

Round 3 of Fight to Keep C-17 Long Beach Production Line Open

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Published 05/11/2009 - 6:00 a.m. Pacific Time

First, a recap. Round 1, the Obama Administration, as represented by Secretary of Defense Robert M. Gates (the Challengers), announced on April, 6, 2009, "...we will complete production of the C-17 airlifter program this fiscal year. Our analysis concludes that we have enough C-17s with the 205 already in the force and currently in production."

Round 2, the Defenders, The Boeing Company, Senator Boxer, Representatives Royce and Rohrabacher, and a bipartisan host of other elected officials from around the country come out of their corner swinging fast and furious in a lobbying attempt to keep the production line open.

Round 3, House Appropriations Committee Chairman David Obey, D-Was., announced on Monday, May 5, that the second fiscal 2009 supplemental Funding Bill will include \$2.2 billion to buy 8 more C-17s. Some lawmakers had requested money to buy 15 more of the planes, but apparently insiders agreed to limit the number to 8. Two days later, In a counter attack, Gates reaffirmed his perspective that no additional planes are needed, and accordingly, no funding for more planes were included in the Administration's fiscal 2010 defense budget submitted on Thursday. Not only that, but the submitted budget included funds for an orderly shut down of the production line.

Keeping the C-17 production line open--

With the currently contracted C-17 production, Boeing Integrated Defense Systems will keep the Long Beach production line open until January 2011. Boeing has at least 6 pending international orders for the planes and if the 8 additional planes in the Supplemental bill also make it into law, the line could remain open through early 2012. Boeing produces about 15 C-17s in a year.

According to Boeing spokesman, Jerry Drelling, Boeing has about 28,000 employees in Southern California, about 5,000 of which work on the C-17. The Long Beach C-17 workforce consists of about 3,000 unionized blue collar workers on the production line and 2,000 administrative staff. In addition to Boeing's employees, Boeing uses 384 suppliers in California and they employ an additional 8,800 Californians on the C-17. Drelling said the total economic impact on California of the C-17 program is about 2.3 billion annually.

Alan Baker, Boeing Airlift Business Development, indicated the C-17 was built with a design life of 30 years and 30,000 operational hours. He said the fleet average annual utilization is about 10% to 15% higher than the design utilization. He said "The fleet is being used up faster than it was designed to be used." He added "Even though the C-17 comprises about 60% of the {airlift} capacity, it's doing about 80% of the airlift. We believe that is due to the high reliability and maintainability of the airplane when it's on its mission ."

Based on the bipartisan lobbying for additional C-17s and an apparent lack of strong voices in Washington arguing against more planes, it seems likely the supplemental funding bill will go to President Obama with the additional planes included. The Administration is not saying what the President will do if that happens. They are saying that quick passage of the supplemental funding bill is pretty important, so it seems unlikely President Obama would veto it. Of course, the additional planes could get deleted from the bill during its way through the House and Senate and that's what we will be watching.

Thus, at the end of Round 3, we would say that the Defenders have the advantage, but this fight is far from over and the Challengers show no interest in capitulating. Secretary Gates' deadline of May 22 for passage of the supplemental funding bill is less than 2 weeks away. Stay tuned for our next update.

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