Defense Contractor In PA Fights For Its Survival

Lauren Boyer, York Daily Record/Sunday News

YORK, Pa. (AP) — A beige behemoth sits in darkness. Its towering turret barely musters a shadow from the sparse light beaming from other workstations.

It's break time for second shift at BAE Systems in York County. It's also a sign, some say, of what's to come.

"When I said some areas are dark," Alice Conner said, "I meant it."

Conner — the site's director of manufacturing, integration and employment — has watched the defense contractor's million-square-foot West Manchester Township facility grow emptier by the day as the last wave of Medium Mine Protected Vehicles head out the door along with the 175 workers employed by that contract.

They aren't the first, and they won't be the last group to bid farewell to a company whose workforce has dwindled from 3,000 employees at the height of the Iraq and Afghanistan conflicts to 1,250 less than a decade later.

A manufacturer that once worked around the clock — trying not to wake its rural neighbors with evening test track runs — barely has enough work to sustain a second shift.

And things are about to get worse.

The Army's current funding plan calls for the Bradley Industrial Base — a network of 586 small businesses involved with production of BAE's armored vehicles — to shut down for at least three years beginning in 2014.

At the York County site, 250 direct manufacturing employees would, initially, lose their jobs. A workforce trained in skills like armor welding and complex assembly could disappear, Conner said, costing up to $750 million to redevelop when the need for the Bradley arises again.

But BAE has a plan to ensure ongoing Bradley work in York County. It's a wish list executives say would cost less in the long run than shutting down in 2014.

All they have to do is convince a Congress embroiled in a budget battle over what stays and what goes.

"We don't want to just build stuff," Conner said. "If this was just about keeping a bunch of people employed and making stuff, we wouldn't be talking about it."

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BAE Systems estimates that 7,000 jobs across 44 states could be lost if the Bradley Industrial Base shuts down.

It begins with small suppliers like the Flinchbaugh Co. in East Manchester Township, who sometimes supply Bradley parts up to a year in advance.

"Shutting down that production would have a significant impact on our employment," said Gregory Jenkins, Flinchbaugh's president and owner. "BAE Systems has been our number one customer. We've done business with them since the 60s."

The 32-employee firm does custom machining and painting of aluminum parts, including hinges, levers and engine mounts used in the final assembly of the Bradley.

Over the years, Jenkins said, Flinchbaugh has learned to rely less on the unpredictable defense industry, expanding into commercial markets.

"We've been diversifying our business dramatically since I bought the business eight years ago," Jenkins said. "This would not have the impact today it would have had eight years ago, though it could still be significant."

Last year, BAE spent $19.5 million on items from 115 York County suppliers, said Randy Coble, spokesman for the York County BAE site.

The three largest contracts, he said, went to Military and Commercial Fasteners in Manchester Township, which received more than $7 million.

York Electro Mechanical Corp. in Manchester Township received $5.9 million. And AMZ Corporation, which does electroplating and metal finishing and operates two York County facilities, received $2.5 million.

BAE Systems itself boasts an annual payroll in York County of $105 million, Coble said.

"If the Bradley line shuts down for a period of time, the nation faces the impact of losing that skilled workforce and all of those skilled suppliers that come together to make those products," he said.

For example, Conner said, welding armor takes practice.

"There's a major assumption going on that when we need to surge — if we need to surge — we'll just be able to go get things," she said. "It takes two to three years to train a good welder. It isn't something you learn out of school."

Many companies rebounding from the recent recession face a skill shortage. BAE would, too, if it restarted Bradley production in 2017, said John Lloyd, president and CEO of Mantec, a resource group for manufacturers.

"These are highly skilled people who have been trained to manufacture Bradley Fighting Vehicles, and BAE can't keep them on the payroll waiting for orders," he said. "They're forced to lay people off. They're not going to be available to BAE when orders come in again. It's a very serious situation."

Along with releasing employees, BAE would need to sell off equipment — some of which is patented to BAE, Conner said.

The contractor, which once rented space around the county, has consolidated all of its operations to one site to decrease its footprint and costs.

In the coming months, about 100 engineers based in a Thomasville office building will be relocated to West Manchester Township, Conner said.

Still, much of the site remains empty — a factor that makes BAE Systems less cost competitive when it vies for other contracts.

"Manufacturing is the largest square footage of this site," Conner said. "When you shut down a significant portion of it, you have to look at the cost of maintaining a very large empty space ... it's hard to predict the future."

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BAE's plea to the government is about keeping things moving.

The company's first suggestion involves occupying its existing workforce by moving several already planned Bradley upgrades forward in time, Coble said.

The company no longer fabricates new Bradleys. Stripped of their armor, the bases of old Bradleys — which look like hollow metal capsules — arrive in York County for refurbishing, including improvements recommended by the military.

