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The Status of Shipbuilding

"The Navy contracted for three dozen surface ships and submarines in 2011, including options. By tightening up on requirements; working with industry to arrive at more producible designs; working with Congress to provide more economic production rates; and leveraging competition, we achieved greater than \$4 billion in savings which we plowed back into shipbuilding to buy additional ships. This is a good first step. Now we need to go the next step by continuing to attack cost and keeping these programs on schedule."

– The Honorable Sean Stackley, Asst. Secretary of the Navy for Research, Development & Acquisition

Program Highlights for the Future Surface Force

- **Littoral Combat Ship** – Since last year’s dual block buy was announced, the first four ships have been funded and are in production. Milwaukee (LCS 5) is being built by Lockheed Martin in Marinette, Wis., and Jackson (LCS 6) is being built by Austal USA in Mobile, Ala. Both ships are in the early phases of construction. Also continuing pre-production efforts are Detroit (LCS 7) by Lockheed Martin and Montgomery (LCS 8) by Austal USA. The block buy contract approach resulted in a savings of approximately \$2.9 billion in procurement - significant enough to allow the Navy to fund an additional LCS, a new DDG 51, and a Mobile Landing Platform.
- **DDG 1000** – The program continues to meet its cost, schedule, and performance goals with having awarded the contract in September for the construction of DDG 1001 ([Michael Monsoor](#)) and DDG 1002, the second and third ships of the Zumwalt class destroyer program. Both are being procured under fixed-price contracts in line with the Navy’s should-cost estimates. Construction is progressing well on DDG 1000 and 1001. DDG 1000, the future USS Zumwalt, recently celebrated its [keel laying ceremony](#) and is more than 60 percent complete.
- **DDG 51** – Two ships of the original 62-ship procurement ([USS William P. Lawrence](#) and [USS Spruance](#)) were commissioned, and the final ship, [Michael Murphy](#), was christened in 2011. In September, the Navy delivered on the plan to restart DDG 51 production to provide increased Air and Missile Defense for our future fleet and strengthen our industrial base by awarding contracts for DDG 113 - DDG 115 and an option for DDG 116.
- **LPD 17** – [Anchorage](#) and [Arlington](#) were christened last year while [San Diego](#) (LPD 22) was delivered. LPD 26’s construction contract was awarded in April with one more ship to be contracted to complete the 11-ship class.
- **Joint High Speed Vessel** – In an agreement with the Army, the Navy took over five JHSV craft and the first one, [USNS Spearhead](#), was christened in Sept. The Navy also contracted for construction of [JHSV 6 and JHSV 7](#).
- **T-AKE** – The final two [ships](#) are under construction and substantial reduction in labor hours has led to delivery as much as eight months early. [USNS William McLean](#) and [USNS Medgar Evers](#) were each christened this year.
- **Mobile Landing Platform (MLP)** – The MLP, based on the existing commercial design of the Alaska-class crude oil carrier, will provide capability for large-scale logistics movements from sea to shore. All three MLP ships are under contract, with construction begun on [Montford Point](#) (MLP 1) and keel laying planned for January.

Key Messages

- Competition is a critical factor for affordable shipbuilding programs. We aim to compete in every element of our programs — not just at the prime contractor or shipbuilder level, but through the entire supply chain.
- With budget constraints, we must lower the cost of business by not driving toward the high end on requirements; holding our requirements stable; stabilizing the rate at which we buy; and improving the way we contract for systems, such as using fixed price contracting, multiyear and block buys.

Facts & Figures

- Since December 2010, the Navy has contracted for 34 surface ships, including options: 20 LCS, two DDG 1000, four DDG 51, one LPD 17, three MLP, two JHSV and two AGOR for potential contract value of \$14.5 billion.
- In 2011, the Navy christened six surface ships [DDG 112, JHSV 1, LPD 23, LPD 24, T-AKE 12, T-AKE 13]; accepted delivery of five ships [DDG 110, DDG 111, LPD 22, T-AKE 11, T-AKE 12]; and commissioned two surface ships [DDG 110 and DDG 111].