

The original documents are located in Box 18, folder “Navy Purchase of Airplanes” of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.

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Pennsylvania Congressional Delegation

STEERING COMMITTEE

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WASHINGTON, D. C. 20515

March 31, 1976

FVB

Honorable J. William Middendorf II
Secretary of the Navy
The Pentagon
Washington, D. C. 20350

My dear Mr. Secretary:

As members of the Pennsylvania Congressional Delegation Steering Committee, which speaks for the entire Pennsylvania Delegation, we wish to call to your attention the bid of Piper Aircraft Corporation, Lock Haven, Pennsylvania, for a Naval Air Systems Command procurement of VTAMX airplanes. The Solicitation number is N00019-76-R-0037.

Piper Aircraft has long held an excellent reputation in the general aviation field. The enclosed data shows their airplane to meet or exceed all of the Navy's technical specifications and program requirements and to have the lowest cost of ownership, particularly in regard to superior fuel economy. In addition to being within the Navy's specification framework, the significant fuel savings associated with selecting the more efficient Piper airplane will help conserve this nation's critical fuel reserves.

An historical review of contract awards indicates that the Navy has routinely purchased all its light aircraft from a single aircraft company. In this connection, your attention is called to page 6 of the enclosed. It is the opinion of the Steering Committee that opening up this type of procurement to new competitive sources of supply will ultimately benefit both the Navy and the taxpayer.

The Pennsylvania Congressional Delegation has taken a great interest in this procurement because of the substantial impact this work would have in reducing unemployment and boosting Pennsylvania's economy. Central Pennsylvania is a labor surplus area. As of January 1, 1976, the unemployment rate for Clinton County and the central Pennsylvania area stood at 14.7% while Pennsylvania's rate was 8.9% and the nation's rate was 7.8%. It is the understanding of the Steering Committee that while this procurement is not a set aside, a company from such an area would be accorded some further consideration in bid evaluation.



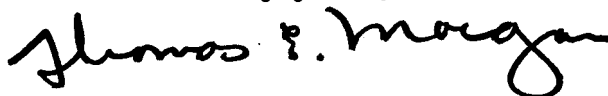
Honorable J. William Middendorf II

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March 31, 1976

The Pennsylvania Congressional Delegation will appreciate your careful and open-minded consideration of this matter.

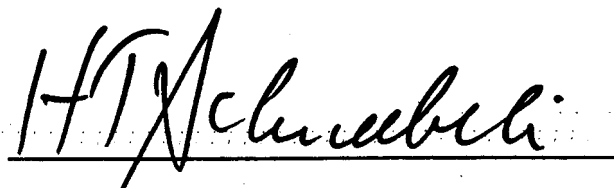
Sincerely yours,



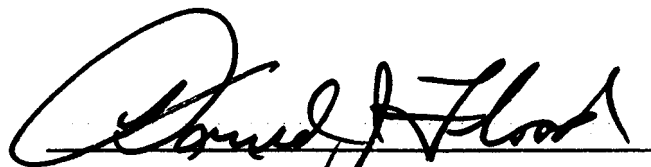
Thomas E. Morgan, Chairman
Pennsylvania Congressional Delegation
Steering Committee



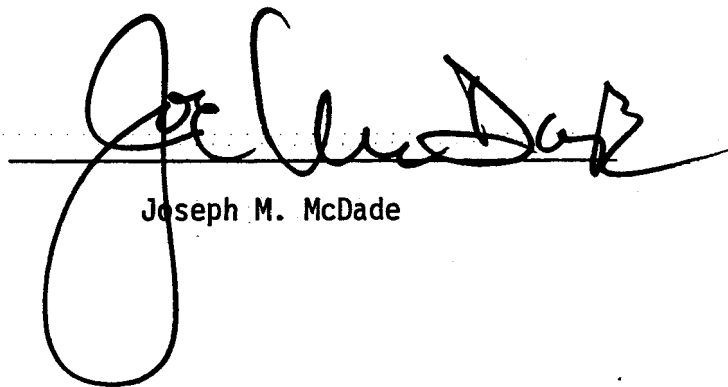
William A. Barrett



Herman T. Schneebeli



Daniel J. Flood



Joseph M. McDade



United States Senate

WASHINGTON, D.C. 20510

March 16, 1976

Honorable J. William Middendorf, II
Secretary
Department of the Navy
The Pentagon
Washington, D. C. 20350

Dear Bill:

It has just come to my attention that Piper Aircraft Corporation of Lock Haven, Pennsylvania, is competing for a Naval Air Systems Command procurement of VTAMX airplanes to be used for maritime patrol pilot training. The Solicitation number is N00019-R-0037. I am delighted to express my great interest in this to you personally because of the substantial impact this work would have in reducing unemployment and boosting Pennsylvania's economy. As you well know, Piper has long held an excellent reputation in the general aviation field. Therefore, I have no hesitation in properly soliciting your attention to them.

