVN Del. 3/82 (1) CGN Del. 8/80 (8) SSN Del. 12/80 9/81 3/82 9/82 3/83 9/83 3/84 9/84	(2) LHA Del. 7/79 4/80 (11) DD963 Del. 4/79 7/79 8/79 9/79 10/79 12/79 1/80 2/80 4/80 5/80 7/80 (4) DD963 Del. 11/80 3/81 6/81 9/81 (1) DDG47 Del. 1/83	(1) Containership Del. 1/80 (2) Tankers Del. 7/79 10/79 (2) RO/RO Ships Del. 4/81 7/81 (Also 2 LNG's On Record)	(4) LNG Carriers Del. 8/79 12/79 4/80 7/80
Orders Rec'd Since 1 April 1979		(3) Tankers Del. 4/81 6/81 10/81 (1) AD			(1) Seagoing Dredge	
	COMMENT: Ed, Del. means the date the ship is completed. Also note that the Quincy work ends in 1980					

OUR CURRENT WORKFORCE SITUATION WILL FORCE SUBSTANTIAL PERSONNEL REDUCTIONS IN THE IMMEDIATE FUTURE:

