

Navy Awarded Indefinite Delivery Indefinite Quantity (IDIQ) Contract



On October 22, the Navy competitively awarded an indefinite delivery indefinite quantity (IDIQ) contract to All Star Metals of Brownsville, Texas for the towing, dismantling and recycling of conventionally powered aircraft carriers stricken from the Naval Vessel Register, with a delivery order to dismantle ex-Forrestal (AVT 59). The ship is expected to depart Philadelphia before the end of the calendar year. Navy civilian personnel will be on site full time to monitor the contractor's performance during dismantling of the ship.

Initial news articles have been incorrectly reporting that the Navy "sold" the ship for one cent. This is not a sales contract, it is a procurement contract. \$0.01 is the lowest price the Navy could possibly have paid the contractor for the towing and dismantling of ex-Forrestal. The Navy continues to own the ship during the dismantling process until the ship is no more. The contractor takes ownership of the scrap metal as it is produced and sells the scrap to offset its costs of operations.

In May 2012, the Navy solicited proposals for the award of up to three IDIQ contracts for the dismantling and recycling of inactive conventionally-powered aircraft carriers. All Star Metals is the first of three successful offerors to receive its facility security clearance, which is required prior to contract award. The award of contracts for two additional conventional carriers -- ex-Saratoga (CV 60) and ex-Constellation (CV 64) -- are pending, as they are contingent upon the two other successful offerors receiving their facility security clearances. The Navy has the capability of scrapping additional conventionally-powered aircraft carriers over a five-year period under delivery orders competed between the three contractors.