Central Pennsylvania is a labor surplus area. As of January 1, 1976, the unemployment rate for Clinton County and the central Pennsylvania area stood at 14.7% while Pennsylvania's rate was 8.9% and the Nation's rate was 7.8%. I understand that while this procurement is not a set aside, a company from such an area may be accorded some further consideration on bid evaluation and its status as a labor surplus concern may entitle it to award in case of tie bids in accordance with the Buy America clause of the Solicitation.

I am told that if Piper were to be awarded this work a substantial improvement of the unemployment rate and general economic outlook would result in central Pennsylvania and throughout the Commonwealth. Piper advises me that it would add about 190 workers directly to its work force and it is conservatively estimated that 138 more jobs would be created locally by the ripple effects. This would be a dramatic reduction of the level of unemployment - a most needed and not unhappy consequence, indeed. The total impact on the Pennsylvania economy is expected to be in excess of \$100 million. Piper believes this will come from subcontracting work done by other Pennsylvania firms, the additional commercial sales which would be generated, as well as from the direct and indirect economic effects of a substantially increased payroll.

Honorable J. William Middendorf, II
March 16, 1976
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Piper's data shows their airplane to meet or exceed all of the Navy's technical specifications and program requirements, to have by far the lowest initial purchase price, to have significantly lower operational and maintenance costs and superior fuel economy. On the merits Piper appears to have a superior training plane.

It seems that for the last 25 years the Navy has purchased all its light aircraft from one aircraft company. Perhaps it is time to open up this closed system and to give others the opportunity to compete. This would ultimately benefit both the Navy and the taxpayer.

I am most anxious that this matter receive your careful and open minded consideration and I would be pleased to have your comments after proper analysis.

With my thanks and kind personal regard,

Sincerely,

A handwritten signature in cursive script, appearing to read "Hugh Scott".

Hugh Scott
United States Senator

HS/ds



PIPER

VTAMX

- (V) Heavier than air
- (T) Trainer
- (A) Advanced
- (M) Multi-engine
- (X) Manufacturer - unknown

VTAMX

Scope - Piper is competing for a contract for 61 aircraft PLUS the support of these airplanes for 5 years. Support includes spare parts and full maintenance. Piper will guarantee a fixed price per flight hour (turn key job).

Value - Contract value is

	<u>Aircraft Procurement Navy (APN)</u>	<u>Operational and Maintenance (O&M)</u>
FY 76	9.2M	
FY 77	4.8M	
FY 77	15.3M	2M(?) In budget review
FY 78	<u>16.9M</u>	4M(?)
	46.2M	
FY 79	---	4M(?)
FY 80	---	5M(?)
FY 81	---	5M(?)

Probable Total Value: 66M

Additional Commercial Sales: 34M

Long term total impact on Pennsylvania's economy is estimated at \$100M.

Stability - VTAMX contract will bring long term employment stability as compared to rapid economic swings of the commercial market.

VTAMX

Purpose - Train Naval aviators to transition from Beech T34 trainers to anti-submarine patrol aircraft.

Training to occur at NAS Corpus Christi, Texas.

Benefits to Navy - Significantly lower operating cost than present trainer.

- Provide a safer aircraft to train in (present TS-2's are 20 years old).
- Student pilot would be training in an aircraft similar to current Navy patrol aircraft.
- New trainer provides better learning environment - quieter - more room.
- Accomplish same training in fewer flight hours.