Three such improvements are planned; two funded upgrades are happening right now, Coble said. For the third, a contract is pending.

BAE Systems wants the government to accelerate funding for the third contract, so the work can keep lines in operation during the proposed shutdown period.

The company is also asking to convert a number of Bradleys to different models — a need the government has stated before, he said. There are 11 variations of the Bradley, and the military doesn't have the right mix, Coble said.

"If we don't do this," Conner said, "the soldier will get something not crafted to their needs and they'll have to make do."

BAE also hopes Congress will improve increased funding for its work on the M88 Hercules vehicles, which can tow heavy combat vehicles, like Bradleys, from the battlefield.

The problem: heavy combat vehicles have gotten too heavy. They're difficult to tow as more armor and upgrades have been added to meet new threats, Conner said.

The company wants to keep its workers employed by converting the military's M88A1 vehicles to the upgraded M88A2s, which have advanced towing capabilities.

"When you think about the cost to restart versus the cost of keeping a very small flexible production line going," she added, "we believe it's an investment and a good deal."

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For Conner, a 25-year employee of BAE Systems — earlier BMY and United Defense — the Bradley shutdown affects more than her job.

The next person who touches a Bradley when it leaves the site could be a soldier like her son, a recent Penn State graduate who is in basic training.

"We have these ideas that we want to put back into the fleet so our soldiers can have the best equipment," Conner said, "but if we go cold, our soldiers will stay with current technology."

Neil Bailey, president of United Steelworkers Local 7687, represents 646 plant workers, many of whom are veterans themselves.

"Everybody here is touched by this," he said. "There's a lot of pride in what we do. There's a concern that soldiers aren't getting the best."

Capt. Justin Ostensen of the Pennsylvania National Guard has worked with the Bradley since 2003. A member of the Scranton-based First Battalion, 109th Infantry Regiment, he was in charge of four Bradley Fighting Vehicles in 2005 during a tour of Iraq as a platoon leader.

"These upgrades that they've been making allow for the vehicles to protect the soldiers better," he said. "It's a lot of stuff that helps the longevity of the vehicle and help the survivability and how long the system's going to last in the field."

Ostensen said his National Guard unit is preparing to receive and train on 30 new Bradleys in January.

"Overall, readiness is key to success if anything does come up," he said.

Col. Dave Funk, deputy director of the Center for Strategic Leadership and Development at the Army War College in Carlisle, fielded Bradleys in Europe from 1990 and 1991 as a company commander.

He later commanded 58 Bradleys during two tours of Iraq from 2003 to 2006, and recognized the upgraded version's specialty in dealing with new threats, including IEDs.

"I'm a big fan of the Bradley," he said. "Like every weapons system in the Army, it had a specific function and a set of things it was very good at. The Bradley happened to be a superb platform for providing firepower support."

The Bradley carries both a 25 mm Bushmaster chain gun and a TOW missile system.

"We want to make sure our soldiers have the best and current," Conner said. "If we ever need to surge again, how long will it take? Are you willing to risk your son for it?"

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BAE hopes to find out the fate of the Bradley program in the next few weeks, Conner said.

A House appropriations bill awaiting approval by the Senate gives $140 million for the Bradley vehicle, which would keep the line in operation through the end of next year.

Beyond that, BAE fears it is out of luck.

U.S. Rep. Scott Perry, R-York County, said he met with an Army liaison last week and discussed the Bradley program.

"According to the liaison, the Bradley is, potentially, overbuilt, so to speak," he said. "They have more than they need at the moment."

The liaison, he said, relayed some transmission issues with the Bradley that can be fixed in York County or another BAE site.

"We hope that work can come to York County," he said. "We feel the efficiency level there is the highest of the BAE Systems operations."

The fate of the Bradley, he said, could become more clear after the Senate releases its appropriations bill.

John Rizzo, press secretary for U.S. Sen. Casey, D-Pa., said the senator hopes Congress will increase funds to the Bradley Industrial base by approximately $140 million and include an additional $82 million for the M88.

Last year, former U.S. Rep. Todd Platts, R-York County, helped introduce the National Defense Authorization Act, which included $140 million to the defense budget for Bradley production.

The issue came up again earlier this year when Casey and U.S. Sen. Pat Toomey, R-Pa. introduced an amendment to the act that would require an impact study before shutting down Bradley production.

The National Defense Authorization Act is now in the hands of a committee.

"It's important that the Department of Defense is driving the discussion and we're supporting what they need to complete their mission. The liaison seemed to be fairly confident that the lines would stay open ... at least some of them," Perry said. "Even though we want the jobs to be in the district and York County, we don't want to just spend taxpayer money to spend taxpayer money. Nobody agrees with wasteful spending."

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