VTAMX COMPETITION

<u>Company</u>	<u>Commercial Designation</u>	<u>Factory Location</u>	<u>Airplane Type</u>
Piper	Cheyenne	Lock Haven, Pa. Renovo, Pa. Quehanna, Pa.	Turbo Prop
Beech	King Air	Wichita, Kansas	Turbo Prop
Rockwell	690A	Bethany, Okla.	Turbo Prop
<hr/>			
Cessna	Citation	Wichita, Kansas	Fan Jet

All of these products would provide a superior training airplane and would operate at less cost than the current multi-engine airplane.

Only the turbo prop airplanes meet the Navy's mission requirements. Only minor modifications necessary to adapt to Navy training role for Piper Cheyenne and Beech King Air.

VTAMX

COMMERCIAL COST COMPARISON

Production - All of these aircraft have been on the commercial market for at least two (2) years.
Commercial Catalogue Price - all aircraft equipped alike (most favored customer).

Piper Cheyenne	\$510,915
Beech King Air (E-90)	\$603,835
Rockwell 690A	\$589,692
Cessna Citation	\$746,648

Navy Adaptation - The Navy has asked for special training equipment, which in Piper's case added less than four per cent (4%).

Contract Features - The large size of the order will allow improved manufacturing efficiencies.
The fixed price aspects over five (5) years introduce unusual business risks.

Caution - Commercial prices provide an established basis of comparison.

GOVERNMENT PROCUREMENT ASPECTS

- Navy has procured ALL of its light aircraft from Beech.
 - T-34 A - First production, 1950
 - B - Second model
 - C - Currently in production
 - T-42 Trainer
 - U-21 (Queen Air)
 - C-12A (70 King Air)

- Air Force and Army have procured similar aircraft over the years from Beech and Cessna.

- DoD procurement enhances commercial sales both domestic and foreign.

- DoD procurement is vital to support sales to foreign governments.

PIPER CHEYENNE FEATURES

1. Cheyenne meets or exceeds all of the Navy requirements.
2. Cheyenne is the lightest and smallest airplane in the competition.

	<u>Weight</u>
Piper Cheyenne	9,000
Beech King Air, E-90	10,100
Rockwell 690A	10,250
Cessna Citation	11,500

3. Cheyenne uses less fuel than the competition because of its smaller size and lighter weight. The Navy pilot training program is very well defined and the use of the airplane was clearly defined in the Navy solicitation to industry.

Computing the fuel used during a 10 year period while flying the VTAMX mission, the Piper Cheyenne saves the Navy:

- 4,100,000 gallons over Beech King Air
- 9,300,000 gallons over Rockwell 690A
- 41,200,000 gallons over Cessna Citation.

4. Next to initial purchase price, fuel cost is the most expensive item of ownership. The other expenses, such as tires, brakes, oil, will be very similar for all airplanes.
5. Piper Cheyenne meets or exceeds all technical requirements and offers the Navy the lowest cost of ownership.

CONCLUSIONS

1. If Piper Cheyenne wins VTAMX, it provides a new and continuous source of revenue to Pennsylvania (\$10M per year).
2. If Piper Cheyenne wins VTAMX, it provides employment stability in our industrial segment.
3. If Piper Cheyenne wins VTAMX, it provides DoD a new, proven and competitive source of supply.
4. Piper has never sought out government contracts and therefore lacks contacts with Navy organization.
5. Although Piper has an excellent reputation for durable aircraft in the general aviation field, the government procurement experts have no experience with our product.
6. Piper does not maintain a Washington office with its attendant costs and benefits.
7. Piper wants the contract to go to the lowest qualified bidder, and may need help to insure the procurement is made on this basis.

PIPER BUSINESS IN PENNSYLVANIA

<u>CONGRESSIONAL DISTRICT</u>	<u>1975 DOLLARS</u>	<u>CONGRESSIONAL DISTRICT</u>	<u>1975 DOLLARS</u>
#1, 2, 3, 4, 13	\$4,678,237.04	#21	\$ 5,725.61
#5	106,161.72	#22	2,818.35
#6	107,812.47	#23	3,028,314.54
#7	91,628.40	#24	22,453.75
#8	175,876.27	#25	<u>373.20</u>
#9	50,074.45		
#10	138,627.46		
#11	403,818.70		
#12	1,605.98		
#14, 18, 20	1,958,771.55		
#16	73,994.17		
#15	296,466.74		
#17	10,687,335.13		
#19	93,163.42		
		TOTAL BUSINESS IN 1975:	\$25,553,258